

CITY OF LITTLE CANADA, MINNESOTA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2015

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

SHARON PROVOS
DIRECTOR OF FINANCE

**CITY OF LITTLE CANADA, MINNESOTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2015**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
OFFICIAL DIRECTORY	9
ORGANIZATIONAL CHART	10

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	11
MANAGEMENT'S DISCUSSION AND ANALYSIS	14
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	25
STATEMENT OF ACTIVITIES	26
GOVERNMENTAL FUNDS	
BALANCE SHEET	27
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	29
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	30
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	32
PROPRIETARY FUNDS	
STATEMENT OF NET POSITION	33
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	34
STATEMENT OF CASH FLOWS	35
AGENCY FUND	
STATEMENT OF FIDUCIARY NET POSITION	36
NOTES TO BASIC FINANCIAL STATEMENTS	37

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)	70
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	72
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	73
PERA SCHEDULE OF CITY CONTRIBUTIONS	74

**CITY OF LITTLE CANADA, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2015**

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET	75
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	76

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET	77
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	78
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – ECONOMIC DEVELOPMENT	79
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – PARKS AND RECREATION	80
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – CABLE TV	81
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – RECYCLING/TRASH	82

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET	83
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	84

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET	85
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	87
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUND	89

**CITY OF LITTLE CANADA, MINNESOTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2015**

STATISTICAL SECTION (UNAUDITED)

NET POSITION BY COMPONENT	90
CHANGES IN NET POSITION	91
FUND BALANCES, GOVERNMENTAL FUNDS	93
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	94
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS	96
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	97
DIRECT AND OVERLAPPING TAX RATES	98
PRINCIPAL PROPERTY TAXPAYERS	99
PROPERTY TAX LEVIES AND COLLECTIONS	100
RATIOS OF OUTSTANDING DEBT BY TYPE	101
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	102
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	103
LEGAL DEBT MARGIN INFORMATION	104
DEMOGRAPHIC AND ECONOMIC STATISTICS	105
PRINCIPAL EMPLOYERS	106
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION	107
OPERATING INDICATORS BY FUNCTION	108
CAPITAL ASSET STATISTICS BY FUNCTION	109

INTRODUCTORY SECTION



515 Little Canada Road, Little Canada, MN 55117-1600
(651) 766-4029 / FAX: (651) 766-4048
www.ci.little-canada.mn.us

MAYOR
John Keis

COUNCIL
Rick Montour
Michael McGraw
Tom Fischer
Christian Torkelson

ADMINISTRATOR
Joel R. Hanson

June 28, 2016

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

In accordance with state statutes, we respectfully submit the Comprehensive Annual Financial Report for City of Little Canada (City) as of December 31, 2015 and for the year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation including all disclosures, supporting schedules, and statistical tables rests with the City. Your management staff believes that the information as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of the City's operations as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

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).

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management has established internal controls designed to protect the City's assets from loss, theft or misuse and to provide sufficient reliable information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that, the financial statements will be free from material misstatements. As management, we assert to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

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, 2015 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, 2015, are presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the independent auditors' report.

THE REPORTING ENTITY AND ITS SERVICE

In accordance with GASB pronouncements, the City's financial statements include all funds of City of Little Canada.

The City provides a full range of services to its citizens. These services include, but are not limited to: police and fire protection; parks and recreational facilities; construction and maintenance of streets; water; sewer; storm sewer, surface water pollution preservation; refuse; health; economic development, planning and general administrative services.

The City of Little Canada Economic Development Authority (EDA) is considered a blended component unit of the City. Although the EDA is legally a separate unit, it was created by the City Council to carry out responsibilities associated with development and redevelopment within the City's tax increment districts. The EDA governing body is made up of the City Council with City Administrator serving as the Secretary and Assistant Treasurer. The EDA has been included in the financial statements of the City's annual report. The EDA does not prepare separate financial statements.

PROFILE OF THE GOVERNMENT

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 is empowered to levy a property tax on both real and personal properties located within its boundaries.

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 City staff, including 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 non-partisan 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 & recreation, refuse collection & 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 St. Jude Medical, Inc., Slumberland, and Frattalone Companies. 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 5.0% at the end of 2015, Minnesota’s unemployment rate was 3.7%, the City has a regional unemployment rate of 3.2% 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 2015 to have a tax capacity rate that is 8th 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 & Poors 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. The City of Little Canada's most recent Comprehensive Plan was approved by the City Council in 2010.

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 we do not overlook significant needs looming beyond the five-year period. Excess General Fund balances, balances available after meeting the General Fund, Fund Balance Policy, are annually allocated to the General Capital Improvement Fund. The City also levies a substantial amount for its Infrastructure Fund in addition to pledging electric franchise fee revenues to this fund. 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.

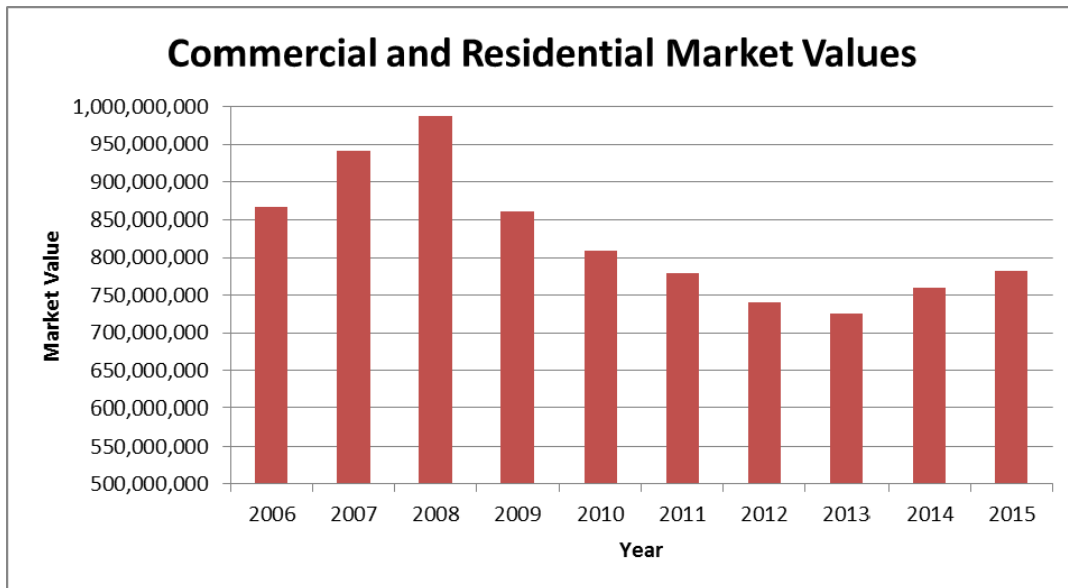
DEVELOPMENT ACTIVITY

Residential and commercial/industrial new construction increased during 2015 with 594 permits issued with a total valuation of \$16,367,102 as compared to 259 permits with a total value \$11,128,736 in 2014 (a 47% increase). This increase is attributed to three new commercial projects totaling \$2,440,000. The City also issued 13 permits during 2015 for new single-family home construction valued at \$4,289,664. Finally, the City issued 575 permits valued at \$9,615,138 for additions/alterations led by a dramatic surge in residential remodeling associated with an improved economy and also related to re-roofing work caused by a May hail storm.

The City expects construction activity for 2016 to be very good given the 120 Unit Senior Assisted Living project valued at \$13.5 million that will commence. We also expect the construction of a new school (Capitol View) valued around \$4.5 million. Finally, the City should have a few new homes constructed associated with Pine Tree Pond and Moore's Whispering Pines developments.

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.



FINANCIAL PERFORMANCE

The City’s General Fund completed 2015 with revenues being \$197,211 more than expenditures. The primary factor leading to this result was higher than anticipated building permit activity created by storm activity in 2015. Property taxes represented 71.2% of total revenue in the General Fund.

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 periodically reviewed in light of changing conditions, but infrequently modified to ensure long-term continuity and continued positive financial performance.

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 one 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). This 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.

The City also shares a street sweeper with Falcon Heights.

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. 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 2015 was \$57,800.

In 2014, the City continued the process of using GPS to capture the location of the City’s entire utility infrastructure. This information is being added to the City’s existing GIS system to improve efficiency in dealing with emergencies. The mapping of storm water ponds has been completed.

Quiet Zones:

In 2014, the City received an allocation of State bonding funds to assist us in paying for the costs to upgrade six at-grade railroad crossings in the community. By doing so, we will be able to establish a Quiet Zone pursuant to Federal Railroad Administration requirements that will result in the discontinuance of train horns being sounded at every crossing. This became a major concern for our residents in 2013 with a dramatic increase in train activity in Little Canada. That increase in activity led to many complaints about train horns sounded all day and night that resulted in a decrease in the quality of life for our community. We will receive up to \$1,250,000 of bond funds to aid in this project. It is likely the City will also spend between \$100,000 and \$150,000 to complete the project.

RELEVANT FINANCIAL POLICIES

Financial trends in this millennium indicate the City will have experience 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.

FISCAL STEWARDSHIP

The City maintains a set of Financial Management Policies which among several factors provides that one-time revenue sources should fund capital improvements rather than operations and that sufficient cash reserves must be maintained to avoid short-term borrowing or significant tax levy increases.

The City's computations of its direct debt and legal debt margin reports that it has less than 5.9% of its obligations that have general property taxes as the sole source of revenue. The City has approximately 94% of its legal debt limit, or \$23,388,757 available for debt bonding as of December 31, 2015.

The outstanding debt as of December 31, 2015 was \$9,750,338 compared to \$9,086,349 at the end of 2014. The City issued \$1,335,000 of G.O. cross-over refunding bond in 2015 to take advantage of lower interest costs. This issue refunded only the Tax Increment Financing (TIF) portion of the 2008A GO issue. The TIF District affected is District 5-1.

PENSION BENEFITS

All full-time and certain part-time employees of City of Little Canada are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost sharing, multiple-employer retirement plans.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All members must participate in the Coordinated Plan since July 1, 1968. The City's covered employees are all Coordinated Plan members.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State Statute, and vest after five (5) years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

A defined contribution plan is also made available to City employees that is administered by ICMA Retirement Corporation. The is a tax qualified plan under Section 457 of the Internal Revenue Code and all contributions by or on behalf of the employee are tax deferred until the time of withdrawal.

Additional information on City of Little Canada's pension plan can be found in Note 7 in the notes to the financial statements.

POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

City of Little Canada, by state statute, is required to offer certain employees who qualify for PERA retirement the option of purchasing health insurance through the City's current plan. Retirees are required to reimburse the City for the entire premium cost. An Actuarial Valuation using the Alternative Measurement Method on the City's implicit cost related to the benefit determined that any liability was determined to be immaterial.

In 2014, the City converted from a vacation/sick leave benefit program to paid time off (PTO). Employees with remaining sick leave balances are eligible for a payout of those unused amounts upon termination of employment based on length of service. The maximum payout is 50% of the remaining balance not to exceed 42 days for an employee with at least 20 years of service.

STATISTICAL SECTION

The statistical section presents comparative statistical data for the past ten 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 presents detailed information as a context for the reader to understand the City's overall financial well-being. This detailed information is organized and presented in five categories: 1) Financial Trends – how the City's financial performance has changed over time; 2) Revenue Capacity – indicates how the City's major revenue source (property tax) has changed over time; 3) Debt Capacity – assess the City's ability to issue future additional debt; 4) Demographic and Economic Information – presents the overall environment in which the City's financial activities occur; and 5) Operating Information – indicates how the City's financial report relates to the services and activities that the City provides.

The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The statistical data has been updated to conform to GASB pronouncement No. 44. Significant staff time has been invested modifying the statistical section to ensure that 10 years of statistical information is available.

ACKNOWLEDGMENTS

The preparation of this report would not have been possible without the dedicated services of the Finance Director and finance 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 unflinching support for maintaining the highest standards of professionalism in the management of City of Little Canada's financial operations.

Respectfully submitted,



Joel R. Hanson
City Administrator

**CITY OF LITTLE CANADA, MINNESOTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2015**

CITY COUNCIL AND OTHER OFFICIALS

	<u>Term Expires</u>
John Keis, Mayor	December 31, 2016
Tom Fischer, Council Member	December 31, 2018
Michael McGraw, Council Member	December 31, 2016
Rick Montour, Council Member	December 31, 2016
Christian Torkelson, Council Member	December 31, 2018

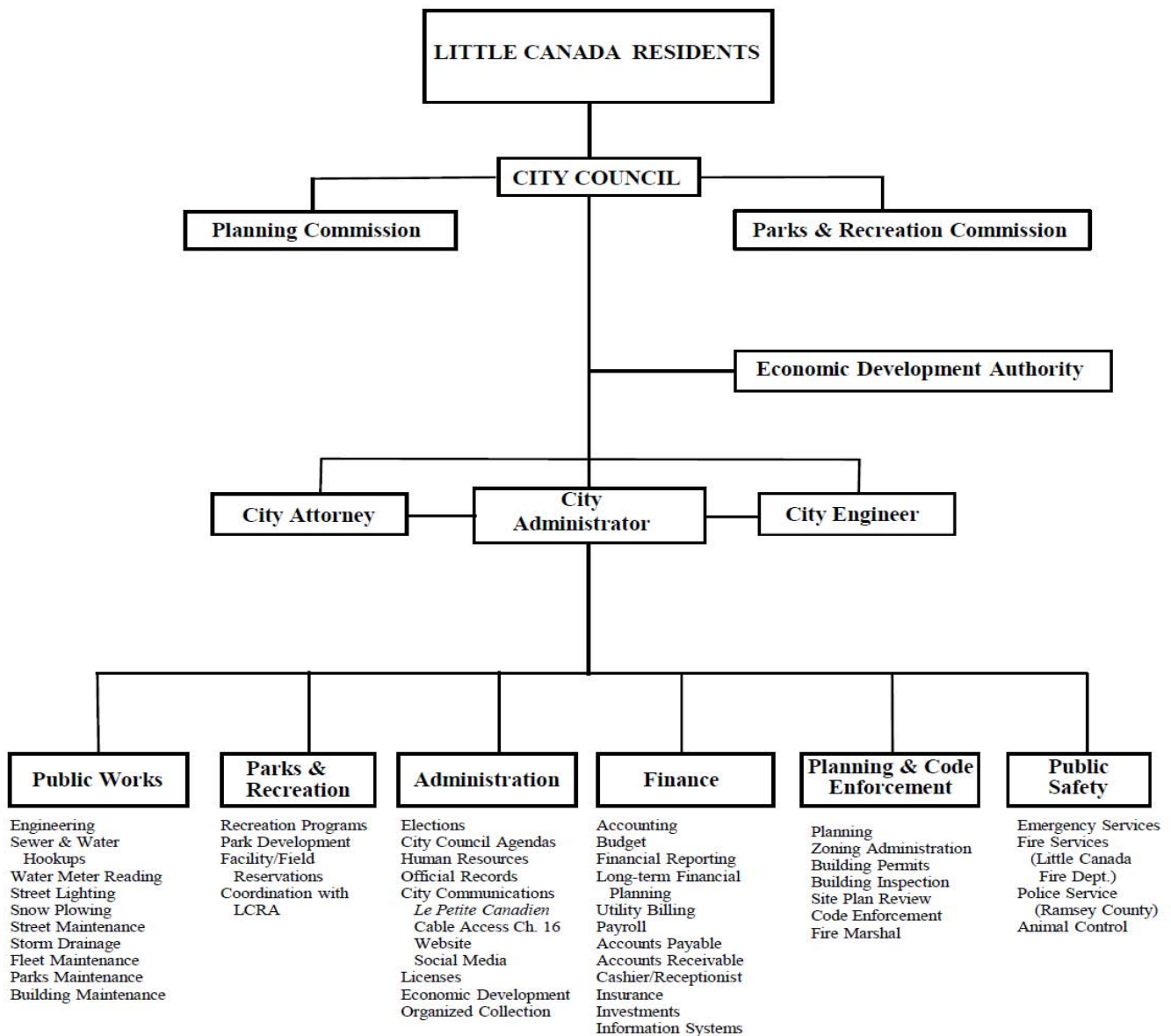
CITY OFFICIALS

Joel Hanson	City Administrator
Sharon Provos	Finance Director

**CITY OF LITTLE CANADA, MINNESOTA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2015**



City of Little Canada
Organizational Chart
December 31, 2015



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, 2015, 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, 2015, 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.

Emphasis of Matter

During fiscal year ended December 31, 2015, the City of Little Canada adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (see Note 19). Our auditors' opinion was not modified with respect to the restatement.

Report on Prior Year Summarized Information

We have previously audited the City of Little Canada's 2014 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 30, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 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 relates 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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Little Canada's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 28, 2016

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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, 2015. 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 increased by \$1,247,281 as a result of current year operations. Taking into account the effects of the prior period restatement of (\$563,187) for the implementation of GASB 68 and GASB 71 net position was \$37,332,784 at year-end.
- The net position of the City's business-type activities decreased by \$73,213 as a result of current year operations. Taking into account the effects of the prior period restatement of (\$377,783) for the implementation of GASB 68 and GASB 71, net position was \$10,335,028 at year-end.
- The fund balance of the General Fund increased by \$91,457 (or 3.8%) during the year to \$2,496,159 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$14,778,635.
- The Water and Sewer Funds reported a combined operating income of \$30,037.

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, 2015**

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 non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for all of its governmental 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, 2015**

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 non-major funds are presented immediately following the notes to basic financial statements.

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

	<u>Governmental Activities</u>		<u>Annual Change</u>	<u>Percent Change</u>
	<u>2015</u>	<u>2014</u>		
Current and Other Assets	\$ 19,338,661	\$ 20,070,482	\$ (731,821)	(0.04)%
Capital Assets	29,261,898	27,148,363	2,113,535	0.08
Total Assets	<u>48,600,559</u>	<u>47,218,845</u>		
Deferred Outflows of Resources	81,255	-	81,255	N/A
Long-Term Liabilities	9,932,272	9,285,198	647,074	0.07
Other Liabilities	1,345,028	1,284,957	60,071	0.05
Total Liabilities	<u>11,277,300</u>	<u>10,570,155</u>		
Deferred Inflows of Resources	71,730	-	71,730	N/A
Net Position:				
Net Investment in Capital Assets	22,521,602	18,307,783	4,213,819	0.23
Restricted	4,098,590	5,167,835	(1,069,245)	(0.21)
Unrestricted	10,712,592	13,173,072	(2,460,480)	(0.19)
Total Net Position	<u>\$ 37,332,784</u>	<u>\$ 36,648,690</u>	684,094	0.02
	<u>Business-Type Activities</u>			
	<u>2015</u>	<u>2014</u>		
Current and Other Assets	\$ 2,168,401	\$ 2,138,296	30,105	0.01 %
Capital Assets	8,966,437	9,261,283	(294,846)	(0.03)
Total Assets	<u>11,134,838</u>	<u>11,399,579</u>		
Deferred Outflows of Resources	54,504	-	54,504	N/A
Long-Term Liabilities	75,298	69,478	5,820	0.08
Other Liabilities	730,899	544,077	186,822	0.34
Total Liabilities	<u>806,197</u>	<u>613,555</u>		
Deferred Inflows of Resources	48,117	-	48,117	N/A
Net Position:				
Net Investment in Capital Assets	8,966,437	9,261,283	(294,846)	(0.03)
Unrestricted	1,368,591	1,524,741	(156,150)	(0.10)
Total Net Position	<u>\$ 10,335,028</u>	<u>\$ 10,786,024</u>	(450,996)	(0.04)

The City's net investment in capital assets is \$31,488,039 or 66.1% 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.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

An additional portion of the City's net position, \$4,098,590 or 8.6% represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12,081,183 or 25.3% 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 operation of a balanced budget. The ongoing management of revenues and expenditures/expenses 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.

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

	Governmental Activities			
	2015	2014	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,016,425	\$ 1,347,847	\$ 668,578	50 %
Operating Grants and Contributions	283,767	259,590	24,177	9
Capital Grants and Contributions	285,557	740,823	(455,266)	(61)
General Revenues:				
Property Taxes	2,892,772	2,832,040	60,732	2
Other Taxes	962,001	1,015,993	(53,992)	(5)
Contributions Not Restricted to Specific Programs	382,816	349,079	33,737	10
Unrestricted Investment Earnings	287,683	476,640	(188,957)	(40)
Other	54,272	23,145	31,127	134
Gain on Sale of Capital Assets	5,000	1,000	4,000	400
Total Revenues	<u>7,170,293</u>	<u>7,046,157</u>	<u>124,136</u>	<u>2</u>
EXPENSES				
General Government	731,727	1,249,420	(517,693)	(41)
Public Safety	2,052,997	1,855,021	197,976	11
Public Works	1,921,717	2,109,119	(187,402)	(9)
Community Services	951,271	1,183,221	(231,950)	(20)
Interest on Long-Term Debt	463,871	414,322	49,549	12
Total Expenses	<u>6,121,583</u>	<u>6,811,103</u>	<u>(689,520)</u>	<u>(10)</u>
CHANGE IN NET POSITION BEFORE TRANSFERS AND CONTRIBUTIONS	1,048,710	235,054	813,656	346
Transfers and Contributions	198,571	(24,720)	223,291	(903)
CHANGE IN NET POSITION	1,247,281	210,334	1,036,947	(493)
Net Position - Beginning of Year	36,648,690	36,438,356	210,334	1
Prior Period Restatement - See Note 19	(563,187)	-	(563,187)	
Net Position - Beginning of Year, Restated	<u>36,085,503</u>	<u>36,438,356</u>	<u>(352,853)</u>	
NET POSITION - END OF YEAR	<u>\$ 37,332,784</u>	<u>\$ 36,648,690</u>	<u>\$ 684,094</u>	<u>2</u>

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

Overall revenues increased 1.76% between 2014 and 2015. The City relies to a great extent on property taxes to finance its governmental activities and this amount remained similar to the prior year. Charges for services accounted for a majority of the increase as the result of a 2015 reimbursement from Ramsey County in the amount of \$434,858 related to reimbursements for the reconstruction of Little Canada Road. This increase was partially offset by decrease in investment earnings and a decrease in the prepaid special assessments paid in 2015.

Expenses decreased 10.12% between 2014 and 2015. The decrease in general government expenses was due to lift station and water tower repairs done in 2014. This decrease was partially offset by an increase in public safety expenses.

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

	Business-Type Activities			
	2015	2014	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,789,322	\$ 2,751,353	\$ 37,969	1 %
Capital Grants and Contributions	-	-	-	100
General Revenues:				
Other	6,187	4,852	1,335	28
Unrestricted Investment Earnings	25,414	40,058	(14,644)	(37)
Total Revenues	<u>2,820,923</u>	<u>2,796,263</u>	<u>24,660</u>	<u>1</u>
EXPENSES				
Water Operating	1,434,649	1,647,546	(212,897)	(13)
Sewer Operating	1,260,916	1,176,551	84,365	7
Total Expenses	<u>2,695,565</u>	<u>2,824,097</u>	<u>(128,532)</u>	<u>(5)</u>
CHANGE IN NET POSITION BEFORE TRANSFERS AND CONTRIBUTIONS	125,358	(27,834)	153,192	(550)
Transfers and Contributions	<u>(198,571)</u>	<u>24,720</u>	<u>(223,291)</u>	<u>(903)</u>
CHANGE IN NET POSITION	(73,213)	(3,114)	(70,099)	(2251)
Net Position - Beginning of Year	10,786,024	10,789,138	(3,114)	-
Prior Period Restatement, See Note 19	<u>(377,783)</u>	-	<u>(377,783)</u>	
Net Position - Beginning of Year, Restated	<u>10,408,241</u>	<u>10,789,138</u>	<u>(380,897)</u>	
NET POSITION - END OF YEAR	<u>\$ 10,335,028</u>	<u>\$ 10,786,024</u>	<u>\$ (450,996)</u>	<u>(4)</u>

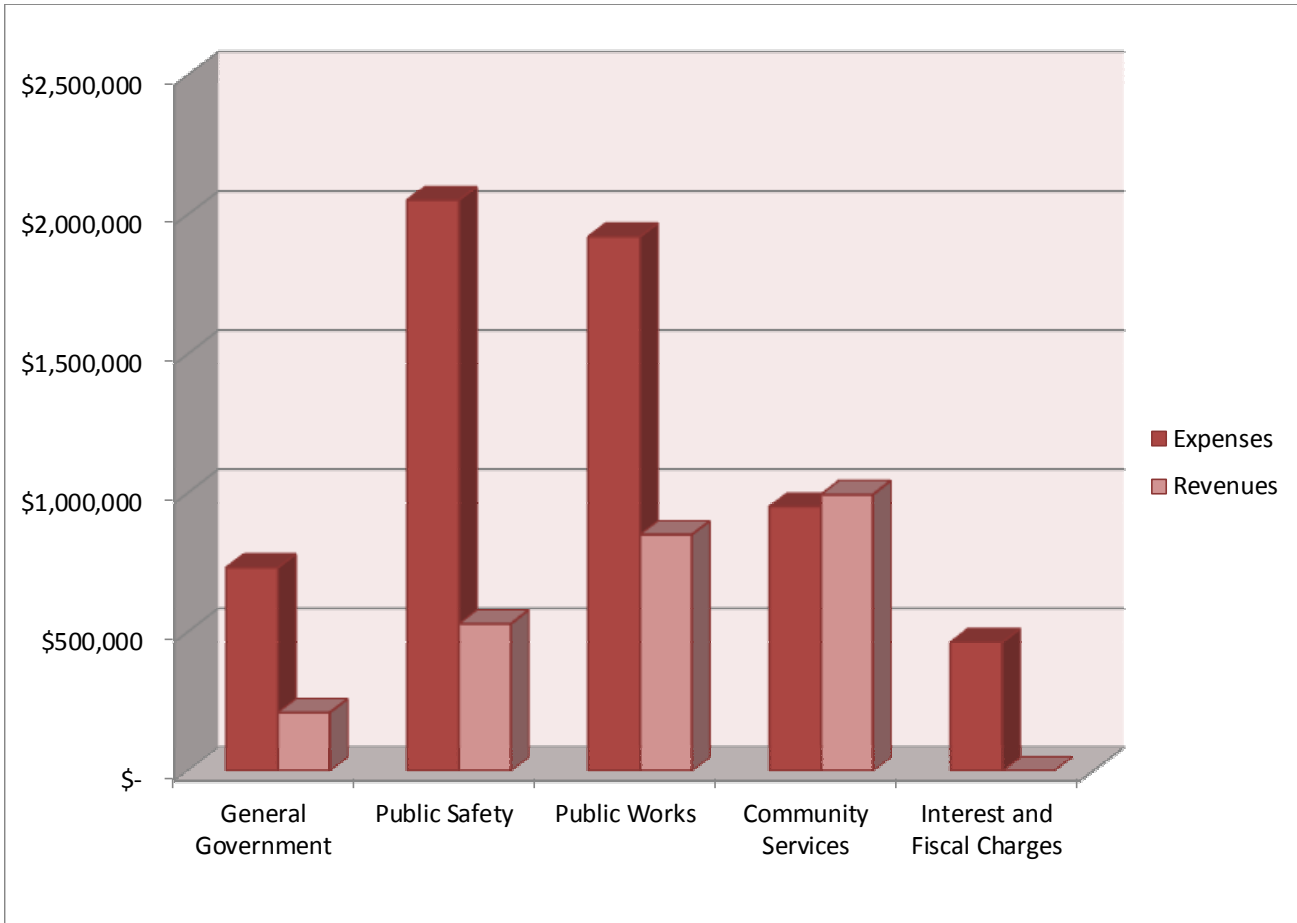
The business-type activities, primarily the City's utility operations, showed a slight decrease in net position. Water operating expenses decreased due to a \$135,768 refund from St. Paul Regional Water Service based on a system fee study done in 2011 with the rebate applied from 1/1/2013 going forward.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

Governmental Activities

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

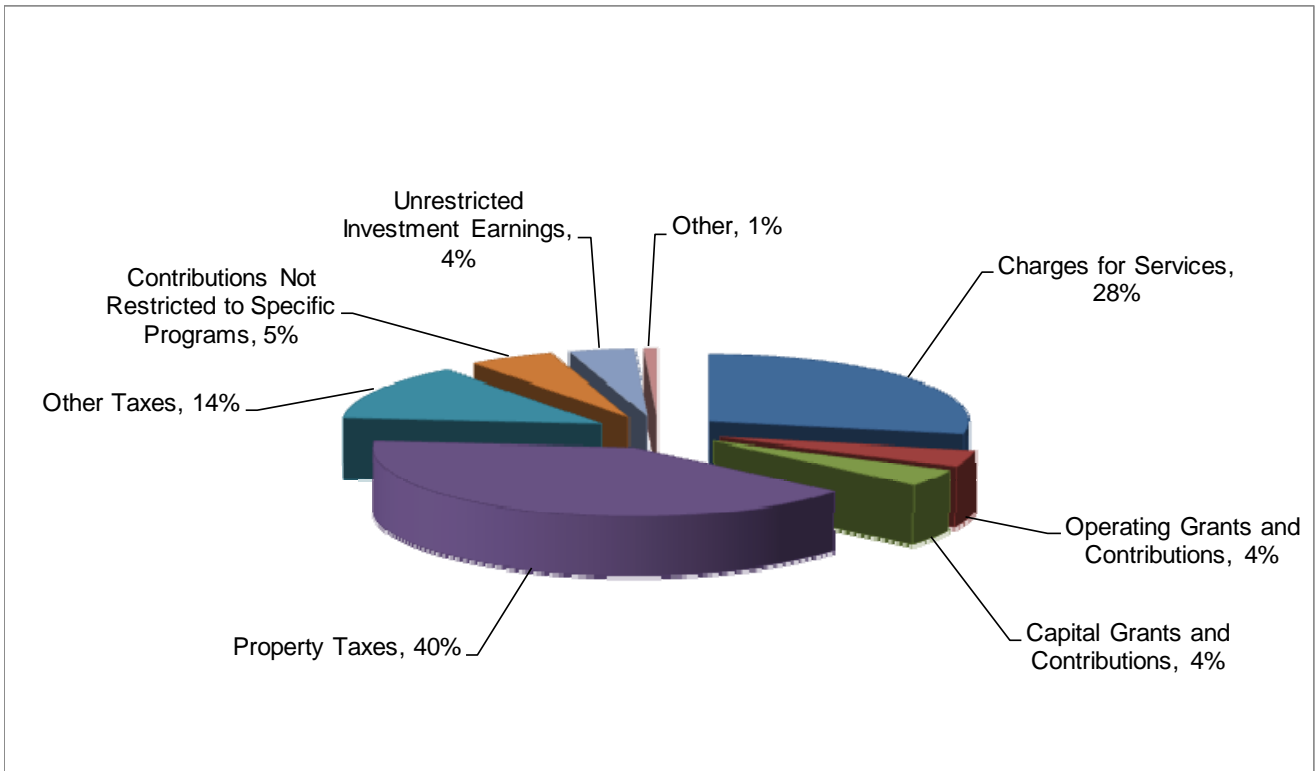
Program Expenses and Revenues – Governmental Activities



**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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. Under the state's current local government aid formula the City will receive no local government aid.

Revenues by Source – Governmental Activities

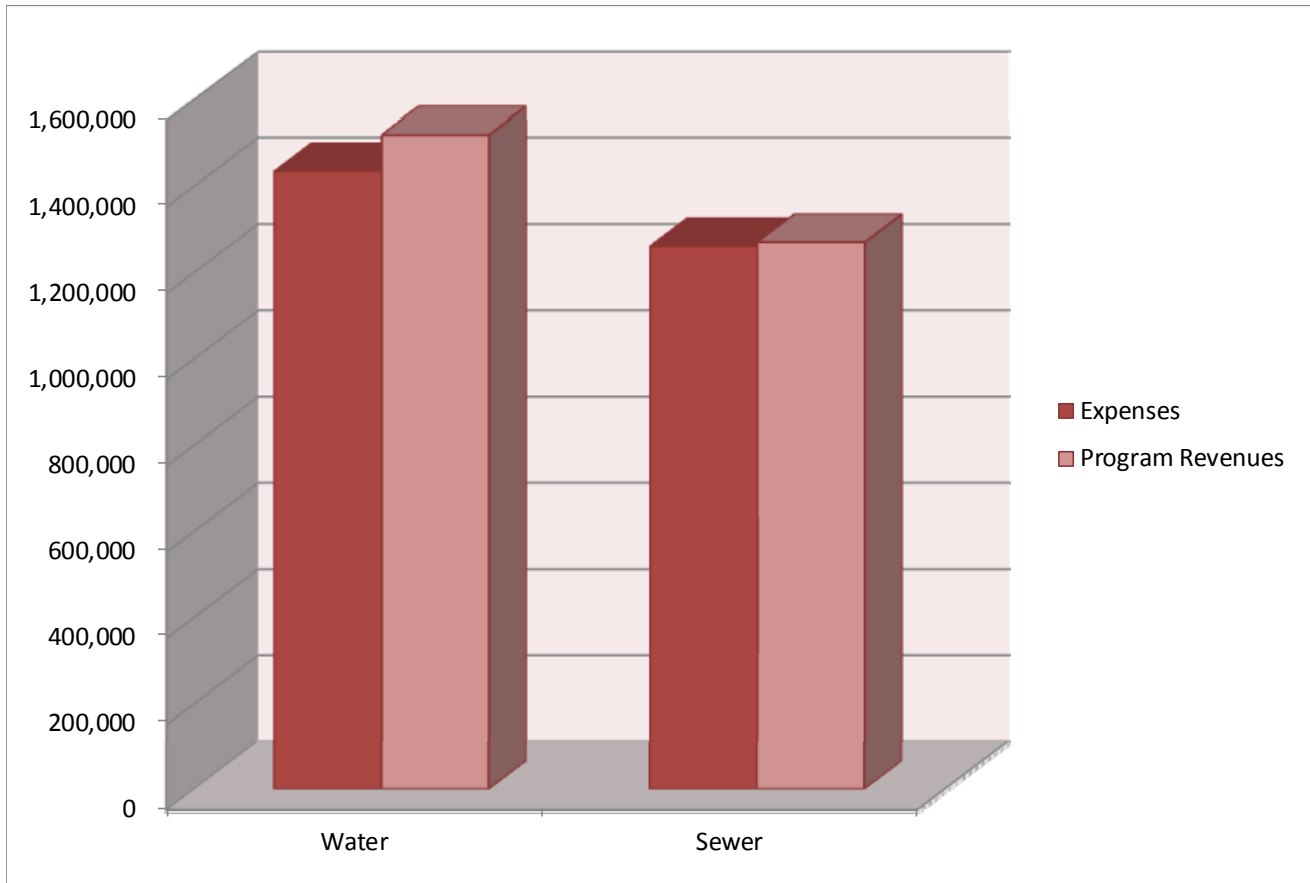


**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

Business-Type Activities

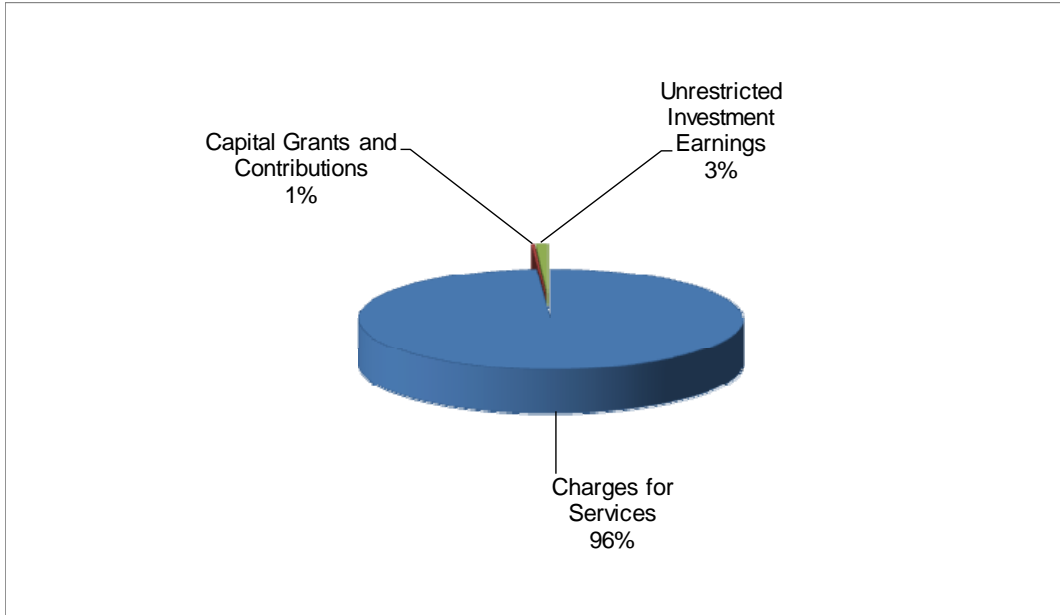
Business-Type Activities had an overall decrease in net position of \$73,213. One of the biggest expenses is depreciation (non-cash expense) within the water and sewer funds. Operating costs decreased \$212,897 in the Water Fund due to the painting of the City's water tower in 2014. To facilitate the painting project, the city had to shut down its only water tower and obtain water from the City of Roseville. This resulted in a higher static water pressure being maintained in the system. That caused a number of system leaks that required repairs. In addition, the St. Paul Regional Water Service refunded the City \$135,768 in 2015, based on a system fee study done in 2011 with the rebate applied from 1/1/2013 going forward. Operating costs in the Sewer Fund increased in 2015 due to MCES's allocation formula, but increased less than the prior year's reduction.

Program Expenses and Revenues – Business-Type Activities



**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

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 2015 was property taxes at 71.2% of the total revenue, followed by licenses and permits revenue at 10.5%. The total fund balance increased by \$91,457 during the current fiscal year 2015, resulting from an excess of revenue over expenditures of \$197,211 combined with net transfers out of \$105,754. The unassigned fund balance of \$1,183,140 at the end of 2015 represents 34.8% of total General Fund expenditures for the year 2015.

Other Major Governmental Funds

The Canabury Square Condominiums HIA fund balance at the end of 2015 was (\$273,542), a gain of \$96,865 during the year due to special assessments revenue exceeding required debt service principal and interest expenditures.

The General Capital Improvements fund balance at the end of 2015 was \$1,022,156, which is a decrease of \$153,976 over the prior year. This decrease was due to an increase in budgeted projects.

The Rice/LC Road Improvements fund had an increase in fund balance of \$209,706 in 2015 to arrive at an ending fund balance of \$1,828,505. This increase was due to tax increment collections exceeding expenditures and transfers out for the year.

The water and sewer equipment replacement fund had a decrease in fund balance of \$456,036 in 2015 to arrive at an ending fund balance of \$2,279,118. This decrease was due to a \$460,000 approved transfer to help complete the new Public Works Facility.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

The Infrastructure CIP fund had an increase in fund balance of \$1,137,783 during 2015 to arrive at an ending fund balance of \$2,709,368. This increase was due to the delay of the 2015 street projects because of concerns over the private utilities completing their work in a timely manner.

The St. Jude TIF District fund had an increase in fund balance of \$24,501, to arrive at an ending fund balance of (\$20,088).

The TIF 6-1 fund had a decrease in fund balance of \$16,241, to arrive at an ending fund balance of (\$712,728). This deficit is funded by an interfund loan.

The City Maintenance Garage had a decrease in fund balance of \$1,393,409 in 2015 to arrive at an ending fund balance of \$-0-. This decrease was due to the City Maintenance Garage project being completed in 2015.

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$10,335,028 at December 31, 2015. The financial activities of these funds have been summarized in previous charts within this discussion.

General Fund Budgetary Highlights

- Total General Fund revenues exceeded budget by \$264,132. The biggest positive budget variances for revenue categories were within licenses and permits and rents and refunds. Licenses and permits exceeded budget by \$162,872 due to a greater than anticipated number of building permits because of storm damage repairs. Rents and refunds exceeded budget by \$37,904 due to greater than anticipated refunds and reimbursements.
- Total General Fund Expenditures were under budget by \$5,479. The largest budget overage was public works street maintenance which was over budget by \$33,100 due to some higher than anticipated street striping, sweeping, and sealcoating costs. This was offset by the rest of the expense categories being under budget by various small amounts.

**CITY OF LITTLE CANADA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015**

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2015 is as follows:

Capital Assets at Year-End
(Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 3,558,708	\$ 3,377,751	\$ 103,301	\$ 103,301	\$ 3,662,009	\$ 3,481,052
Construction in Progress	3,070,626	5,677,866	10,030	335,565	3,080,656	6,013,431
Buildings and Building Improvements	7,213,968	3,011,409	-	-	7,213,968	3,011,409
Improvements Other than Buildings	372,314	374,126	-	-	372,314	374,126
Streets and Infrastructure	37,059,286	36,028,368	-	-	37,059,286	36,028,368
Distribution/Collection Systems	-	-	18,428,365	18,001,401	18,428,365	18,001,401
Machinery and Equipment	4,572,128	3,810,272	870,035	870,035	5,442,163	4,680,307
Total Capital Assets	55,847,030	52,279,792	19,411,731	19,310,302	75,258,761	71,590,094
Less: Accumulated Depreciation	(26,585,132)	(25,131,429)	(10,445,294)	(10,049,019)	(37,030,426)	(35,180,448)
Total Capital Assets, Net	\$ 29,261,898	\$ 27,148,363	\$ 8,966,437	\$ 9,261,283	\$ 38,228,335	\$ 36,409,646

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 \$10,987,066. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

Outstanding Debt at Year-End

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 4,590,000	\$ -	\$ -	\$ -	\$ 4,590,000	\$ -
Tax Increment Bonds	2,930,000	3,225,000	-	-	2,930,000	3,225,000
Improvement Bonds	2,010,000	2,230,000	-	-	2,010,000	2,230,000
Notes Payable	200,579	231,349	-	-	200,579	231,349
Net Pension Liability	586,246	587,611	393,250	394,166	979,496	981,777
Compensated Absences	103,950	112,413	75,298	69,478	179,248	181,891
Bond Premium (Discount), Net	97,743	86,436	-	-	97,743	86,436
Total Outstanding Debt	\$ 10,518,518	\$ 6,472,809	\$ 468,548	\$ 463,644	\$ 10,987,066	\$ 6,936,453

Additional details of long-term debt activity for the year can be found in Note 6 of the notes to basic financial statements.

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, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 12,023,585	\$ 1,305,191	\$ 13,328,776
Cash and Investments Held by Trustee	1,311,567	-	1,311,567
Accrued Interest Receivable	32,970	-	32,970
Accounts Receivable	321,000	732,597	1,053,597
Property Taxes Receivable:			
Delinquent	83,251	-	83,251
Due from County	57,304	-	57,304
Delinquent Tax Increment	84,811	-	84,811
Special Assessments Receivable	3,786,416	-	3,786,416
Due from Other Governments	121,467	62,141	183,608
Prepaid Items	13,390	68,472	81,862
Property Held for Resale	1,502,900	-	1,502,900
Capital Assets:			
Non-Depreciable	6,629,334	113,331	6,742,665
Depreciable	22,632,564	8,853,106	31,485,670
Total Assets	<u>48,600,559</u>	<u>11,134,838</u>	<u>59,735,397</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Pensions	81,255	54,504	135,759
LIABILITIES			
Accounts and Contracts Payable	585,701	319,595	905,296
Accrued Salaries and Fringes	11,747	8,153	19,900
Accrued Interest Payable	107,847	-	107,847
Unearned Revenue	22,940	3,540	26,480
Due to Other Governmental Units	30,547	6,361	36,908
Long-Term Liabilities:			
Net Pension Liability	586,246	393,250	979,496
Due Within One Year	709,247	8,100	717,347
Due in More Than One Year	9,223,025	67,198	9,290,223
Total Liabilities	<u>11,277,300</u>	<u>806,197</u>	<u>12,083,497</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Pensions	71,730	48,117	119,847
NET POSITION			
Net Investment in Capital Assets	22,521,602	8,966,437	31,488,039
Restricted for:			
Debt Service	57,212	-	57,212
Tax Increments	3,089,727	-	3,089,727
Fire Equipment	209,803	-	209,803
Park Acquisition	655,794	-	655,794
Charitable Gambling	86,054	-	86,054
Unrestricted	10,712,592	1,368,591	12,081,183
Total Net Position	<u>\$ 37,332,784</u>	<u>\$ 10,335,028</u>	<u>\$ 47,667,812</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015**

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		Total
					Governmental Activities	Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 731,727	\$ 162,726	\$ 48,746	\$ -	\$ (520,255)	\$ -	\$ (520,255)
Public Safety	2,052,997	416,622	59,995	52,000	(1,524,380)	-	(1,524,380)
Public Works	1,921,717	479,325	137,571	233,557	(1,071,264)	-	(1,071,264)
Community Services	951,271	957,752	37,455	-	43,936	-	43,936
Interest and Fiscal Charges	463,871	-	-	-	(463,871)	-	(463,871)
Total Governmental Activities	6,121,583	2,016,425	283,767	285,557	(3,535,834)	-	(3,535,834)
Business-Type Activities:							
Water	1,434,649	1,518,762	-	-	-	84,113	84,113
Sewer	1,260,916	1,270,560	-	-	-	9,644	9,644
Total Business-Type Activities	2,695,565	2,789,322	-	-	-	93,757	93,757
Total Primary Government	\$ 8,817,148	\$ 4,805,747	\$ 283,767	\$ 285,557	(3,535,834)	93,757	(3,442,077)
General Revenues:							
Property Taxes, Levied for General Purposes					2,892,772	-	2,892,772
Tax Increments					962,001	-	962,001
Grants and Contributions Not Restricted					382,816	-	382,816
Unrestricted Investment Earnings					287,683	25,414	313,097
Other					54,272	6,187	60,459
Gain on Sale of Capital Assets					5,000	-	5,000
Transfers					198,571	(198,571)	-
Total General Revenues and Transfers					4,783,115	(166,970)	4,616,145
Change in Net Position					1,247,281	(73,213)	1,174,068
Net Position - Beginning					36,648,690	10,786,024	47,434,714
Prior Period Restatement - See Note 19					(563,187)	(377,783)	(940,970)
Net Position - Beginning, as Restated					36,085,503	10,408,241	46,493,744
Net Position - Ending					\$ 37,332,784	\$ 10,335,028	\$ 47,667,812

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

	General Fund (101)	Canabury Square Condominiums HIA (362)	General Capital Improvements (400)	Rice/LC Road Development (440)	Water/Sewer Equipment Replacement (604)
ASSETS					
Cash and Investments	\$ 1,045,365	\$ -	\$ 989,688	\$ 1,756,413	\$ 1,582,817
Cash and Investments Held by Trustee	-	-	-	-	-
Accrued Interest Receivable	32,970	-	-	-	-
Property Taxes Receivable:					
Delinquent	79,633	-	-	-	-
Due from County	37,320	2,822	58	1,691	533
Delinquent Tax Increment	-	-	-	25,901	-
Accounts (Net of Allowance)	22,951	-	5,000	-	-
Special Assessments Receivable	-	2,171,508	-	31,059	75,620
Note Receivable	-	-	-	-	-
Prepays	3,590	-	9,800	-	-
Property Held for Resale	-	-	30,000	70,401	420,000
Interfund Loan Receivable	1,309,429	-	-	-	292,878
Due from Other Governmental Units	120,518	-	-	-	-
Total Assets	<u>\$ 2,651,776</u>	<u>\$ 2,174,330</u>	<u>\$ 1,034,546</u>	<u>\$ 1,885,465</u>	<u>\$ 2,371,848</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ 62,275	\$ -	\$ 12,390	\$ -	\$ 16,577
Accrued Salaries Payable	11,732	-	-	-	-
Interfund Loan Payable	-	304,634	-	-	-
Due to Other Governmental Units	1,977	-	-	-	-
Contracts Payable	-	-	-	-	-
Deposits	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	<u>75,984</u>	<u>304,634</u>	<u>12,390</u>	<u>-</u>	<u>16,577</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes and Assessments	79,633	2,143,238	-	56,960	76,153
FUND BALANCE					
Nonspendable	1,313,019	-	9,800	-	-
Restricted	-	-	-	1,828,505	-
Committed	-	-	-	-	-
Assigned	-	-	1,012,356	-	2,279,118
Unassigned	1,183,140	(273,542)	-	-	-
Total Fund Balance	<u>2,496,159</u>	<u>(273,542)</u>	<u>1,022,156</u>	<u>1,828,505</u>	<u>2,279,118</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 2,651,776</u>	<u>\$ 2,174,330</u>	<u>\$ 1,034,546</u>	<u>\$ 1,885,465</u>	<u>\$ 2,371,848</u>

See accompanying Notes to Basic Financial Statements.

Infrastructure CIP (450)	TIF #5-1 St. Jude (460)	TIF #6-1 (470)	City Maintenance Garage (410)	Other Governmental Funds	Total Governmental Funds	
					2015	2014
\$ 2,853,571	\$ 372,787	\$ -	\$ 22,448	\$ 3,400,496	\$ 12,023,585	\$ 12,895,594
-	-	-	-	1,311,567	1,311,567	-
-	-	-	-	-	32,970	29,046
3,618	-	-	-	-	83,251	76,546
7,634	-	-	-	7,246	57,304	159,569
-	-	-	-	58,910	84,811	35,936
97,332	-	-	-	195,717	321,000	304,854
1,313,914	-	-	-	194,315	3,786,416	4,764,650
-	-	-	-	-	-	219,248
-	-	-	-	-	13,390	46,090
-	-	-	-	982,499	1,502,900	1,402,173
-	-	-	-	-	1,602,307	1,656,171
949	-	-	-	-	121,467	136,776
<u>\$ 4,277,018</u>	<u>\$ 372,787</u>	<u>\$ -</u>	<u>\$ 22,448</u>	<u>\$ 6,150,750</u>	<u>\$ 20,940,968</u>	<u>\$ 21,726,653</u>
\$ 258,875	\$ -	\$ 136,672	\$ -	\$ 76,464	\$ 563,253	\$ 613,042
-	-	-	-	15	11,747	8,224
-	392,875	576,056	-	328,742	1,602,307	1,656,171
5,678	-	-	-	22,892	30,547	252,722
-	-	-	22,448	-	22,448	259,770
-	-	-	-	-	-	5,605
-	-	-	-	22,940	22,940	-
<u>264,553</u>	<u>392,875</u>	<u>712,728</u>	<u>22,448</u>	<u>451,053</u>	<u>2,253,242</u>	<u>2,795,534</u>
1,303,097	-	-	-	250,010	3,909,091	4,877,715
-	-	-	-	-	1,322,819	46,090
-	-	-	-	3,508,647	5,337,152	3,522,531
-	-	-	-	615,306	615,306	985,743
2,709,368	-	-	-	1,360,135	7,360,977	8,261,768
-	(20,088)	(712,728)	-	(34,401)	142,381	1,237,272
<u>2,709,368</u>	<u>(20,088)</u>	<u>(712,728)</u>	<u>-</u>	<u>5,449,687</u>	<u>14,778,635</u>	<u>14,053,404</u>
<u>\$ 4,277,018</u>	<u>\$ 372,787</u>	<u>\$ -</u>	<u>\$ 22,448</u>	<u>\$ 6,150,750</u>	<u>\$ 20,940,968</u>	<u>\$ 21,726,653</u>

**CITY OF LITTLE CANADA, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

	2015	2014
Total Fund Balances for Governmental Funds	\$ 14,778,635	\$ 14,053,404
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	\$ 3,558,708	
Construction in Progress	3,070,626	
Buildings and Building Improvements	7,213,968	
Improvements Other than Buildings	372,313	
Streets and Infrastructure	37,059,286	
Equipment and Furniture	4,572,128	
Total Capital Assets	55,847,029	
Less: Accumulated Depreciation	(26,585,131)	27,148,363
	29,261,898	
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.		
	3,909,091	4,877,715
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.		
	(107,847)	(145,594)
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	(586,246)	
Deferred Inflows of Resources - Pensions	(71,730)	
Deferred Outflows of Resources - Pensions	81,255	(576,721)
	(576,721)	-
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	(9,530,000)	
Notes Payable	(200,579)	
Unamortized Premiums	(97,743)	
Compensated Absence Payable	(103,950)	
	(9,932,272)	(9,285,198)
Total Net Position of Governmental Activities	\$ 37,332,784	\$ 36,648,690

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, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014

	General Fund	Canabury Square Condominiums HIA (362)	General Capital Improvements (400)	Rice/LC Road Development (440)	Water/Sewer Equipment Replacement (604)
REVENUE					
Property Taxes	\$ 2,563,053	\$ -	\$ 40,672	\$ -	\$ -
Tax Increment Collections	-	-	-	499,393	-
Refunds and Reimbursements	159,209	-	-	-	112,051
Licenses and Permits	376,297	-	-	-	-
Intergovernmental Revenue	348,754	-	231,628	-	-
Special Assessments	498	339,013	-	-	-
Charges for Services	29,233	-	-	-	-
Franchise Tax	-	-	-	-	-
Fines and Forfeitures	40,325	-	-	-	-
Investment Earnings	81,058	-	16,599	42,956	20,557
Contributions and Donations	-	-	-	-	-
Miscellaneous Revenue	-	-	36,596	-	-
Total Revenue	<u>3,598,427</u>	<u>339,013</u>	<u>325,495</u>	<u>542,349</u>	<u>132,608</u>
EXPENDITURES					
Current:					
General Government	523,588	-	435	5,325	-
Public Safety	1,975,080	-	1,260	-	-
Public Works	457,007	-	638	-	4,185
Community Service	445,541	735	2,400	-	-
Capital Outlay:					
General Government	-	-	198,401	-	-
Public Works	-	-	192,822	-	128,617
Community Service	-	-	296,077	-	-
Debt Service:					
Principal Retirement	-	136,262	-	-	-
Interest and Fiscal Charges	-	105,151	-	-	-
Fiscal Charges	-	-	-	-	-
Bond Issue Costs	-	-	-	-	-
Total Expenditures	<u>3,401,216</u>	<u>242,148</u>	<u>692,033</u>	<u>5,325</u>	<u>132,802</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	197,211	96,865	(366,538)	537,024	(194)
OTHER FINANCE SOURCES (USES)					
Proceeds from Issuance of Debt	-	-	-	-	-
Premium on Issued Debt	-	-	-	-	-
Transfers In	100,399	-	212,562	-	300,000
Transfers Out	(206,153)	-	-	(327,318)	(760,842)
Proceed from Sale of Capital Assets	-	-	-	-	5,000
Total Other Finance Sources (Uses)	<u>(105,754)</u>	<u>-</u>	<u>212,562</u>	<u>(327,318)</u>	<u>(455,842)</u>
NET CHANGE IN FUND BALANCES	91,457	96,865	(153,976)	209,706	(456,036)
FUND BALANCES					
Beginning of Year	<u>2,404,702</u>	<u>(370,407)</u>	<u>1,176,132</u>	<u>1,618,799</u>	<u>2,735,154</u>
End of Year	<u>\$ 2,496,159</u>	<u>\$ (273,542)</u>	<u>\$ 1,022,156</u>	<u>\$ 1,828,505</u>	<u>\$ 2,279,118</u>

See accompanying Notes to Basic Financial Statements.

Infrastructure CIP (450)	TIF #5-1 St. Jude (460)	TIF #6-1 (470)	City Maintenance Garage (410)	Other Governmental Funds	Total Governmental Funds	
					2015	2014
\$ 155,545	\$ -	\$ 12,694	\$ -	\$ 132,302	\$ 2,904,266	\$ 2,846,061
-	203,614	-	-	210,119	913,126	1,016,898
-	-	-	-	-	271,260	124,223
339,950	-	-	-	-	716,247	562,968
-	-	-	-	-	580,382	537,770
704,883	-	-	-	48,428	1,092,822	1,380,810
44,467	-	-	-	435,680	509,380	467,915
-	-	-	-	127,865	127,865	125,594
-	-	-	-	-	40,325	46,571
42,396	7,495	-	15,187	76,622	302,870	490,497
-	-	-	-	136,826	136,826	102,235
445,249	-	-	27,285	30,123	539,253	68,782
<u>1,732,490</u>	<u>211,109</u>	<u>12,694</u>	<u>42,472</u>	<u>1,197,965</u>	<u>8,134,622</u>	<u>7,770,324</u>
-	2,594	841	-	-	532,783	610,946
-	-	-	-	-	1,976,340	1,914,846
3,879	-	-	-	-	465,709	348,496
-	-	-	-	470,650	919,326	908,230
-	-	-	-	303,242	501,643	51,584
479,438	-	-	1,918,769	-	2,719,646	4,525,174
-	686	-	-	426,011	722,774	196,678
-	-	-	-	554,530	690,792	525,100
-	-	21,870	-	348,309	475,330	369,763
-	20,850	-	-	765	21,615	22,020
-	-	-	-	45,280	45,280	72,776
<u>483,317</u>	<u>24,130</u>	<u>22,711</u>	<u>1,918,769</u>	<u>2,148,787</u>	<u>9,071,238</u>	<u>9,545,613</u>
1,249,173	186,979	(10,017)	(1,876,297)	(950,822)	(936,616)	(1,775,289)
-	-	-	-	1,335,000	1,335,000	3,400,000
-	-	-	-	21,847	21,847	82,931
-	-	-	482,888	860,268	1,956,117	1,025,322
(111,390)	(162,478)	(6,224)	-	(81,712)	(1,656,117)	(725,322)
-	-	-	-	-	5,000	1,000
<u>(111,390)</u>	<u>(162,478)</u>	<u>(6,224)</u>	<u>482,888</u>	<u>2,135,403</u>	<u>1,661,847</u>	<u>3,783,931</u>
1,137,783	24,501	(16,241)	(1,393,409)	1,184,581	725,231	2,008,642
<u>1,571,585</u>	<u>(44,589)</u>	<u>(696,487)</u>	<u>1,393,409</u>	<u>4,265,106</u>	<u>14,053,404</u>	<u>12,044,762</u>
<u>\$ 2,709,368</u>	<u>\$ (20,088)</u>	<u>\$ (712,728)</u>	<u>\$ -</u>	<u>\$ 5,449,687</u>	<u>\$ 14,778,635</u>	<u>\$ 14,053,404</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, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014

	2015	2014
Net Change in Fund Balances-Total Governmental Funds	\$ 725,231	\$ 2,008,642
Amounts reported for governmental activities in the statement of activities are different because:		
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.		
Capital Outlays - Improvement Costs (Net of Proceeds)	\$ 3,739,227	
Gain on Disposal of Capital Assets	3,188	
Proceeds from the Sale of Capital Assets	(5,000)	
Capital Contributions	(101,429)	
Depreciation Expense	(1,522,451)	2,113,535
		1,958,931
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:		
General Obligation Bond Proceeds	(1,335,000)	
Premium on Bonds Issued	(21,847)	
Amortization of Bond Premium	10,540	
Repayment of Notes Payable	30,770	
Repayment of Bond Principal	660,000	
Change in Accrued Interest Expense	37,747	(617,790)
		(3,012,981)
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.		
Deferred Inflows of Resources - December 31, 2015	3,909,091	
Deferred Inflows of Resources - December 31, 2014	4,877,715	(968,624)
		(724,486)
Pension expenses 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.		
		(13,534)
		-
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 2015, compensated absence payable and other post employment benefits payable changed.		
	8,463	(19,772)
Change in Net Position of Governmental Activities	\$ 1,247,281	\$ 210,334

See accompanying Notes to Basic Financial Statements.

CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014

	Business-Type Activities			2014 Totals
	Water (601)	Sewer (602/603)	Totals	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 481,909	\$ 823,282	\$ 1,305,191	\$ 1,285,290
Receivables:				
General Customers	344,752	376,308	721,060	712,947
Other	5,246	6,291	11,537	6,915
Due from Other Governmental Units:				
Certified to County	32,764	29,377	62,141	69,977
Other Assets	1,799	66,673	68,472	63,167
Total Current Assets	<u>866,470</u>	<u>1,301,931</u>	<u>2,168,401</u>	<u>2,138,296</u>
CAPITAL ASSETS				
Permanent Easements	-	103,301	103,301	103,301
Construction	3,965	6,065	10,030	335,565
Equipment	687,366	183,609	870,975	870,975
Mains and Systems	10,766,629	7,660,796	18,427,425	18,000,461
Total	<u>11,457,960</u>	<u>7,953,771</u>	<u>19,411,731</u>	<u>19,310,302</u>
Less: Accumulated Depreciation	<u>(6,221,673)</u>	<u>(4,223,621)</u>	<u>(10,445,294)</u>	<u>(10,049,019)</u>
Net Capital Assets	<u>5,236,287</u>	<u>3,730,150</u>	<u>8,966,437</u>	<u>9,261,283</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pensions	<u>26,898</u>	<u>27,606</u>	<u>54,504</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,129,655</u>	<u>\$ 5,059,687</u>	<u>\$ 11,189,342</u>	<u>\$ 11,399,579</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
CURRENT LIABILITIES				
Accounts Payable	\$ 132,790	\$ 186,805	\$ 319,595	\$ 507,611
Accrued Salaries Payable	4,027	4,126	8,153	7,219
Due to Other Governmental Units	6,361	-	6,361	29,247
Compensated Absences Payable	3,992	4,108	8,100	8,281
Unearned Revenue	3,540	-	3,540	-
Total Current Liabilities	<u>150,710</u>	<u>195,039</u>	<u>345,749</u>	<u>552,358</u>
NONCURRENT LIABILITIES				
Compensated Absences Payable	33,097	34,101	67,198	61,197
Net Pension Liability	194,072	199,178	393,250	-
Total Noncurrent Liabilities	<u>227,169</u>	<u>233,279</u>	<u>460,448</u>	<u>61,197</u>
Total Liabilities	<u>377,879</u>	<u>428,318</u>	<u>806,197</u>	<u>613,555</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pensions	23,746	24,371	48,117	-
NET POSITION				
Net Investment in Capital Assets	5,236,287	3,730,150	8,966,437	9,261,283
Unrestricted	491,743	876,848	1,368,591	1,524,741
Total Net Position	<u>5,728,030</u>	<u>4,606,998</u>	<u>10,335,028</u>	<u>10,786,024</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 6,129,655</u>	<u>\$ 5,059,687</u>	<u>\$ 11,189,342</u>	<u>\$ 11,399,579</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, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities			2014 Totals
	Water (601)	Sewer (602/603)	Totals	
OPERATING REVENUE				
General Customers	\$ 1,442,752	1,270,560	\$ 2,713,312	\$ 2,683,229
Other	680	-	680	630
Meter Sales	11,610	-	11,610	9,686
Total Operating Revenue	<u>1,455,042</u>	<u>1,270,560</u>	<u>2,725,602</u>	<u>2,693,545</u>
OPERATING EXPENSES				
Personnel Services	295,853	306,332	602,185	590,533
MCES - Sewer Service Charge	-	721,654	721,654	623,083
Purchased Water	739,037	-	739,037	863,442
Supplies, Services, and Other Charges	150,148	86,266	236,414	352,098
Depreciation	249,611	146,664	396,275	394,941
Total Operating Expenses	<u>1,434,649</u>	<u>1,260,916</u>	<u>2,695,565</u>	<u>2,824,097</u>
OPERATING INCOME (LOSS)	20,393	9,644	30,037	(130,552)
NONOPERATING REVENUE				
Investment Earnings	8,794	16,620	25,414	40,058
Rental of City Property	63,720	-	63,720	57,808
Miscellaneous Revenue	2,666	3,521	6,187	4,852
Total Nonoperating Revenue	<u>75,180</u>	<u>20,141</u>	<u>95,321</u>	<u>102,718</u>
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	95,573	29,785	125,358	(27,834)
Transfers Out	(200,000)	(100,000)	(300,000)	(300,000)
Capital Contributions	<u>34,825</u>	<u>66,604</u>	<u>101,429</u>	<u>324,720</u>
CHANGES IN NET POSITION	(69,602)	(3,611)	(73,213)	(3,114)
NET POSITION				
Beginning of Year	5,984,071	4,801,953	10,786,024	10,789,138
Prior Period Restatement, See Note 19	(186,439)	(191,344)	(377,783)	-
Beginning of Year, as Restated	<u>5,797,632</u>	<u>4,610,609</u>	<u>10,408,241</u>	<u>10,789,138</u>
End of Year	<u>\$ 5,728,030</u>	<u>\$ 4,606,998</u>	<u>\$ 10,335,028</u>	<u>\$ 10,786,024</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	Business-Type Activities - Enterprise Funds			2014
	Water	Sewer	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Receipts from Customers	\$ 1,459,744	\$ 1,264,499	\$ 2,724,243	\$ 2,828,373
Cash Paid to Suppliers	(906,347)	(1,006,965)	(1,913,312)	(1,502,462)
Cash Paid to Employees	(288,043)	(298,308)	(586,351)	(582,170)
Net Cash Provided (Used) by Operating Activities	265,354	(40,774)	224,580	743,741
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers to/from Other Funds	(200,000)	(100,000)	(300,000)	(300,000)
Miscellaneous Nonoperating Receipts	2,666	3,521	6,187	4,852
Net Cash Used by Noncapital and Related Financing Activities	(197,334)	(96,479)	(293,813)	(295,148)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	-	-	(940)
Rent Proceeds	63,720	-	63,720	57,808
Net Cash Provided by Capital and Related Financing Activities	63,720	-	63,720	56,868
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Investments	8,794	16,620	25,414	40,058
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
	140,534	(120,633)	19,901	545,519
Cash and Cash Equivalents - Beginning of the Year	341,375	943,915	1,285,290	739,771
CASH AND CASH EQUIVALENTS - END OF THE YEAR				
	<u>\$ 481,909</u>	<u>\$ 823,282</u>	<u>\$ 1,305,191</u>	<u>\$ 1,285,290</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ 20,393	\$ 9,644	\$ 30,037	\$ (130,552)
Adjustments to Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	249,611	146,664	396,275	394,941
Change in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
(Increase) Decrease in:				
Accounts Receivable	(3,994)	(11,505)	(15,499)	123,981
Prepaid Items	(305)	(5,000)	(5,305)	(11,243)
Due from Other Governmental Units	5,156	5,444	10,600	10,847
Deferred Outflows of Resources - Pensions	(26,898)	(27,606)	(54,504)	-
Increase (Decrease) in:				
Accounts Payable	6,029	-	6,029	(8,456)
Accrued Salaries Payable	461	473	934	(4,341)
Due to Other Governmental Units	(22,886)	(194,045)	(216,931)	355,860
Unearned Revenue	3,540	-	3,540	-
Compensated Absences Payable	2,868	2,952	5,820	12,704
Net Pension Liability	7,633	7,834	15,467	-
Deferred Inflows of Resources - Pensions	23,746	24,371	48,117	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 265,354</u>	<u>\$ (40,774)</u>	<u>\$ 224,580</u>	<u>\$ 743,741</u>
NONCASH TRANSACTIONS				
Capital Contribution from Governmental Activities	<u>\$ 34,825</u>	<u>\$ 66,604</u>	<u>\$ 101,429</u>	<u>\$ 324,720</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

	2015	2014
ASSETS		
Cash and Cash Equivalents	\$ 37,763	\$ -
Due from Developers	16,145	21,060
Accounts Receivable	7,250	5,831
Total Assets	\$ 61,158	\$ 26,891
LIABILITIES		
Cash Overdraft	\$ -	\$ 16,456
Accounts Payable	5,851	2,193
Developer Deposits	55,307	8,242
Total Liabilities	\$ 61,158	\$ 26,891

See accompanying Notes to Basic Financial Statements.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 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 accounting principles generally accepted in the United States of America, 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, 2015**

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 4). 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, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Change in Accounting Principle

During the fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. See Note 19 for more detail of the effect of this change.

E. 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 non-major 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Financial Statement Presentation (Continued)

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 non-operating 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 non-operating 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.

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.

General Capital Improvements Capital Project Fund – This fund is used to account for major capital improvement/acquisition projects.

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.

TIF #5-1 St. Jude Capital Project Fund – This fund is 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Fund Financial Statement Presentation (Continued)

Description of Funds (Continued)

TIF #6-1 – Used to account for amounts received from tax increment financing and related project expenditures of TIF District #6-1.

City Maintenance Garage Capital Project Fund – This fund is used to account for the project costs and related financing of the City's maintenance building project.

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.

F. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. 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 to 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets (Continued)

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.

G. 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Investments (Continued)

The City generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC under rule 2a7. The City's investment in this fund is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

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.

H. 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.

I. 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Property Taxes (Continued)

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.

J. 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.

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.

K. 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.

L. 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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 estimated fair market 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. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2015, no interest was capitalized in connection with construction in progress.

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	5-25 Years
Machinery and Equipment	5-15 Years
Infrastructure - Streets	25 Years
Infrastructure - Water and Sewer	50 Years

N. 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. 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.

P. 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.

Q. 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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Net Position/Fund Balance (Continued)

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, then assigned, and finally unassigned amounts.

R. 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.

S. 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 2015.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. 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.

U. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (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.

V. Reclassifications

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

W. 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements.

**CITY OF LITTLE CANADA, MINNESOTA
 NOTES TO BASIC FINANCIAL STATEMENTS
 DECEMBER 31, 2015**

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Total Investments	\$ 14,677,506
Cash on Hand	600
Total	\$ 14,678,106

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

Statement of Net Position:	
Cash and Investments - Statement of Net Position	\$ 13,328,776
Cash and Investments Held by Trustee - Statement of Net Position	1,311,567
Cash and Investments per Statement of Fiduciary Net Position	37,763
Total Cash and Investments	\$ 14,678,106

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 \$-0- while the balance on the bank records was \$-0-. At December 31, 2015, 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, 2015**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

	Total Fair Value	Interest - Risk: Maturity in Years			Credit Risk	
		Less than 1	1-5	More than 5	Rating	Agency
US Agencies:						
Federal Home Loan Bank Mtg. Corp. Step Up	\$ 464,357	\$ -	\$ -	\$ 464,357	AA+	Moody's/S&P
Federal Farm Credit Bank Bonds	834,760	-	-	834,760	AA+	Moody's/S&P
Municipal Bonds	344,373	-	344,373	-	AA+	Moody's/S&P
Municipal Bonds (1)	1,530,000	-	-	1,530,000	N/A	N/A
Negotiable Certificates of Deposit	3,996,810	400,922	2,839,521	756,367	N/A	N/A
Mutual Fund	1,311,567	1,311,567	-	-	N/A	N/A
Money Market	2,978,876	2,978,876	-	-	N/A	N/A
MN Municipal Money Market (4M)	3,216,763	3,216,763	-	-	N/A	N/A
	<u>\$ 14,677,506</u>	<u>\$ 7,908,128</u>	<u>\$ 3,183,894</u>	<u>\$ 3,585,484</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

(1) Internal investment in the City of Little Canada Tax Increment Bonds of 2001A, which are not rated.

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

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, 2015**

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.

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, 2015, the City had the following investments which individually comprise more than 5% of the City's total investments:

Little Canada Municipal Bonds	10.4%
Federal Farm Credit Bank Bonds	5.7%

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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 3 RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2015 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	\$ 116,953	\$ 27,592	\$ 11,252	\$ 533	\$ 2,822	\$ 65,837	\$ 224,989
Special Assessments Receivable	-	31,059	1,313,914	75,620	2,171,508	194,315	3,786,416
Interfund Loan	1,309,429	-	-	292,878	-	-	1,602,307
Accounts Receivable	22,951	-	97,332	-	-	195,717	316,000
Total	\$ 1,449,333	\$ 58,651	\$ 1,422,498	\$ 369,031	\$ 2,174,330	\$ 455,869	\$ 5,929,712

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	Tax Increment	Special Assessments	Total
Major Funds:				
General Fund	\$ 79,633	\$ -	\$ -	\$ 79,633
Rice/LC Road Development	-	25,901	31,059	56,960
Infrastructure CIP	3,618	-	1,299,479	1,303,097
Canabury Square Condos HIA	-	-	2,143,238	2,143,238
Water/Sewer Equipment Replacement	533	-	75,620	76,153
Nonmajor Funds	-	58,910	191,100	250,010
Total	\$ 83,784	\$ 84,811	\$ 3,740,496	\$ 3,909,091

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,377,751	\$ 180,957	\$ -	\$ 3,558,708
Construction in progress	5,677,866	2,329,340	(4,936,580)	3,070,626
Total Capital Assets, Not Being Depreciated	<u>9,055,617</u>	<u>2,510,297</u>	<u>(4,936,580)</u>	<u>6,629,334</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	3,011,409	4,202,559	-	7,213,968
Other Improvements	374,126	-	(1,812)	372,314
Machinery and Equipment	3,810,272	830,604	(68,748)	4,572,128
Streets	<u>36,028,368</u>	<u>1,030,918</u>	<u>-</u>	<u>37,059,286</u>
Total Capital Assets, Being Depreciated	<u>43,224,175</u>	<u>6,064,081</u>	<u>(70,560)</u>	<u>49,217,696</u>
Accumulated Depreciation for:				
Buildings and Building Improvements	(1,674,560)	(129,074)	-	(1,803,634)
Other Improvements	(117,774)	(11,224)	-	(128,998)
Machinery and Equipment	(2,597,782)	(110,757)	(68,748)	(2,639,791)
Streets	<u>(20,741,313)</u>	<u>(1,271,396)</u>	<u>-</u>	<u>(22,012,709)</u>
Total Accumulated Depreciation	<u>(25,131,429)</u>	<u>(1,522,451)</u>	<u>(68,748)</u>	<u>(26,585,132)</u>
Total Capital Assets, Being Depreciated, Net	<u>18,092,746</u>	<u>4,541,630</u>	<u>(1,812)</u>	<u>22,632,564</u>
Governmental Activities Capital Assets, Net	<u>\$ 27,148,363</u>	<u>\$ 7,051,927</u>	<u>\$ (4,938,392)</u>	<u>\$ 29,261,898</u>

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

Capital asset activity for the year ended December 31, 2015 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	335,565	-	(325,535)	10,030
Total Capital Assets, Not Being Depreciated	<u>438,866</u>	<u>-</u>	<u>(325,535)</u>	<u>113,331</u>
Capital Assets, Being Depreciated:				
Machinery and Equipment	870,035	-	-	870,035
Distribution and Collection System	18,001,401	426,964	-	18,428,365
Total Capital Assets, Being Depreciated	<u>18,871,436</u>	<u>426,964</u>	<u>-</u>	<u>19,298,400</u>
Accumulated Depreciation for:				
Machinery and Equipment	(755,154)	(14,275)	-	(769,429)
Distribution and Collection System	(9,293,865)	(382,000)	-	(9,675,865)
Total Accumulated Depreciation	<u>(10,049,019)</u>	<u>(396,275)</u>	<u>-</u>	<u>(10,445,294)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,822,417</u>	<u>30,689</u>	<u>-</u>	<u>8,853,106</u>
Business-Type Activities Capital Assets, Net	<u>\$ 9,261,283</u>	<u>\$ 30,689</u>	<u>\$ (325,535)</u>	<u>\$ 8,966,437</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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	\$ 29,080
Public Safety	71,269
Public Works	1,310,458
Community Services	<u>111,644</u>
Total Depreciation Expense, Governmental Activities	<u>\$ 1,522,451</u>

Business-Type Activities:

Water	\$ 249,611
Sewer	<u>146,664</u>
Total Depreciation Expense, Business-Type Activities	<u>\$ 396,275</u>

NOTE 6 LONG-TERM LIABILITIES

A. Components of Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2015:

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	\$ 1,530,000
Tax Increment Bonds of 2008A	04/22/08	02/01/26	4.24%	<u>1,790,000</u>	<u>1,400,000</u>
Total				4,790,000	2,930,000
Improvement Bonds:					
G.O. Permanent Improvement Revolving Bonds of 2008A	04/22/08	02/01/19	4.13%	900,000	395,000
G.O. Taxable Housing Improvement Area Bonds of 2009A	12/03/09	02/01/25	4.69%	<u>2,220,000</u>	<u>1,615,000</u>
Total				3,120,000	2,010,000
General Obligation Bonds:					
G.O. Bonds of 2014A	03/11/14	02/01/34	2.98%	3,400,000	3,255,000
G.O. Refunding Bonds of 2015A	06/23/15	02/01/26	2.00%	<u>1,335,000</u>	<u>1,335,000</u>
Total				4,735,000	4,590,000
Total Bonded Indebtedness				12,645,000	9,530,000
Ramsey County Notes Payable:					
Canabury Condos Note	02/17/10	02/01/25	2.00%	170,900	73,268
Canabury Square Condos Note	05/14/10	02/01/25	2.00%	99,100	65,539
Fleur Royale Note	02/17/10	02/01/20	2.00%	<u>130,000</u>	<u>61,599</u>
Total				400,000	200,406
Net Pension Liability					
Compensated Absences					586,246
Total Governmental Activities				<u>\$ 13,045,000</u>	<u>\$ 10,420,602</u>
Business-Type Activities:					
Net Pension Liability					
Compensated Absences					\$ 393,250
Total Business-Type Activities					<u>75,298</u>
					<u>\$ 468,548</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt

Long-term liability activity for the year ended December 31, 2015 was as follows:

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
General Obligation Bonds	\$ 3,400,000	\$ 1,335,000	\$ (145,000)	\$ 4,590,000	\$ 140,000
Tax Increment Bonds	3,225,000	-	(295,000)	2,930,000	280,000
Improvement Bonds	2,230,000	-	(220,000)	2,010,000	230,000
Plus: Unamortized Premiums	86,436	21,847	(10,540)	97,743	-
Total Bonds Payable	<u>8,941,436</u>	<u>1,356,847</u>	<u>(670,540)</u>	<u>9,627,743</u>	<u>650,000</u>
Canabury Condos Note	84,904	-	(11,636)	73,268	11,838
Canabury Square Condos Note	71,832	-	(6,120)	65,712	6,398
Fleur Royale Note	74,613	-	(13,014)	61,599	13,239
Net Pension Liability	587,611	104,219	(105,584)	586,246	-
Compensated Absences	112,413	6,358	(14,821)	103,950	27,772
Total Governmental Activities	<u>9,872,809</u>	<u>1,467,424</u>	<u>(821,715)</u>	<u>10,518,518</u>	<u>709,247</u>
Business-Type Activities:					
Net Pension Liability	394,166	69,909	(70,825)	393,250	-
Compensated Absences	69,478	5,820	-	75,298	8,100
Total Business-Type Activities	<u>463,644</u>	<u>75,729</u>	<u>(70,825)</u>	<u>468,548</u>	<u>8,100</u>
Total Debt	<u>\$ 10,336,453</u>	<u>\$ 1,543,153</u>	<u>\$ (892,540)</u>	<u>\$ 10,987,066</u>	<u>\$ 717,347</u>

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:

Year Ending December 31,	Governmental Activities							
	Tax Increment Bonds		Improvement Bonds		Notes Payable		General Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 280,000	\$ 164,650	\$ 230,000	\$ 85,732	\$ 31,475	\$ 4,471	\$ 140,000	\$ 122,264
2017	300,000	148,638	230,000	77,378	32,114	3,857	265,000	115,328
2018	310,000	131,160	245,000	38,163	33,000	3,218	260,000	110,078
2019	330,000	112,541	255,000	57,974	33,417	2,573	270,000	104,778
2020	350,000	92,290	155,000	49,140	26,739	1,914	275,000	99,328
2021-2025	1,205,000	161,890	895,000	120,625	43,834	2,987	1,475,000	404,394
2026-2030	155,000	3,100	-	-	-	31	1,050,000	237,043
2031-2035	-	-	-	-	-	-	855,000	69,600
Totals	<u>\$ 2,930,000</u>	<u>\$ 814,269</u>	<u>\$ 2,010,000</u>	<u>\$ 429,012</u>	<u>\$ 200,579</u>	<u>\$ 19,051</u>	<u>\$ 4,590,000</u>	<u>\$ 1,262,813</u>

D. Revenues Pledged

Improvement Bonds of 2008A – The City has pledged future special assessment revenue to repay a portion of the improvement bonds issued in April 2008. Proceeds from the bonds provided financing for the 2008 Street Reconstruction and Utility Improvements. Special assessments were projected to produce 65% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$424,807, payable through February 2019. For the current year, principal and interest paid and total special assessment revenues were \$156,413 and \$156,583, respectively.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Revenues Pledged (Continued)

Housing Improvement Area Bonds of 2009A – The City has pledged future housing improvement assessment revenue to repay the HIA bonds issued in December 2009. Proceeds from the bonds provided financing for the 2009 Housing Improvement Area Project Canabury Square Condominiums Association. Housing improvement assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,044,205, payable through February 2025. For the current year, principal and interest paid and total housing improvement assessment revenue were \$207,370 and \$339,013, respectively.

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 \$2,016,450, payable through December 2022. For the current year, principal and interest paid and total tax increment revenues were \$320,580 and \$320,750, respectively.

Tax Increment Bonds of 2008A – The City has pledged future tax increment revenue to repay the \$1,790,000 Bonds issued in April 2008. Proceeds from the bonds provided financing for various infrastructure improvements in the TIF District No. 5-1. Incremental property taxes were projected to produce 100% of the debt service requirements over the life of the bond issue. Total principal and interest remaining on the bonds is \$1,727,819, payable through February 2026. For the current year, principal and interest paid and total tax increment revenues were \$156,413 and \$203,614, respectively.

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 \$90,117, payable through 2021. For the current year, principal and interest paid and total housing improvement assessment revenues were \$13,504 and \$13,791, 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 \$72,220, payable through 2025. For the current year, principal and interest paid and total housing improvement assessment revenues were \$7,680 and \$11,800, respectively.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

D. Revenues Pledged (Continued)

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 \$64,693, payable through 2020. For the current year, principal and interest paid and total housing improvement assessment revenues were \$14,408 and \$34,637, respectively.

E. Debt Refundings

In 2015, the City issued G.O. Refunding Bonds, Series 2015A, as a partial advance crossover refunding of the tax increment portion of the 2017 through 2026 maturities of the City's G.O. Bonds, Series 2008A. The refunding will result in a reduction of future debt payments of \$103,993 and a net present value savings of \$92,566.

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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

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 ten 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 ten 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. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

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 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City contributions to the GERF for the year ended December 31, 2015 were \$84,688. The City contributions were equal to the required contributions as set by state statute.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

D. Pension Costs

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$979,496 for its proportionate share of the GERF’s net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2014 through June 30, 2015, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2015, the City’s proportion was .0189%, and increase of .002% from June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$107,077 for its proportionate share of the GERF’s pension expense.

At December 31, 2015, 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	\$ -	\$ 49,384
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	92,724	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	70,462
City Contributions Subsequent to the Measurement Date	43,038	-
Total	<u>\$ 135,762</u>	<u>\$ 119,846</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

D. Pension Costs (Continued)

1. GERS Pension Costs (Continue)

A total of \$43,038 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, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expenses Amount
2016	\$ (16,768)
2017	(16,768)
2018	(16,768)
2019	23,182

E. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERS was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

E. Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments is 7.9%. 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	45%	5.50%
International Equity	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Totals	<u>100%</u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 7.9%. 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 Town'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 Town's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

Description	1% Decrease in Discount Rate (6.90%)	Current Discount Rate (7.90%)	1% Increase in Discount Rate (8.90%)
City's Proportionate Share of the GERS Net Pension Liability	\$ 1,540,116	\$ 979,496	\$ 516,510

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 one percent of the assets in each member's account annually.

Total contributions made by the City and plan members in 2015, 2014, and 2013 were \$937, \$1,959, and \$2,030, respectively.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 8 DEFINED CONTRIBUTION PLANS (CONTINUED)

B. Additional Defined Contribution Plans

In addition to PERA, the City Administrator is also covered by a defined contribution plan administered by ICMA Retirement Corporation. The plan is a tax qualified plan under Section 457 of the Internal Revenue Code and all contributions by or on behalf of the employee are tax deferred until time of withdrawal.

The City is required through terms of the Administrator's employment agreement to contribute \$5,000 annually. Plan provisions and contribution requirements are established and may be amended by the City Council. Employer contributions were \$5,000 for the year ended December 31, 2015.

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	General Capital Improvements	Water/Sewer Equipment Replacement	City Maintenance Garage	Other Governmental	
Transfer Out:						
General Fund	\$ -	\$ 206,153	\$ -	\$ -	\$ -	\$ 206,153
Rice/LC Road Development	6,568	-	-	-	320,750	327,318
Infrastructure CIP	-	6,409	-	-	104,981	111,390
TIF #5-1 St. Jude	5,895	-	-	-	156,583	162,478
TIF #6-1	6,224	-	-	-	-	6,224
Water/Sewer Equip. Replacement	-	-	-	482,888	277,954	760,842
Water Fund	-	-	200,000	-	-	200,000
Sewer Fund	-	-	100,000	-	-	100,000
Nonmajor Fund	81,712	-	-	-	-	81,712
Total	<u>\$ 100,399</u>	<u>\$ 212,562</u>	<u>\$ 300,000</u>	<u>\$ 482,888</u>	<u>\$ 860,268</u>	<u>\$ 1,956,117</u>

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 2015 transfers are considered routine and consistent with previous practice and policies.

Five interfund loans were approved by the City to provide cash flow for certain improvements within TIF District 6-1, TIF District 5-1, Owasso/Woodlyn Redevelopment Area, Canabury Square Condominiums HIA, and Fleur Royale Condos HIA. Amounts due to/from other funds cover deficit cash balances. A summary at December 31, 2015 is as follows:

	Interfund Loan Receivable	Interfund Loan Payable
Major Funds:		
General Fund	\$ 1,309,429	\$ -
Canabury Square Condominiums HIA	-	304,634
Water/Sewer Equipment Replacement	292,878	-
TIF #5-1 St. Jude	-	392,875
TIF #6-1	-	576,056
Nonmajor Funds:		
Fleur Royale Condos HIA	-	35,864
Owasso/Woodlyn Redevelopment Area	-	292,878
Total	\$ 1,602,307	\$ 1,602,307

NOTE 11 TAX INCREMENT DISTRICTS

The City is administering authority for the following tax increment financing districts:

Tax Increment District #2-1 (Fund 464) is a redevelopment district. The district was established under MS 469.174 on April 11, 1990. The duration of the district is 25 years.

Tax Increment #3-2 (Fund 440) is a redevelopment district established under MS 469.174-469.179 on November 9, 1995. The duration of the district is 25 years.

Tax Increment District #3-3 (Fund 441) is a housing district established in 2004.

Tax Increment District #5-1 (Fund 460) is intended to be a redevelopment district under MS 469.174-469.179.

Tax Increment District #6-1 (Fund 470) is a renewal and renovation district established under MS 469.174-469.179 on October 10, 2007. The duration of the district is 15 years.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015.

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.

D. Committed Contracts

The City had committed contracts in the amount of \$174,707 at December 31, 2015, related to capital projects still in process, including the 2014 Street and Trail Improvements project and Little Canada Road, which together make up \$131,999 of the total outstanding contracts.

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.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 13 DEFERRED AD VALOREM TAX LEVIES – BONDED DEBT (CONTINUED)

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2015.

At December 31, 2015, future scheduled tax levies for all bonds outstanding totaled \$3,369,697.

NOTE 14 FUND BALANCES

A. Classifications

A summary of the governmental fund balance classifications at December 31, 2015 is as follows:

	General Fund	Canabury Square Condominiums HIA	General Capital Improvements	Rice/LC Road Development	Water/Sewer Equipment Replacement	Infrastructure CIP	TIF #5-1 St. Jude	TIF #6-1	Other Governmental	Total
Nonspendable:										
Prepaid Items	\$ 3,590	\$ -	\$ 9,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,390
Interfund Loans	1,309,429	-	-	-	-	-	-	-	-	1,309,429
Total Nonspendable	1,313,019	-	9,800	-	-	-	-	-	-	1,322,819
Restricted for:										
Debt Service	-	-	-	-	-	-	-	-	1,411,644	1,411,644
Tax Increment	-	-	-	1,828,505	-	-	-	-	1,145,352	2,973,857
Fire Equipment	-	-	-	-	-	-	-	-	209,803	209,803
Park Acquisition	-	-	-	-	-	-	-	-	655,794	655,794
Charitable Gambling	-	-	-	-	-	-	-	-	86,054	86,054
Total Restricted	-	-	-	1,828,505	-	-	-	-	3,508,647	5,337,152
Committed to:										
Cable	-	-	-	-	-	-	-	-	393,234	393,234
Parks and Recreation	-	-	-	-	-	-	-	-	49,091	49,091
Recycling	-	-	-	-	-	-	-	-	158,479	158,479
Economic Development	-	-	-	-	-	-	-	-	14,502	14,502
Total Committed	-	-	-	-	-	-	-	-	615,306	615,306
Assigned to:										
Park Acquisition	-	-	-	-	-	-	-	-	267,696	267,696
Fire Equipment	-	-	-	-	-	-	-	-	724,437	724,437
Redevelopment	-	-	-	-	-	-	-	-	368,002	368,002
Capital Improvements	-	-	1,012,356	-	2,279,118	2,709,368	-	-	-	6,000,842
Total Assigned	-	-	1,012,356	-	2,279,118	2,709,368	-	-	1,360,135	7,360,977
Unassigned	1,183,140	(273,542)	-	-	-	-	(20,088)	(712,728)	(34,401)	142,381
Total	<u>\$ 2,496,159</u>	<u>\$ (273,542)</u>	<u>\$ 1,022,156</u>	<u>\$ 1,828,505</u>	<u>\$ 2,279,118</u>	<u>\$ 2,709,368</u>	<u>\$ (20,088)</u>	<u>\$ (712,728)</u>	<u>\$ 5,449,687</u>	<u>\$ 14,778,635</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, 2015, the unassigned fund balance of the General Fund was 34.8% of the subsequent year’s budgeted expenditures.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 15 STEWARDSHIP AND ACCOUNTABILITY

At December 31, 2015, individual funds with deficit fund balances/net position are as follows:

Capital Project Funds	
Canbury Condos HIA - #362	\$ (273,542)
TIF #5-1 St. Jude - #460	(20,088)
Fleur Royale Condos HIA = #462	(34,401)
TIF #6-1 - \$470	(712,728)

The TIF District #6-1 and TIF District #5-1 will be replenished by future TIF revenue while the HIA funds will be replenished with future special assessment revenue.

The following funds with adopted budgets in 2015 had expenditures in excess of budget:

	Final Budget	Actual	Actual in Excess of Budget
Nonmajor Special Revenue Funds			
Recycling/Trash	\$ 362,100	\$ 366,389	\$ (4,289)

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, 2015, 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 \$65,183,947.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, 2015**

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, 2015 totaled \$74,025. The lease agreements call for a yearly 4% increase in lease revenue:

Future Lease Receipts	
2016	\$ 97,273
2017	100,533
2018	78,945
2019	59,749
Total	\$ 336,500

NOTE 19 CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related Statement No. 71. As a result, the City's net position as of December 31, 2014 has been restated to reflect the recognition of the City's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's (GERF) net pension liability.

	Governmental Activities	Business- Type Activities
Net Position, December 31, 2014 as Previously Reported	\$ 36,648,690	\$ 10,786,024
Cumulative Affect of Application of GASB 68, Net Pension Liability	(587,611)	(394,166)
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for City Contributions Made to the Plan From July 1, 2014 to December 31, 2014	24,424	16,383
Net Position, December 31, 2014, as Restated	\$ 36,085,503	\$ 10,408,241

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, 2015
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015				2014 Actual Amounts
	Budgeted Amounts		Actual	Over (Under) Final Budget	
	Original	Final			
REVENUE					
Property Taxes:					
Current and Delinquent	\$ 2,520,510	\$ 2,520,510	\$ 2,548,004	\$ 27,494	\$ 2,436,226
Mobile Home and Other	8,500	8,500	15,049	6,549	11,234
Total Property Taxes	<u>2,529,010</u>	<u>2,529,010</u>	<u>2,563,053</u>	<u>34,043</u>	<u>2,447,460</u>
Special Assessments	-	-	498	498	1,069
Licenses and Permits	213,425	213,425	376,297	162,872	226,887
Intergovernmental Revenue:					
State:					
Market Value Homestead Credit	1,368	1,368	1,388	20	1,395
Local Government Aid	146,901	146,901	147,018	117	146,978
Fire Aid	55,000	55,000	59,995	4,995	65,982
MSA	102,300	102,300	111,783	9,483	102,301
Other State Aids	2,782	2,782	2,782	-	2,782
County:					
Waste Recycling Grant	25,788	25,788	25,788	-	20,408
Total Intergovernmental Revenues	<u>334,139</u>	<u>334,139</u>	<u>348,754</u>	<u>14,615</u>	<u>339,846</u>
Charges for Services:					
Customer Collections	7,239	7,239	5,775	(1,464)	7,006
Parks and Recreation	6,500	6,500	7,591	1,091	6,866
Administrative Charges	5,750	5,750	15,867	10,117	6,810
Total Charges for Services	<u>19,489</u>	<u>19,489</u>	<u>29,233</u>	<u>9,744</u>	<u>20,682</u>
Fines and Forfeits	42,900	42,900	40,325	(2,575)	46,571
Investment Earnings	71,500	71,500	81,058	9,558	87,040
Miscellaneous Revenues:					
Rents and Refunds	123,732	123,732	159,209	35,477	124,223
Miscellaneous Revenue	100	100	-	(100)	8,347
Total Miscellaneous Revenues	<u>123,832</u>	<u>123,832</u>	<u>159,209</u>	<u>35,377</u>	<u>132,570</u>
Total Revenue	<u>3,334,295</u>	<u>3,334,295</u>	<u>3,598,427</u>	<u>264,132</u>	<u>3,302,125</u>

The Notes to the Required Supplementary Information are an integral part of this schedule.

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, 2015
WITH COMPARATIVE AMOUNTS FOR YEAR ENDED DECEMBER 31, 2014

	2015				2014 Actual Amounts
	Budgeted Amounts		Actual	Over (Under) Final Budget	
	Original	Final			
EXPENDITURES					
General Government:					
Mayor and City Council	\$ 81,985	\$ 81,985	\$ 94,230	\$ 12,245	\$ 71,909
Elections	1,480	1,480	653	(827)	8,036
Administration	145,745	145,745	142,878	(2,867)	142,758
Attorney	102,095	102,095	99,400	(2,695)	85,825
Engineering	18,270	18,270	18,385	115	17,148
Planning and Zoning	113,875	113,875	110,776	(3,099)	105,001
Insurance	33,365	33,365	30,114	(3,251)	31,522
City Hall	36,220	36,220	27,152	(9,068)	28,771
Total General Government	<u>533,035</u>	<u>533,035</u>	<u>523,588</u>	<u>(9,447)</u>	<u>490,970</u>
Public Safety:					
Police Protection	1,338,276	1,338,276	1,335,694	(2,582)	1,287,372
Fire:					
Pension Plan - City and State	86,000	86,000	59,995	(26,005)	80,981
Other Current	338,354	338,354	369,211	30,857	336,786
Fire Marshall	31,500	31,500	24,021	(7,479)	29,407
Protective Inspections	180,970	180,970	182,345	1,375	173,763
Civil Defense	2,925	2,925	1,381	(1,544)	1,588
Animal Control	4,600	4,600	2,433	(2,167)	4,549
Total Public Safety	<u>1,982,625</u>	<u>1,982,625</u>	<u>1,975,080</u>	<u>(7,545)</u>	<u>1,914,446</u>
Public Works:					
Street Maintenance	308,855	308,855	341,955	33,100	231,477
Storm Sewers	10,600	10,600	8,076	(2,524)	11,024
Street Lighting	65,400	65,400	59,102	(6,298)	59,809
Recycling/Sanitation	19,900	19,900	18,034	(1,866)	18,992
City Garage	14,920	14,920	24,588	9,668	10,704
Tree Trimming	12,850	12,850	5,252	(7,598)	10,564
Total Public Works	<u>432,525</u>	<u>432,525</u>	<u>457,007</u>	<u>24,482</u>	<u>342,570</u>
Community Service:					
Recreation and Parks	430,724	430,724	419,113	(11,611)	398,814
Youth Services Bureau	17,096	17,096	18,267	1,171	16,475
Community Pride/Other	50	50	-	(50)	-
Old Fire Station	10,640	10,640	8,161	(2,479)	8,871
Total Parks and Recreation	<u>458,510</u>	<u>458,510</u>	<u>445,541</u>	<u>(12,969)</u>	<u>424,160</u>
Total Expenditures	<u>3,406,695</u>	<u>3,406,695</u>	<u>3,401,216</u>	<u>(5,479)</u>	<u>3,172,146</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(72,400)</u>	<u>(72,400)</u>	<u>197,211</u>	<u>269,611</u>	<u>129,979</u>
OTHER FINANCE SOURCES (USES)					
Transfer In	76,900	76,900	100,399	23,499	87,164
Transfers Out	(4,500)	(4,500)	(206,153)	(201,653)	(12,423)
Total Other Finance Sources (Uses)	<u>72,400</u>	<u>72,400</u>	<u>(105,754)</u>	<u>(178,154)</u>	<u>74,741</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>91,457</u>	<u>\$ 91,457</u>	<u>204,720</u>
FUND BALANCES					
Beginning of Year			2,404,702		2,199,982
End of Year			<u>\$ 2,496,159</u>		<u>\$ 2,404,702</u>

The Notes to the Required Supplementary Information are an integral part of this schedule.

**CITY OF LITTLE CANADA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2015**

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 appropriations.

	<u>Final Budget</u>	<u>Actual</u>	<u>Actual in Excess of Budget</u>
General Fund:			
General Government:			
Mayor and City Council	\$ 81,985	\$ 94,230	\$ 12,245
Engineering	18,270	18,385	115
Public Safety:			
Fire			
Other Current	338,354	369,211	30,857
Protective Inspections	180,970	182,345	1,375
Public Works:			
Street Maintenance	308,855	341,955	33,100
City Garage	14,920	24,588	9,668
Community Services:			
Youth Services Bureau	17,096	18,267	1,171

**CITY OF LITTLE CANADA, MINNESOTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2015**

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

	<u>Measurement Date 6/30/2015</u>	<u>Measurement Date 6/30/2014</u>
City's Proportion of the Net Pension Liability	0.0189%	0.0209%
City's Proportionate Share of the Net Pension Liability	\$ 979,496	\$ 981,777
City's Covered-Employee Payroll	\$ 1,129,173	\$ 1,119,959
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	86.74%	87.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.20%	78.70%

* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

**CITY OF LITTLE CANADA, MINNESOTA
PERA SCHEDULE OF CITY CONTRIBUTIONS
YEAR ENDED DECEMBER 31, 2015**

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

	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 84,688	\$ 81,197
Contributions in Relation to the Statutorily Required Contribution	<u>(84,688)</u>	<u>(81,197)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 1,129,173	\$ 1,119,959
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.25%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds	
				2015	2014
ASSETS					
Cash and Investments	\$ 507,117	\$ 96,522	\$ 2,796,857	\$ 3,400,496	\$ 3,645,220
Cash and Investments Held by Trustee	-	1,311,567	-	1,311,567	-
Accounts Receivable (Net of Allowance)	192,085	-	3,632	195,717	192,455
Property Taxes Receivable:					
Due from County	-	340	6,906	7,246	63,242
Delinquent Taxes	-	-	58,910	58,910	8,143
Special Assessments Receivable	-	68,197	126,118	194,315	230,864
Property Held for Resale	-	-	982,499	982,499	881,772
Total Assets	<u>\$ 699,202</u>	<u>\$ 1,476,626</u>	<u>\$ 3,974,922</u>	<u>\$ 6,150,750</u>	<u>\$ 5,021,696</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ 55,989	\$ -	\$ 20,475	\$ 76,464	\$ 297,198
Accrued Salaries Payable	15	-	-	15	75
Interfund Loans Payable	-	-	328,742	328,742	889,485
Due to Other Governmental Units	22,892	-	-	22,892	21,892
Unearned Revenue	5,000	-	17,940	22,940	-
Total Liabilities	<u>83,896</u>	<u>-</u>	<u>367,157</u>	<u>451,053</u>	<u>1,208,650</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes and Assessments	-	64,982	185,028	250,010	244,427
FUND BALANCE					
Restricted	-	1,411,644	2,097,003	3,508,647	2,158,157
Committed	615,306	-	-	615,306	985,743
Assigned	-	-	1,360,135	1,360,135	1,172,298
Unassigned	-	-	(34,401)	(34,401)	(747,579)
Total Fund Balance	<u>615,306</u>	<u>1,411,644</u>	<u>3,422,737</u>	<u>5,449,687</u>	<u>3,568,619</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 699,202</u>	<u>\$ 1,476,626</u>	<u>\$ 3,974,922</u>	<u>\$ 6,150,750</u>	<u>\$ 5,021,696</u>

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds	
				2015	2014
REVENUE					
Property Taxes	\$ -	\$ -	\$ 132,302	\$ 132,302	\$ 113,664
Tax Increment Collections	-	-	210,119	210,119	269,954
Special Assessments	-	13,791	34,637	48,428	46,467
Charges for Services	435,680	-	-	435,680	426,923
Franchise Tax	127,865	-	-	127,865	125,594
Other Revenue:					
Investment Earnings	17,812	228	58,582	76,622	126,246
Contributions and Donations	-	-	136,826	136,826	102,235
Miscellaneous Revenue	987	-	29,136	30,123	37,290
Total Revenue	<u>582,344</u>	<u>14,019</u>	<u>601,602</u>	<u>1,197,965</u>	<u>1,248,373</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	112,924
Community Service	470,650	-	-	470,650	464,649
Capital Outlay	426,011	-	303,242	729,253	-
Debt Service:					
Principal Retirement	-	541,575	12,955	554,530	393,979
Interest	-	331,417	16,892	348,309	257,150
Other Fiscal Charges	-	765	-	765	1,206
Bond Issue Costs	-	45,280	-	45,280	-
Total Expenditures	<u>896,661</u>	<u>919,037</u>	<u>333,089</u>	<u>2,148,787</u>	<u>1,229,908</u>
EXCESS (DEFICIENCY)(OF REVENUE OVER (UNDER) EXPENDITURES	(314,317)	(905,018)	268,513	(950,822)	18,465
OTHER FINANCE SOURCES (USES)					
Proceeds from Issuance of Debt	-	1,335,000	-	1,335,000	-
Premium on Issued Debt	-	21,847	-	21,847	82,931
Transfers In	-	860,268	-	860,268	585,740
Transfers Out	(56,120)	-	(25,592)	(81,712)	(92,533)
Proceed from Sale of Capital Assets	-	-	-	-	1,000
Total Other Finance Sources (Uses)	<u>(56,120)</u>	<u>2,217,115</u>	<u>(25,592)</u>	<u>2,135,403</u>	<u>577,138</u>
NET CHANGE IN FUND BALANCES	(370,437)	1,312,097	242,921	1,184,581	595,603
FUND BALANCES					
Beginning of Year	<u>985,743</u>	<u>99,547</u>	<u>3,179,816</u>	<u>4,265,106</u>	<u>2,973,016</u>
End of Year	<u>\$ 615,306</u>	<u>\$ 1,411,644</u>	<u>\$ 3,422,737</u>	<u>\$ 5,449,687</u>	<u>\$ 3,568,619</u>

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.

Economic Development – Used to account for amounts received and related expenditures for economic development within the City.

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, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

	Economic Development (105)	Parks and Recreation (201)	Cable TV (202)	Recycling/ Trash (203)	Total Nonmajor Special Revenue Funds	
					2015	2014
ASSETS						
Cash and Investments	\$ 14,502	\$ 55,268	\$ 374,332	\$ 63,015	\$ 507,117	\$ 859,924
Accounts Receivable	-	-	31,997	160,088	192,085	189,532
Total Assets	\$ 14,502	\$ 55,268	\$ 406,329	\$ 223,103	\$ 699,202	\$ 1,049,456
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts and Contracts Payable	\$ -	\$ 1,177	\$ 13,080	\$ 41,732	\$ 55,989	\$ 41,746
Due to Other Governmental Units	-	-	-	22,892	22,892	21,892
Accrued Salaries Payable	-	-	15	-	15	75
Unearned Revenue	-	5,000	-	-	5,000	-
Total Liabilities	-	6,177	13,095	64,624	83,896	63,713
FUND BALANCE						
Committed	14,502	49,091	393,234	158,479	615,306	985,743
Total Liabilities and Fund Balance	\$ 14,502	\$ 55,268	\$ 406,329	\$ 223,103	\$ 699,202	\$ 1,049,456

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	Economic Development (105)	Parks and Recreation (201)	Cable TV (202)	Recycling/ Trash (203)	Total Nonmajor Special Revenue Funds	
					2015	2014
REVENUE						
Charges for Service	\$ -	\$ 48,060	\$ -	\$ 387,620	\$ 435,680	\$ 426,923
Franchise Fees	-	-	127,865	-	127,865	125,594
Investment Earnings	313	1,601	14,856	1,042	17,812	33,735
Miscellaneous Revenue	-	-	-	987	987	4,141
Total Revenue	<u>313</u>	<u>49,661</u>	<u>142,721</u>	<u>389,649</u>	<u>582,344</u>	<u>590,393</u>
EXPENDITURES						
Current:						
Community Services	682	32,691	70,888	366,389	470,650	460,175
Capital Outlay	-	-	426,011	-	426,011	-
Total Expenditures	<u>682</u>	<u>32,691</u>	<u>496,899</u>	<u>366,389</u>	<u>896,661</u>	<u>460,175</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(369)	16,970	(354,178)	23,260	(314,317)	130,218
OTHER FINANCE USES						
Transfers Out	-	(26,120)	(30,000)	-	(56,120)	(53,565)
NET CHANGE IN FUND BALANCES	(369)	(9,150)	(384,178)	23,260	(370,437)	76,653
FUND BALANCES						
Beginning of Year	<u>14,871</u>	<u>58,241</u>	<u>777,412</u>	<u>135,219</u>	<u>985,743</u>	<u>909,090</u>
End of Year	<u>\$ 14,502</u>	<u>\$ 49,091</u>	<u>\$ 393,234</u>	<u>\$ 158,479</u>	<u>\$ 615,306</u>	<u>\$ 985,743</u>

**CITY OF LITTLE CANADA, MINNESOTA
ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	2015			Over (Under) Final Budget	2014 Actual Amounts
	Budgeted Amounts		Actual		
	Original	Final			
REVENUE					
Other Revenue:					
Investment Earnings	\$ -	\$ -	\$ 313	\$ 313	\$ 499
EXPENDITURES					
Miscellaneous:					
Other	-	-	682	682	-
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	(369)	<u>\$ (369)</u>	499
FUND BALANCES					
Beginning of Year			14,871		10,622
End of Year			<u>\$ 14,502</u>		<u>\$ 11,121</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, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	2015			Over (Under) Final Budget	2014 Actual Amounts
	Budgeted Amounts		Actual		
	Original	Final			
REVENUE					
Charges for Services	\$ 46,450	\$ 46,450	\$ 48,060	\$ 1,610	\$ 56,195
Investment Earnings	200	200	1,601	1,401	3,220
Total Revenue	<u>46,650</u>	<u>46,650</u>	<u>49,661</u>	<u>3,011</u>	<u>59,415</u>
EXPENDITURES					
Community Services:					
Current	<u>37,683</u>	<u>37,683</u>	<u>32,691</u>	<u>(4,992)</u>	<u>41,287</u>
EXCESS OF REVENUE OVER EXPENDITURES	8,967	8,967	16,970	8,003	18,128
OTHER FINANCE USES					
Transfers Out	<u>(23,500)</u>	<u>(23,500)</u>	<u>(26,120)</u>	<u>(2,620)</u>	<u>(23,565)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (14,533)</u>	<u>\$ (14,533)</u>	(9,150)	<u>\$ 5,383</u>	(5,437)
FUND BALANCES					
Beginning of Year			<u>58,241</u>		<u>63,678</u>
End of Year			<u>\$ 49,091</u>		<u>\$ 58,241</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, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	2015			Over (Under) Final Budget	2014 Actual Amounts
	Budgeted Amounts		Actual		
	Original	Final			
REVENUE					
Franchise Fees	\$ 123,000	\$ 123,000	\$ 127,865	\$ 4,865	\$ 125,594
Other Revenue:					
Investment Earnings	2,000	2,000	14,856	12,856	28,882
Total Revenue	<u>125,000</u>	<u>125,000</u>	<u>142,721</u>	<u>17,721</u>	<u>154,476</u>
EXPENDITURES					
Community Services					
Current	75,130	75,130	70,888	(4,242)	59,538
Capital Outlay:					
Other	480,000	480,000	426,011	(53,989)	-
Total Expenditures	<u>555,130</u>	<u>555,130</u>	<u>496,899</u>	<u>(58,231)</u>	<u>59,538</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(430,130)	(430,130)	(354,178)	75,952	94,938
OTHER FINANCE USES					
Transfers Out	(30,000)	(30,000)	(30,000)	-	(30,000)
NET CHANGE IN FUND BALANCES	<u>\$ (460,130)</u>	<u>\$ (460,130)</u>	(384,178)	<u>\$ 75,952</u>	64,938
FUND BALANCES					
Beginning of Year			<u>777,412</u>		<u>712,474</u>
End of Year			<u>\$ 393,234</u>		<u>\$ 777,412</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, 2015
 WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	2015			Over (Under) Final Budget	2014 Actual Amounts
	Budgeted Amounts		Actual		
	Original	Final			
REVENUE					
Charges for Services	\$ 378,055	\$ 378,055	\$ 387,620	\$ 9,565	\$ 370,728
Other Revenue:					
Investment Earnings	-	-	1,042	1,042	1,134
Miscellaneous Revenue	-	-	987	987	391
Total Revenue	<u>378,055</u>	<u>378,055</u>	<u>389,649</u>	<u>11,594</u>	<u>372,253</u>
EXPENDITURES					
Community Services:					
Current	<u>362,100</u>	<u>362,100</u>	<u>366,389</u>	<u>4,289</u>	<u>359,350</u>
NET CHANGE IN FUND BALANCES	<u>\$ 15,955</u>	<u>\$ 15,955</u>	23,260	<u>\$ 7,305</u>	12,903
FUND BALANCES					
Beginning of Year			<u>135,219</u>		<u>122,316</u>
End of Year			<u>\$ 158,479</u>		<u>\$ 135,219</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.

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

\$1,790,000 TIF G.O. Bonds 2008A – Used to account for amounts received and related debt service expenditures of the 2008A Tax Increment Bonds.

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

	General Obligation			Tax Increment		Totals	2014 Totals
	Canabury Condos Notes (375)	\$900,000 Improvement G.O. Bonds 2008A (305)	\$3,400,000 G.O Bonds 2014A (310)	\$3,000,000 TIF Bonds of 2001A (314)	\$1,790,000 TIF G.O. Bonds 2008A (309)		
ASSETS							
Cash and Investments	\$ 13,591	\$ -	\$ 82,931	\$ -	\$ -	\$ 96,522	\$ 99,339
Cash and Investments Held by Trustee	-	-	-	-	1,311,567	1,311,567	-
Property Taxes Receivable:							
Due from County	340	-	-	-	-	340	208
Assessments Receivable:							
Special Deferred	68,197	-	-	-	-	68,197	77,133
Total Assets	<u>\$ 82,128</u>	<u>\$ -</u>	<u>\$ 82,931</u>	<u>\$ -</u>	<u>\$ 1,311,567</u>	<u>\$ 1,476,626</u>	<u>\$ 176,680</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Taxes and Assessments	64,982	-	-	-	-	64,982	77,133
FUND BALANCE							
Restricted:	17,146	-	82,931	-	1,311,567	1,411,644	99,547
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 82,128</u>	<u>\$ -</u>	<u>\$ 82,931</u>	<u>\$ -</u>	<u>\$ 1,311,567</u>	<u>\$ 1,476,626</u>	<u>\$ 176,680</u>

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	General Obligation			Tax Increment		2015 Totals	2014 Totals
	Canabury Condos Notes (375)	\$900,000 Improvement G.O. Bonds (305)	\$3,400,000 G.O Bonds 2014A (310)	\$3,000,000 TIF Bonds of 2001A (314)	\$1,790,000 TIF G.O. Bonds 2008A (309)		
REVENUE							
Special Assessments:							
Current and Delinquent	\$ 13,791	\$ -	\$ -	\$ -	\$ -	\$ 13,791	\$ 13,457
Investment Earnings	228	-	-	-	-	228	521
Total Revenue	14,019	-	-	-	-	14,019	13,978
EXPENDITURES							
Debt Service:							
Principal Retirement	11,575	90,000	145,000	195,000	100,000	541,575	381,315
Interest	1,669	14,800	132,955	125,580	56,413	331,417	218,637
Bond Issuance Costs	-	-	-	-	45,280	45,280	-
Miscellaneous	245	180	-	170	170	765	1,206
Total Expenditures	13,489	104,980	277,955	320,750	201,863	919,037	601,158
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	530	(104,980)	(277,955)	(320,750)	(201,863)	(905,018)	(587,180)
OTHER FINANCE SOURCES							
Proceeds from Issuance of Debt	-	-	-	-	1,335,000	1,335,000	-
Premium on Issued Debt	-	-	-	-	21,847	21,847	82,931
Transfers In	-	104,980	277,955	320,750	156,583	860,268	585,740
Total Other Finance Sources	-	104,980	277,955	320,750	1,513,430	2,217,115	668,671
NET CHANGE IN FUND BALANCES	530	-	-	-	1,311,567	1,312,097	81,491
FUND BALANCES							
Beginning of Year	16,616	-	82,931	-	-	99,547	18,056
End of Year	\$ 17,146	\$ -	\$ 82,931	\$ -	\$ 1,311,567	\$ 1,411,644	\$ 99,547

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.

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.

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2014**

ASSETS	Ten Percent Charitable Gambling (408)	Park Acquisition (456)	Fire Equipment Replacement (457)	Fleur Royale Condos HIA (463)
Cash and Investments	\$ 103,265	\$ 923,490	\$ 932,552	\$ -
Accounts Receivable	3,264	-	-	-
Property Taxes Receivable:				
Due from County	-	-	1,688	1,463
Delinquent Taxes	-	-	-	-
Special Assessment Receivable:				
Delinquent Special Assessments	-	-	-	11,176
Deferred Taxes	-	-	-	111,870
Special Deferred	-	-	-	3,072
Property Held for Resale	-	-	-	-
Total Assets	\$ 106,529	\$ 923,490	\$ 934,240	\$ 127,581
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 20,475	\$ -	\$ -	\$ -
Interfund Loans Payable	-	-	-	35,864
Unearned Revenue	-	-	-	-
Total Liabilities	20,475	-	-	35,864
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes and Assessments	-	-	-	126,118
FUND BALANCE				
Restricted:	86,054	655,794	209,803	-
Assigned:	-	267,696	724,437	-
Unassigned	-	-	-	(34,401)
Total Fund Balance	86,054	923,490	934,240	(34,401)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 106,529	\$ 923,490	\$ 934,240	\$ 127,581

TIF #2-1 Kandice Heights (464)	Owasso/ Woodlyn Redevelopment Area (474)	TIF #3-3 The Lodge (441)	Total Nonmajor Capital Projects Funds	
			2015	2014
\$ 558,449	\$ -	\$ 279,101	\$ 2,796,857	\$ 2,685,957
-	-	368	3,632	2,923
3,755	-	-	6,906	63,034
58,910	-	-	58,910	8,143
-	-	-	11,176	9,919
-	-	-	111,870	140,850
-	-	-	3,072	2,962
303,679	678,820	-	982,499	881,772
<u>\$ 924,793</u>	<u>\$ 678,820</u>	<u>\$ 279,469</u>	<u>\$ 3,974,922</u>	<u>\$ 3,795,560</u>
\$ -	\$ -	\$ -	\$ 20,475	\$ 255,452
-	292,878	-	328,742	889,485
-	17,940	-	17,940	-
-	310,818	-	367,157	1,144,937
58,910	-	-	185,028	167,294
865,883	-	279,469	2,097,003	2,058,610
-	368,002	-	1,360,135	1,172,298
-	-	-	(34,401)	(747,579)
<u>865,883</u>	<u>368,002</u>	<u>279,469</u>	<u>3,422,737</u>	<u>2,483,329</u>
<u>\$ 924,793</u>	<u>\$ 678,820</u>	<u>\$ 279,469</u>	<u>\$ 3,974,922</u>	<u>\$ 3,795,560</u>

**CITY OF LITTLE CANADA, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2015
WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2014**

	Ten Percent Charitable Gambling (408)	Park Acquisition (456)	Fire Equipment Replacement (457)	Fleur Royale Condos HIA (463)
REVENUE				
Tax Increments	\$ -	\$ -	\$ -	\$ -
Property Taxes	-	-	132,302	-
Special Assessments:				
Current and Delinquent	-	-	-	34,637
Investment Earnings	2,246	21,782	17,137	-
Contributions	37,455	47,371	52,000	-
Miscellaneous Revenue	-	-	-	-
Total Revenue	<u>39,701</u>	<u>69,153</u>	<u>201,439</u>	<u>34,637</u>
EXPENDITURES				
General Government	-	185,426	-	-
Community Service	4,200	-	-	170
Debt Service:				
Principal Retirement	-	-	-	12,955
Interest and Fiscal Charges	-	-	-	4,821
Total Expenditures	<u>4,200</u>	<u>185,426</u>	<u>-</u>	<u>17,946</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	35,501	(116,273)	201,439	16,691
OTHER FINANCE SOURCES (USES)				
Transfers Out	(18,728)	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Finance Sources (Uses)	<u>(18,728)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	16,773	(116,273)	201,439	16,691
FUND BALANCES				
Beginning of Year	<u>69,281</u>	<u>1,039,763</u>	<u>732,801</u>	<u>(51,092)</u>
End of Year	<u>\$ 86,054</u>	<u>\$ 923,490</u>	<u>\$ 934,240</u>	<u>\$ (34,401)</u>

TIF #2-1 Kandice Heights (464)	Owasso/ Woodlyn Redevelopment Area (474)	TIF #3-3 The Lodge (441)	Total Nonmajor Capital Projects Funds	
			2015	2014
\$ 57,388	\$ -	\$ 152,731	\$ 210,119	\$ 269,954
-	-	-	132,302	113,664
-	-	-	34,637	33,010
12,162	-	5,255	58,582	91,990
-	-	-	136,826	102,235
-	29,136	-	29,136	33,149
<u>69,550</u>	<u>29,136</u>	<u>157,986</u>	<u>601,602</u>	<u>644,002</u>
1,728	449	111,269	298,872	112,924
-	-	-	4,370	4,474
-	-	-	12,955	12,664
-	12,071	-	16,892	38,513
<u>1,728</u>	<u>12,520</u>	<u>111,269</u>	<u>333,089</u>	<u>168,575</u>
67,822	16,616	46,717	268,513	475,427
(4,477)	-	(2,387)	(25,592)	(38,968)
-	-	-	-	1,000
<u>(4,477)</u>	<u>-</u>	<u>(2,387)</u>	<u>(25,592)</u>	<u>(37,968)</u>
63,345	16,616	44,330	242,921	437,459
<u>802,538</u>	<u>351,386</u>	<u>235,139</u>	<u>3,179,816</u>	<u>2,045,870</u>
<u>\$ 865,883</u>	<u>\$ 368,002</u>	<u>\$ 279,469</u>	<u>\$ 3,422,737</u>	<u>\$ 2,483,329</u>

**CITY OF LITTLE CANADA, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED DECEMBER 31, 2015**

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
ASSETS				
Cash	\$ -	\$ 43,594	\$ 5,831	\$ 37,763
Due from Developers	21,060	16,145	21,060	16,145
Accounts Receivable	5,831	7,250	5,831	7,250
Total Assets	<u>\$ 26,891</u>	<u>\$ 66,989</u>	<u>\$ 32,722</u>	<u>\$ 61,158</u>
LIABILITIES				
Cash Overdraft	\$ 16,456	\$ -	\$ 16,456	\$ -
Developer Deposits	8,242	52,896	5,831	55,307
Accounts Payable	2,193	5,851	2,193	5,851
Total Liabilities	<u>\$ 26,891</u>	<u>\$ 58,747</u>	<u>\$ 24,480</u>	<u>\$ 61,158</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.

Sources: 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 24,063,671	\$ 23,237,413	\$ 22,031,395	\$ 23,037,412	\$ 23,630,170	\$ 22,944,302	\$ 23,408,876	\$ 24,608,426	\$ 18,307,783	\$ 22,521,602
Restricted	546,200	1,235,984	2,154,201	7,177,698	3,535,605	1,410,563	11,232,234	1,873,860	5,167,835	4,098,590
Unrestricted	5,491,871	8,183,705	8,170,371	6,034,822	7,208,435	9,870,232	9,557,697	9,956,070	13,173,072	10,712,592
Total Governmental Activities Net Position	<u>\$ 30,101,742</u>	<u>\$ 32,657,102</u>	<u>\$ 32,355,967</u>	<u>\$ 36,249,932</u>	<u>\$ 34,374,210</u>	<u>\$ 34,225,097</u>	<u>\$ 44,198,807</u>	<u>\$ 36,438,356</u>	<u>\$ 36,648,690</u>	<u>\$ 37,332,784</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 8,141,487	\$ 8,277,515	\$ 8,880,686	\$ 8,666,902	\$ 8,718,731	\$ 8,920,826	\$ 9,170,340	\$ 9,330,564	\$ 9,261,283	\$ 8,966,437
Unrestricted	1,062,112	1,308,754	1,202,890	1,260,459	1,282,820	1,343,157	1,457,763	1,458,574	1,524,741	1,368,591
Total Business-Type Activities Net Position	<u>\$ 9,203,599</u>	<u>\$ 9,586,269</u>	<u>\$ 10,083,576</u>	<u>\$ 9,927,361</u>	<u>\$ 10,001,551</u>	<u>\$ 10,263,983</u>	<u>\$ 10,628,103</u>	<u>\$ 10,789,138</u>	<u>\$ 10,786,024</u>	<u>\$ 10,335,028</u>
Primary Government:										
Net Investment in Capital Assets	\$ 32,205,158	\$ 31,514,928	\$ 30,912,081	\$ 31,704,314	\$ 32,348,901	\$ 31,865,128	\$ 32,579,216	\$ 33,938,990	\$ 27,569,066	\$ 31,488,039
Restricted	546,200	1,235,984	2,154,201	7,177,698	3,535,605	1,410,563	11,232,234	1,873,860	5,167,835	4,098,590
Unrestricted	6,553,983	9,492,459	9,373,261	7,295,281	8,491,255	11,213,389	11,015,460	11,414,644	14,697,813	12,081,183
Total Primary Government Net Position	<u>\$ 39,305,341</u>	<u>\$ 42,243,371</u>	<u>\$ 42,439,543</u>	<u>\$ 46,177,293</u>	<u>\$ 44,375,761</u>	<u>\$ 44,489,080</u>	<u>\$ 54,826,910</u>	<u>\$ 47,227,494</u>	<u>\$ 47,434,714</u>	<u>\$ 47,667,812</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
General Government	\$ 1,191,762	\$ 907,035	\$ 917,404	\$ 1,010,875	\$ 721,455	\$ 596,329	\$ 580,636	\$ 1,232,438	\$ 1,249,420	\$ 731,727
Public Safety	1,416,544	1,586,374	1,561,525	1,714,678	1,840,111	1,892,711	1,880,189	1,918,113	1,855,021	2,052,997
Public Works	1,957,944	1,890,505	1,791,631	2,388,971	2,001,579	2,510,796	1,987,029	2,290,440	2,109,119	1,921,717
Community Services	502,210	948,851	1,115,557	3,643,603	5,203,571	1,272,828	1,191,065	1,065,886	1,183,221	951,271
Interest and Fiscal Charges	252,902	278,918	414,970	410,519	450,282	583,009	462,333	409,478	414,322	463,871
Total Governmental Activities Expenses	5,321,362	5,611,683	5,801,087	9,168,646	10,216,998	6,855,673	6,101,252	6,916,355	6,811,103	6,121,583
Business-Type Activities:										
Water	1,150,688	1,213,084	1,292,081	1,361,812	1,310,768	1,414,254	1,505,735	1,578,265	1,647,546	1,434,649
Sewer	1,212,216	1,096,534	1,224,343	1,242,208	1,195,010	1,289,788	1,407,955	1,427,872	1,176,551	1,260,916
Total Business-Type Activities Expenses	2,362,904	2,309,618	2,516,424	2,604,020	2,505,778	2,704,042	2,913,690	3,006,137	2,824,097	2,695,565
Total Primary Government Expenses	\$ 7,684,266	\$ 7,921,301	\$ 8,317,511	\$ 11,772,666	\$ 12,722,776	\$ 9,559,715	\$ 9,014,942	\$ 9,922,492	\$ 9,635,200	\$ 8,817,148
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 45,680	\$ 93,241	\$ 83,227	\$ 108,501	\$ 181,772	\$ 275,974	\$ 178,487	\$ 123,724	\$ 134,941	\$ 162,726
Public Safety	398,031	383,628	562,816	349,530	294,470	338,867	247,385	266,566	273,458	416,622
Streets	83,980	50,430	71,404	163,539	203,131	285,053	364,826	178,742	20,310	479,325
Parks and Recreation	172,626	560,288	683,916	663,304	690,661	744,583	1,018,559	992,462	919,138	957,752
Operating Grants and Contributions	336,264	248,441	158,049	173,326	225,985	167,490	374,573	919,636	259,590	283,767
Capital Grants and Contributions	1,062,975	2,516,930	467,007	7,215,199	2,363,069	633,754	278,098	2,422,795	740,823	285,557
Total Governmental Activities Program Revenues	2,099,556	3,852,958	2,026,419	8,673,399	3,959,088	2,445,721	2,461,928	4,903,925	2,348,260	2,585,749
Business-Type Activities:										
Charges for Services:										
Water	1,044,700	1,147,732	1,190,733	1,283,746	1,261,646	1,384,428	1,517,083	1,538,520	1,512,217	1,518,762
Sewer	1,152,285	1,161,482	1,145,558	1,120,933	1,161,317	1,249,912	1,382,853	1,365,920	1,239,136	1,270,560
Capital Grants and Contributions	37,709	303,235	-	51,764	196,509	-	-	-	-	-
Total Business-Type Activities Program Revenues	2,234,694	2,612,449	2,336,291	2,456,443	2,619,472	2,634,340	2,899,936	2,904,440	2,751,353	2,789,322
Total Primary Government Program Revenues	\$ 4,334,250	\$ 6,465,407	\$ 4,362,710	\$ 11,129,842	\$ 6,578,560	\$ 5,080,061	\$ 5,361,864	\$ 7,808,365	\$ 5,099,613	\$ 5,375,071

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Revenue (Expense):										
Governmental Activities	\$ (3,221,806)	\$ (1,758,725)	\$ (3,774,668)	\$ (495,247)	\$ (6,257,910)	\$ (4,409,952)	\$ (3,639,324)	\$ (2,012,430)	\$ (4,462,843)	\$ (3,535,834)
Business-Type Activities	(128,210)	302,831	(180,133)	(147,577)	113,694	(69,702)	(13,754)	(101,697)	(72,744)	93,757
Total Primary Government Net Expense	\$ (3,350,016)	\$ (1,455,894)	\$ (3,954,801)	\$ (642,824)	\$ (6,144,216)	\$ (4,479,654)	\$ (3,653,078)	\$ (2,114,127)	\$ (4,535,587)	\$ (3,442,077)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 2,051,558	\$ 2,190,026	\$ 2,266,547	\$ 2,325,353	\$ 2,460,542	\$ 2,537,389	\$ 2,629,617	\$ 2,718,580	\$ 2,832,040	\$ 2,892,772
Tax Increment Collections	983,774	812,755	855,024	833,106	1,010,917	983,279	1,161,766	1,005,500	1,015,993	962,001
Unrestricted Grants and Contributions	37,648	120,012	231,375	537,721	210,849	214,121	208,873	200,237	349,079	382,816
Other General Revenues	225,836	214,984	212,477	207,795	283,195	352,787	72,148	14,052	23,145	54,272
Investment Earnings	479,133	581,434	591,974	447,414	444,303	474,220	329,020	128,565	476,640	287,683
Gain (Loss) on Sale of Capital Assets	153,065	10,700	-	-	-	-	-	-	1,000	5,000
Transfers	146,853	173,024	(639,877)	37,823	67,382	(300,957)	(346,087)	(257,258)	(24,720)	198,571
Total Governmental Activities	4,077,867	4,102,935	3,517,520	4,389,212	4,477,188	4,260,839	4,055,337	3,809,676	4,673,177	4,783,115
Business-Type Activities:										
Other General Revenues	20,663	21,104	4,712	9,926	3,502	6,893	10,611	3,080	4,852	6,187
Investment Earnings	79,590	44,203	32,851	19,259	24,376	24,284	21,176	2,394	40,058	25,414
Gain (Loss) on Sale of Capital Assets	-	5,495	-	-	-	-	-	-	-	-
Transfers	(146,853)	(173,024)	639,877	(37,823)	(67,382)	300,957	346,087	257,258	24,720	(198,571)
Total Business-Type Activities	(46,600)	(102,222)	677,440	(8,638)	(39,504)	332,134	377,874	262,732	69,630	(166,970)
Total Primary Government	\$ 4,031,267	\$ 4,000,713	\$ 4,194,960	\$ 4,380,574	\$ 4,437,684	\$ 4,592,973	\$ 4,433,211	\$ 4,072,408	\$ 4,742,807	\$ 4,616,145
Change in Net Position:										
Governmental Activities	\$ 856,061	\$ 2,344,210	\$ (257,148)	\$ 3,893,965	\$ (1,780,722)	\$ (149,113)	\$ 416,013	\$ 1,797,246	\$ 210,334	\$ 1,247,281
Business-Type Activities	(174,810)	200,609	497,307	(156,215)	74,190	262,432	364,120	161,035	(3,114)	(73,213)
Total Primary Government	\$ 681,251	\$ 2,544,819	\$ 240,159	\$ 3,737,750	\$ (1,706,532)	\$ 113,319	\$ 780,133	\$ 1,958,281	\$ 207,220	\$ 1,174,068

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 2,442	\$ 13,790	\$ 85,817	\$ 4,758	\$ 4,866	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	778,086	850,807	1,046,853	1,508,608	2,399,720	-	-	-	-	-
Nonspendable	-	-	-	-	-	4,920	5,133	8,844	4,855	1,313,019
Unassigned	-	-	-	-	-	2,779,608	2,642,522	2,191,138	2,399,847	1,183,140
Total General Fund	<u>\$ 780,528</u>	<u>\$ 864,597</u>	<u>\$ 1,132,670</u>	<u>\$ 1,513,366</u>	<u>\$ 2,404,586</u>	<u>\$ 2,784,528</u>	<u>\$ 2,647,655</u>	<u>\$ 2,199,982</u>	<u>\$ 2,404,702</u>	<u>\$ 2,496,159</u>
All Other Governmental Funds:										
Reserved	\$ 291,886	\$ 349,942	\$ 636,729	\$ 578,888	\$ 1,516,743	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	567,319	621,865	669,055	747,335	803,143	-	-	-	-	-
Capital Projects Funds	5,684,988	8,470,348	10,601,964	11,200,409	6,584,128	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	19,696	17,169	14,640	41,235	9,800
Restricted	-	-	-	-	-	1,398,505	1,655,427	1,799,622	5,141,330	5,337,152
Committed	-	-	-	-	-	1,084,081	1,205,829	909,090	985,743	615,306
Assigned	-	-	-	-	-	7,852,358	7,095,434	8,280,277	6,642,969	7,360,977
Unassigned	-	-	-	-	-	(770,144)	(635,956)	(1,158,849)	(1,162,575)	(1,040,759)
Total All Other Governmental Funds	<u>\$ 6,544,193</u>	<u>\$ 9,442,155</u>	<u>\$ 11,907,748</u>	<u>\$ 12,526,632</u>	<u>\$ 8,904,014</u>	<u>\$ 9,584,496</u>	<u>\$ 9,337,903</u>	<u>\$ 9,844,780</u>	<u>\$ 11,648,702</u>	<u>\$ 12,282,476</u>

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 3,018,054	\$ 2,930,453	\$ 3,080,860	\$ 3,136,333	\$ 3,451,156	\$ 3,641,991	\$ 3,763,961	\$ 3,737,292	\$ 3,862,959	\$ 3,817,392
Refunds and Reimbursements	45,680	54,840	82,859	182,911	195,087	646,812	166,467	1,713,977	124,223	271,260
Licenses and Permits	321,471	328,701	512,676	239,957	249,930	306,885	202,081	219,861	562,968	716,247
Intergovernmental	584,667	1,659,460	379,632	927,181	1,430,111	370,739	366,560	702,837	537,770	580,382
Charges for Services	398,954	795,607	842,889	671,287	671,491	762,629	658,254	640,900	467,915	509,380
Franchise Tax	-	-	-	198,538	272,464	337,787	335,798	336,567	125,594	127,865
Fines	62,500	54,927	50,140	48,566	44,652	37,697	45,304	46,705	46,571	40,325
Investment Earnings	479,133	581,434	591,974	447,414	444,303	474,220	329,020	128,565	490,497	302,870
Special Assessments	610,021	580,072	541,538	3,113,255	1,416,871	1,092,087	904,966	1,047,045	1,380,810	1,092,822
Contributions and Donations	63,473	35,019	101,042	34,819	42,710	38,010	25,770	150,929	102,235	136,826
Miscellaneous	344,842	76,701	34,036	55,648	45,858	104,090	150,505	39,320	68,782	539,253
Total Revenues	5,928,795	7,097,214	6,217,646	9,055,909	8,264,633	7,812,947	6,948,686	8,763,998	7,770,324	8,134,622
Expenditures:										
General Government	906,053	866,906	875,197	980,819	686,643	568,468	549,247	1,199,753	610,946	532,783
Public Safety	1,320,979	1,484,648	1,460,447	1,600,806	1,745,868	1,796,670	1,771,291	1,821,496	1,914,846	1,976,340
Public Works	618,725	527,537	551,955	1,076,772	2,238,550	2,172,169	1,215,013	1,597,274	348,496	465,709
Community Services	459,875	902,562	1,058,501	3,579,944	5,140,376	1,208,269	1,019,037	995,854	908,230	919,326
Recycling	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Capital Outlay	2,141,014	2,611,103	1,814,443	2,276,450	419,455	114,163	478,224	2,447,618	4,773,436	3,944,063
Debt Service:										
Principal	185,000	195,000	285,000	395,000	960,647	590,357	2,058,742	528,406	525,100	690,792
Interest	261,108	279,264	317,401	425,914	459,071	549,892	488,365	411,671	369,763	475,330
Fiscal Charges	-	40,467	60,480	59,805	-	2,535	2,233	2,722	22,020	21,615
Bond Issue Costs	-	-	-	-	-	-	-	-	72,776	45,280
Total Expenditures	5,892,754	6,907,487	6,423,424	10,395,510	11,650,610	7,002,523	7,582,152	9,004,794	9,545,613	9,071,238
Excess of Revenues Over (Under) Expenditures	36,041	189,727	(205,778)	(1,339,601)	(3,385,977)	810,424	(633,466)	(240,796)	(1,775,289)	(936,616)
Other Financing Sources (Uses):										
Transfers In	1,065,159	894,211	1,110,054	951,754	2,033,213	1,989,981	2,918,140	2,270,044	1,025,322	1,956,117
Transfers Out	(750,093)	(576,513)	(833,532)	(851,754)	(1,778,634)	(1,739,981)	(2,668,140)	(1,970,044)	(725,322)	(1,656,117)
Bonds Issued	-	2,205,000	2,690,000	2,220,000	-	-	-	-	3,400,000	1,335,000
Premium on Bonds Issued	-	-	16,909	-	-	-	-	-	82,931	21,847
Notes Issued	-	-	-	-	400,000	-	-	-	-	-
Insurance Recovery	-	47,756	-	19,181	-	-	-	-	-	-
Sales of Capital Assets	395,658	10,700	-	-	-	-	-	-	1,000	5,000
Total Other Financing Sources (Uses)	710,724	2,581,154	2,983,431	2,339,181	654,579	250,000	250,000	300,000	3,783,931	1,661,847
Net Change in Fund Balances	\$ 746,765	\$ 2,770,881	\$ 2,777,653	\$ 999,580	\$ (2,731,398)	\$ 1,060,424	\$ (383,466)	\$ 59,204	\$ 2,008,642	\$ 725,231
Debt Service as a Percentage of Noncapital Expenditures	11.9%	11.7%	14.4%	10.8%	14.7%	20.2%	38.1%	16.1%	17.2%	23.1%

**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>
2006	\$ 2,051,558	\$ 983,774	\$ 3,035,332
2007	2,190,026	812,755	3,002,781
2008	2,266,547	855,024	3,121,571
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	3,848,033

**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>
2006	\$ 10,971,149	\$ 125,831	\$ 11,096,980	\$ (978,809)	\$ 10,118,171	21.373	\$ 881,709,300	1.26 %
2007	11,821,583	134,182	11,955,765	(1,329,293)	10,626,472	21.155	960,428,500	1.24
2008	12,407,029	128,733	12,535,762	(1,186,567)	11,349,195	21.018	1,005,125,700	1.25
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

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	
2006	21.373	–	21.373	16.706	46.686	8.045	92.810
2007	21.155	–	21.155	12.369	44.825	8.828	87.177
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

Source: Ramsey County Assessing Department

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners (e.g. the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

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

Taxpayer	2015			2006		
	Tax Capacity	Rank	Percentage of Total Tax Capacity	Tax Capacity	Rank	Percentage of Total Tax Capacity
St. Jude Medical, Inc.	\$ 863,660	1	8.14 %	\$ 311,166	2	2.80 %
Montreal Courts Apartments LLC	337,196	2	3.18	333,000	1	3.00
Xcel Energy	190,493	3	1.80	120,420	8	1.09
Larson Enterprises	175,396	4	1.65	167,662	4	1.51
GPE LLC	175,000	5	1.65			
Bigos Cedars Lakeside LLC	169,690	6	1.60	139,966	5	1.26
TWO S Properties Inc.	126,005	7	1.19	123,845	7	1.12
Market Place Center LLC	119,250	8	1.12	103,272	10	0.93
Lodge at Little Canada LLC	107,804	9	1.02			
FAE CRW Little Canada LLC	103,750	10	0.98			
Bellaire Properties Inc.				187,500	3	1.69
Levitz SL St. Paul LLC				129,250	6	1.16
Individual				112,755	9	1.02
Total	\$ 2,368,244		22.33 %	\$ 1,728,836		15.58 %

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
2006	\$ 2,185,498	\$ 2,106,745	96.40 %	\$ 78,753	\$ 2,185,498	100.00 %
2007	2,251,678	2,193,185	97.40	58,493	2,251,678	100.00
2008	2,387,488	2,334,155	97.77	53,333	2,387,488	100.00
2009	2,475,331	2,402,260	97.05	68,164	2,470,424	99.80
2010	2,559,623	2,496,601	97.54	58,695	2,555,296	99.83
2011	2,660,453	2,604,098	97.88	53,653	2,657,751	99.90
2012	2,660,453	2,599,986	97.73	47,055	2,647,041	99.50
2013	2,712,864	2,672,767	98.52	38,100	2,710,867	99.93
2014	2,794,384	2,762,314	98.85	23,583	2,785,897	99.70
2015	2,878,351	2,841,267	98.71	-	2,841,267	98.71

**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			
2006	\$ 180,000	\$ 3,435,000	\$ -	\$ -	\$ -	\$ 3,615,000	0.93	359
2007	2,340,000	3,285,000	-	-	-	5,625,000	1.23	554
2008	3,115,000	4,915,000	-	-	-	8,030,000	1.70	800
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	1.39	675
2013	2,445,000	3,505,000	261,449	-	-	6,211,449	1.39	640
2014	5,630,000	3,225,000	231,349	-	-	9,086,349	1.97	917
2015	6,600,000	2,930,000	220,338	-	-	9,750,338	2.09	981

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
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)
2006	\$ 3,615,000	\$ 291,886	\$ 3,323,114	0.38 %	330
2007	5,625,000	345,138	5,279,862	0.55	520
2008	8,030,000	407,990	7,622,010	0.76	759
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	5,950,000	18,056	5,931,944	0.75	611
2014	8,855,000	99,547	8,755,453	1.11	883
2015	9,530,000	1,412,903	8,117,097	0.98	817

(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.

Details regarding the City's outstanding debt can be found in the notes to basic financial statements.

**CITY OF LITTLE CANADA, MINNESOTA
DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2015**

Governmental Unit	Gross Bonded Debt	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:			
City of Little Canada	\$ 9,530,000	100.00 %	\$ 9,530,000
Overlapping Debt:			
School Districts:			
ISD No. 623 (Roseville)	39,470,000	14.28	5,637,026
ISD No. 624 (White Bear Lake)	84,050,000	1.04	871,683
Ramsey County	185,305,000	1.94	3,601,403
Metropolitan Council	155,020,000	0.28	441,187
Total Overlapping Debt			<u>10,551,299</u>
Total Direct and Overlapping Debt			<u>\$ 20,081,299</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

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 17,634,186	\$ 19,208,570	\$ 30,153,771	\$ 30,063,165	\$ 28,924,557	\$ 27,113,499	\$ 25,275,198	\$ 23,841,330	\$ 23,710,188	\$ 24,835,854
Total Net Debt Applicable to Limit	-	-	900,000	900,000	820,000	740,000	660,000	575,000	3,060,000	1,447,097
Legal Debt Margin	<u>\$ 17,634,186</u>	<u>\$ 19,208,570</u>	<u>\$ 29,253,771</u>	<u>\$ 29,163,165</u>	<u>\$ 28,104,557</u>	<u>\$ 26,373,499</u>	<u>\$ 24,615,198</u>	<u>\$ 23,266,330</u>	<u>\$ 20,650,188</u>	<u>\$ 23,388,757</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	2.98%	2.99%	2.83%	2.73%	2.61%	2.41%	12.91%	5.83%

Legal Debt Margin Calculation for Fiscal Year 2015

Market Value	<u>\$ 827,861,800</u>
Debt Limit (3% of Market Value) ⁽¹⁾	\$ 24,835,854
Debt Applicable to Limit:	
General Obligation Bonds	2,860,000
Less Amount Set Aside for Repayment of General Obligation Debt	<u>1,412,903</u>
Total Net Debt Applicable to Limit	<u>1,447,097</u>
Legal Debt Margin	<u>\$ 23,388,757</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>
2006	10,082	\$ 390,324,630	\$ 38,715	6,394	8,681	3.9
2007	10,157	455,561,764	44,852	6,427	8,657	4.4
2008	10,043	472,071,215	47,005	6,504	8,482	5.3
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

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	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
St. Jude Medical, Inc.	1,126	1	32 %	600	2	20 %
ISD No. 623 (Roseville)	1,060	2	30	950	1	31
Slumberland, Inc.	400	3	11	525	3	17
Quicksilver Express Courier	300	4	8	200	5	7
Frattalone Excavating	230	5	6	225	4	7
PreWire Specialists, Inc.	130	6	4	–	–	
McKesson Drug	100	7	3	60	10	2
Dock 86	80	8	2	–	–	
Active Sports, Inc. (The House.com)	75	9	2	–	–	
Kath Fuel Oil Service	55	10	2	90	9	3
US Recordings, Inc.		–		151	6	5
Olson, Thielen & Co., Ltd		–		132	7	4
Northern Air Corp		–		120	8	4
Total	3,556		100 %	3,053		100 %

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

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
General Government	6.6	6.6	6.4	6.2	6.3	6.3	6.3	5.8	5.8	5.6
Public Safety	2.4	2.4	2.5	2.5	1.8	1.5	1.5	1.5	1.5	1.5
Public Works:										
Administration	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Maintenance	4.5	5.0	5.0	5.0	5.0	5.0	5.0	5.4	5.4	5.0
Parks and Recreation:										
Administration	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5
Maintenance	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.7	3.7	3.2
Total	<u>19.9</u>	<u>20.4</u>	<u>20.3</u>	<u>20.2</u>	<u>19.6</u>	<u>19.3</u>	<u>19.3</u>	<u>19.4</u>	<u>19.4</u>	<u>17.8</u>

Source: City Budget Office

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

Function:	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Police: (contracted with Ramsey County Sheriff)										
Calls for service	4,888	5,115	4,825	4,372	4,841	4,340	4,813	4,740	6,458	7,626
Building/Zoning										
Building Permits Issued	275	343	263	329	280	269	281	229	259	594
Land Use Applications	32	33	24	28	33	18	17	8	20	17
Water:										
Connections	2,194	2,323	2,463	2,492	2,496	2,517	2,665	2,530	2,538	2,550
Annual Water Pumped (Thousands of Gallons)	394,329	405,423	396,056	391,265	352,338	358,145	375,278	373,346	353,219	344,782
Wastewater:										
Connections	2,386	2,397	2,438	2,451	2,399	2,410	2,409	2,411	2,419	2,431
Annual Sewer Flow (Thousands of Gallons)	447,400	476,200	429,500	398,400	447,800	554,900	330,300	349,800	393,100	358,200

N/A: Not Available

Sources: Various City Departments

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
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	364	364	364	368	368	368	368	368	368	368
Parks:										
Parks Acreage	88	88	88	88	88	88	88	88	88	90
Parks	8	8	8	8	8	8	8	8	8	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	8	8	8	9

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

Sources: Various City Departments