

Annual Financial Report

City of Long Lake

Long Lake, Minnesota

For the Year Ended

December 31, 2019

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City of Long Lake, Minnesota
Annual Financial Report
Table of Contents
For the Year Ended December 31, 2019

	<u>Page No.</u>
Introductory Section	
Elected and Appointed Officials	9
Financial Section	
Independent Auditor's Report	13
Management's Discussion and Analysis	17
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	31
Statement of Activities	32
Fund Financial Statements	
Governmental Funds	
Balance Sheet	36
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	39
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	40
Proprietary Funds	
Statement of Net Position	41
Statement of Revenues, Expenses and Changes in Net Position	43
Statement of Cash Flows	44
Notes to the Financial Statements	47
Required Supplementary Information	
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - General Employees Retirement Fund	74
Schedule of Employer's Public Employees Retirement Association Contributions - General Employees Retirement Fund	74
Notes to the Required Supplementary Information - General Employees Retirement Fund	75
Schedule of Employer's Share of Public Employees Retirement Association Net Pension Liability - Public Employees Police and Fire Fund	76
Schedule of Employer's Public Employees Retirement Association Contributions - Public Employees Police and Fire Fund	76
Notes to the Required Supplementary Information - Public Employees Police and Fire Fund	77
Schedule of Employer's Fire Relief Association Contributions	78
Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios	79
Notes to the Required Supplementary Information - Fire Relief Association	79

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City of Long Lake, Minnesota
Annual Financial Report
Table of Contents (Continued)
For the Year Ended December 31, 2019

	<u>Page No.</u>
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	83
Nonmajor Special Revenue Funds	
Combining Balance Sheet	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	85
Nonmajor Capital Projects Funds	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	87
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	88
Debt Service Funds	
Combining Balance Sheet	92
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	94
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	96
Other Required Report	
Independent Auditor's Report on Minnesota Legal Compliance	99

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INTRODUCTORY SECTION

CITY OF LONG LAKE
LONG LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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City of Long Lake, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2019

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Charlie Miner	Mayor	12/31/20
Jahn Dyvik	Council Member	12/31/22
Tom Skjaret	Council Member	12/31/20
Michelle Jerde	Council Member	12/31/20
Deirdre Kvale	Council Member	12/31/22

APPOINTED

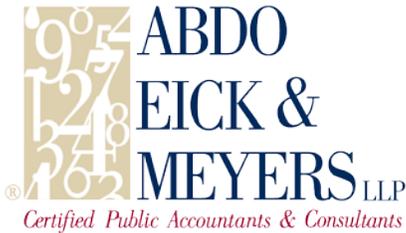
Scott Weske	City Administrator
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FINANCIAL SECTION
CITY OF LONG LAKE
LONG LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Long Lake, 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 Long Lake, Minnesota (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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 as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

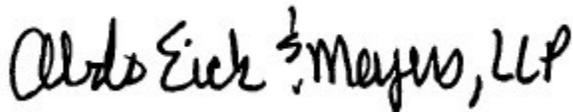
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 17 and the Schedules of Employer's Share of the Net Pension Liability, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, and the Schedules of Employer's Contributions starting on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 21, 2020

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Management's Discussion and Analysis

As management of the City of Long Lake, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2019.

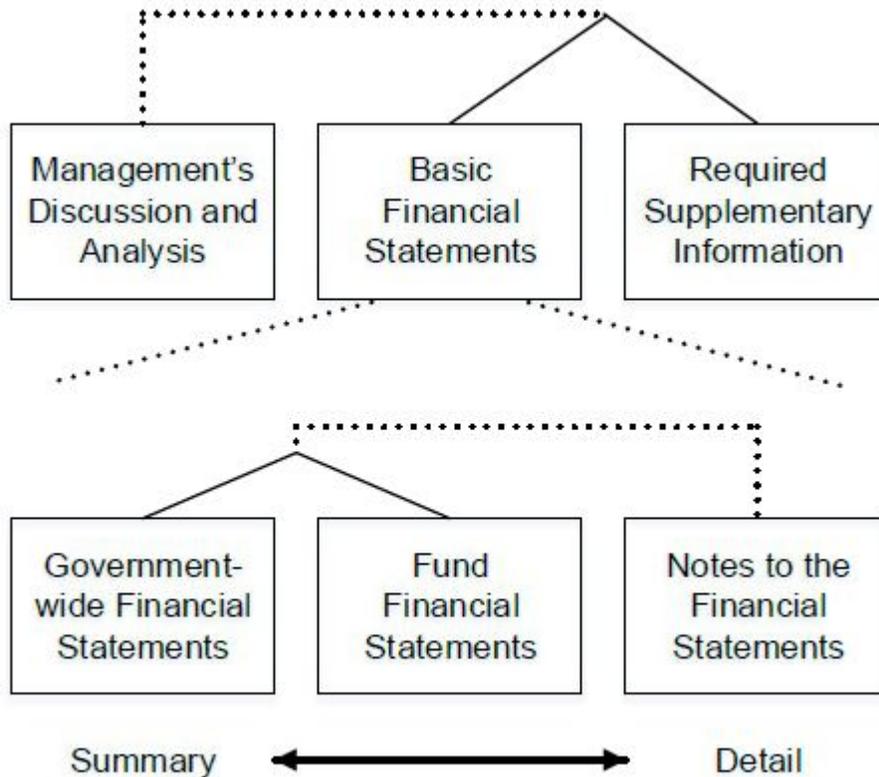
Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$21,881,342 (net position). Of this amount, \$5,170,363 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased \$239,034. This decrease is due to governmental activities decreasing \$21,559 and business-type activities decreasing \$217,475, which can be seen in the table on page 22. The majority of the decrease from prior year was in capital grants and contributions in the governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,657,979, an increase of \$47,123 in comparison with the prior year.
- At the end of the current fiscal year, total fund balance for the General fund was \$1,489,701, or 85.5 percent of 2019 General fund budgeted expenditures. Some budget variances are discussed in the General Fund Budgetary Highlights section on page 25.
- The City's total bonds payable decreased \$302,304 during the current fiscal year due to payments made towards outstanding debt.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves. The following chart shows how the required parts of this annual report are arranged and relate to one another.

Organization of the City's Annual Financial Report



The following chart summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

The *statement of net position* presents information on all of the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, housing and economic development, miscellaneous, and interest on long-term debt. The business-type activities of the City include water, sewer, storm sewer, and recycling..

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (EDA) for which the City is financially accountable. The EDA, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements start on page 31 of this report.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a City'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 by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, TIF 1-6, and Permanent Improvement Revolving fund all of which are considered to be major funds. Data from the eight other governmental funds -are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 36 of this 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, sewer, storm sewer, and recycling.

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 the water, sewer, surface water management and recycling enterprise funds, which are considered to be major funds of the City except for the Recycling fund.

The basic proprietary fund financial statements start on page 41 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 47 of this report.

Required Supplementary Information. In addition to the basic financial statement and accompanying notes, this report also present certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found starting on page 74 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$21,881,342 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (73.0 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), 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 Long Lake's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Assets						
Current and other assets	\$ 5,138,305	\$ 5,582,570	\$ (444,265)	\$ 1,690,138	\$ 1,720,526	\$ (30,388)
Capital assets (net of depreciation)	11,249,633	11,340,545	(90,912)	7,436,306	7,565,882	(129,576)
Total Assets	16,387,938	16,923,115	(535,177)	9,126,444	9,286,408	(159,964)
Deferred Outflows of Resources						
Deferred pension resources	396,826	284,258	112,568	17,022	10,284	6,738
Liabilities						
Noncurrent liabilities outstanding	1,469,313	1,665,413	(196,100)	2,012,321	2,019,770	(7,449)
Other liabilities	174,150	301,645	(127,495)	92,884	34,387	58,497
Total Liabilities	1,643,463	1,967,058	(323,595)	2,105,205	2,054,157	51,048
Deferred Inflows of Resources						
Deferred pension resources	261,310	338,765	(77,455)	36,910	23,709	13,201
Net Position						
Net investment in capital assets	10,126,624	10,114,120	12,504	5,841,956	5,846,937	(4,981)
Restricted for						
Debt service	378,785	611,513	(232,728)	-	-	-
Park improvements	38,810	36,435	2,375	-	-	-
Culture and recreation	9,272	7,834	1,438	-	-	-
Economic development	315,532	523,924	(208,392)	-	-	-
Unrestricted	4,010,968	3,607,724	403,244	1,159,395	1,371,889	(212,494)
Total Net Position	\$ 14,879,991	\$ 14,901,550	\$ (21,559)	\$ 7,001,351	\$ 7,218,826	\$ (217,475)

An additional portion of the City's net position (3.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$5,170,363) 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 three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

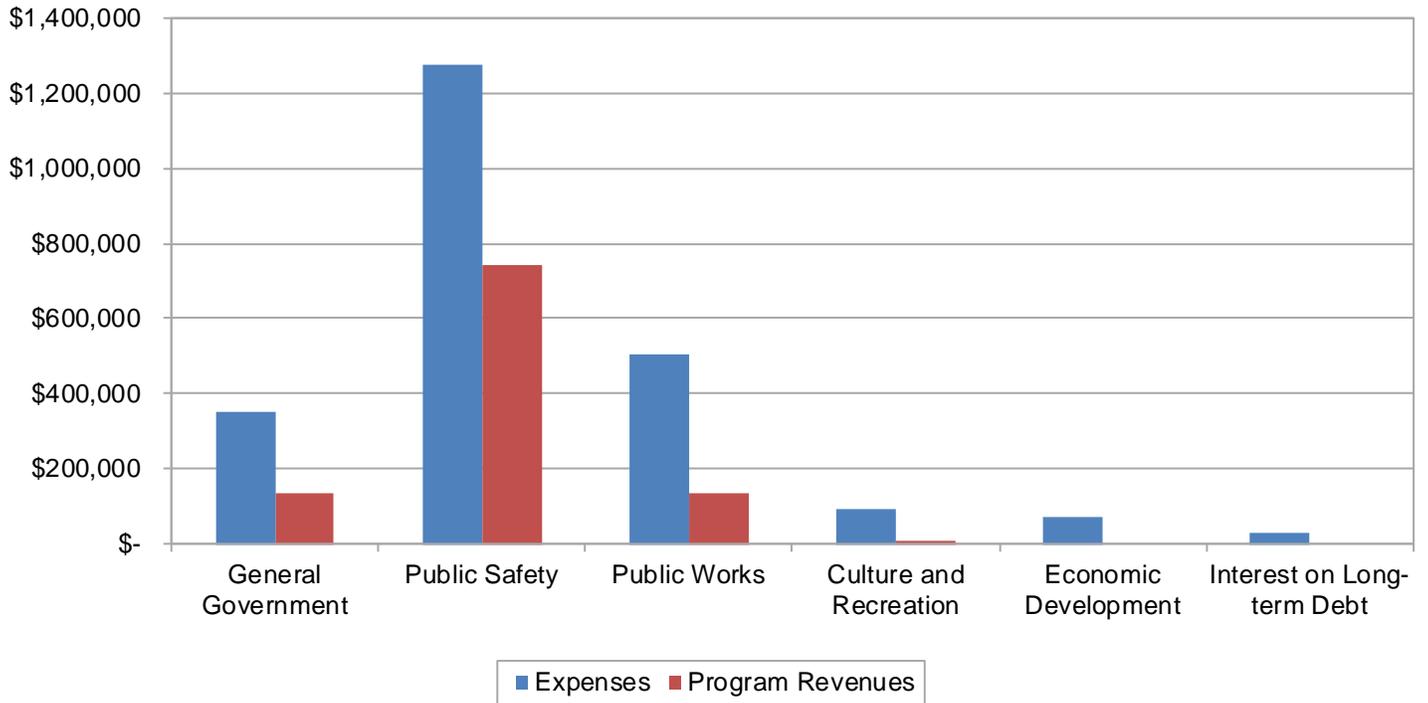
Governmental Activities. Governmental activities decreased the City's net position \$21,559. Significant changes from the prior year are noted below:

City of Long Lake's Changes in Net Position

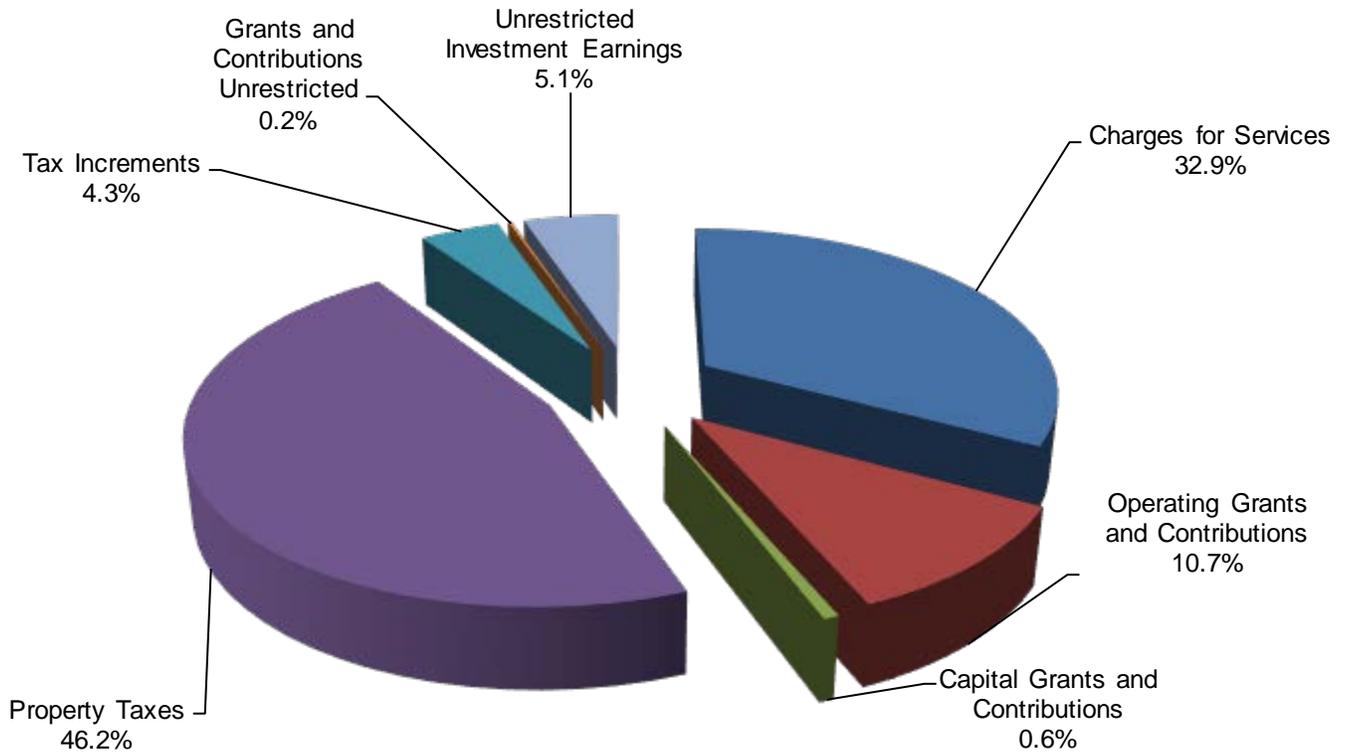
	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 755,186	\$ 622,406	\$ 132,780	\$ 708,023	\$ 733,387	\$ (25,364)
Operating grants and contributions	246,895	220,097	26,798	1,055	767	288
Capital grants and contributions	13,955	560,241	(546,286)	97,308	3,625	93,683
General Revenues						
Taxes						
Property taxes	1,062,996	1,059,036	3,960	-	-	-
Tax increments	98,094	94,922	3,172	-	-	-
Grants and contributions not restricted to specific programs	4,833	12,263	(7,430)	-	-	-
Unrestricted investment earnings	117,319	28,728	88,591	45,288	19,169	26,119
Total Revenues	2,299,278	2,597,693	(298,415)	851,674	756,948	94,726
Expenses						
General government	350,789	387,000	(36,211)	-	-	-
Public safety	1,274,583	1,176,739	97,844	-	-	-
Public works	505,618	483,929	21,689	-	-	-
Culture and recreation	91,281	119,306	(28,025)	-	-	-
Economic development	71,294	73,973	(2,679)	-	-	-
Interest on long-term debt	27,272	29,252	(1,980)	-	-	-
Water	-	-	-	398,384	300,517	97,867
Sewer	-	-	-	525,522	418,756	106,766
Storm sewer	-	-	-	110,653	48,028	62,625
Recycling	-	-	-	34,590	31,641	2,949
Total Expenses	2,320,837	2,270,199	50,638	1,069,149	798,942	270,207
Change in Net Position	(21,559)	327,494	(349,053)	(217,475)	(41,994)	(175,481)
Net Position, January 1	14,901,550	14,574,056	327,494	7,218,826	7,260,820	(41,994)
Net Position, December 31	\$ 14,879,991	\$ 14,901,550	\$ (21,559)	\$ 7,001,351	\$ 7,218,826	\$ (217,475)

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

Expenses and Program Revenues - Governmental Activities

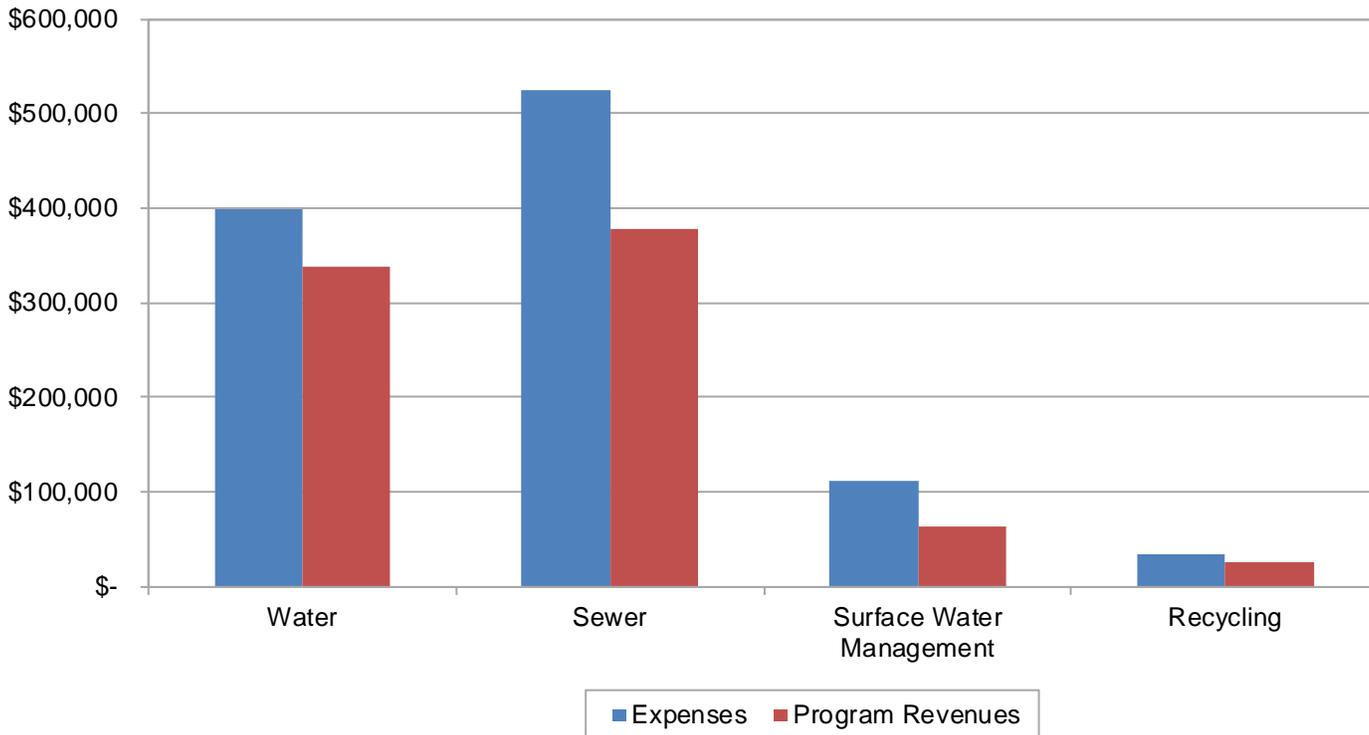


Revenues by Source - Governmental Activities

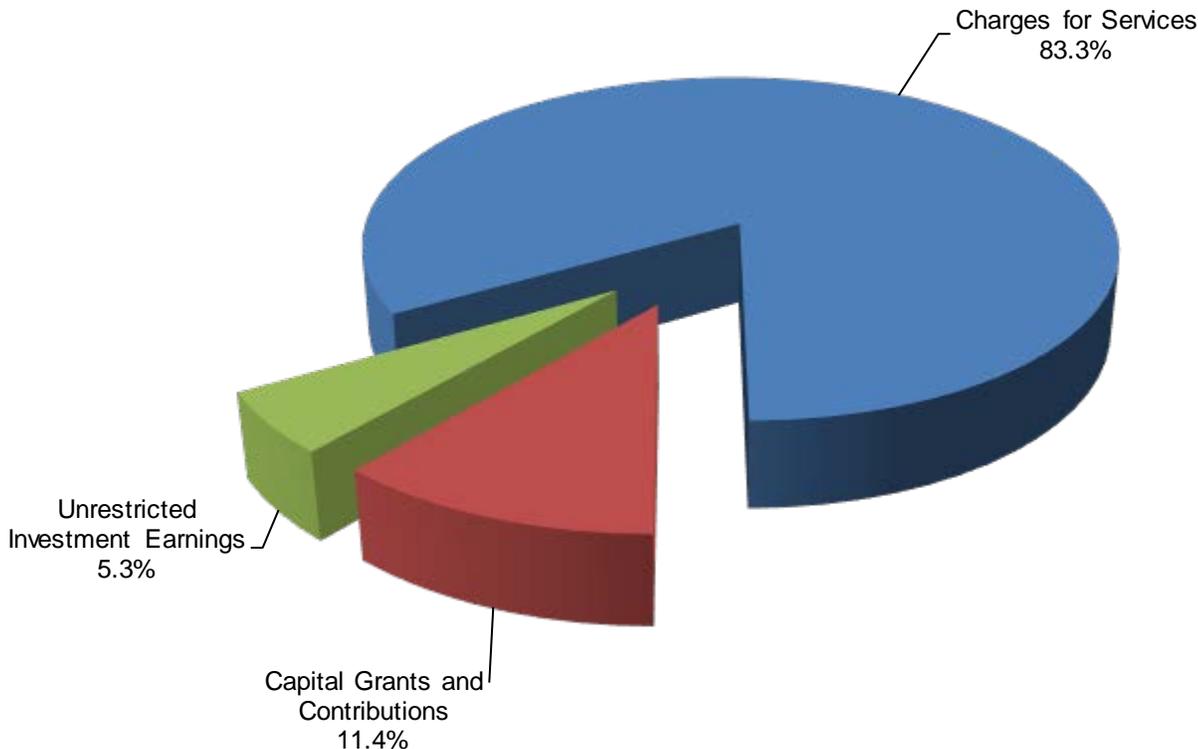


Business-type Activities. Business-type activities decreased the City's net position by \$217,475. The majority of the decrease is due to operating expenses well exceeding charges for services in all the business-type activities, especially in the Sewer fund. Key elements of this decrease are as follows:

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$4,657,979, an increase of \$47,123 in comparison with the prior year. Approximately 29.2 percent of this total amount, \$1,361,095, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remaining fund balance of \$3,296,884 is not available for new spending because it is either 1) nonspendable (\$25,467) 2) restricted (\$619,849), 3) committed (\$76,808), or 4) assigned (\$2,574,760). For further classification, refer to note 3E on page 61 of this report.

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2019	2018	
General	\$ 1,489,701	\$ 1,193,527	\$ 296,174

The General fund is the chief operating fund of the City. As a measure of the General fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Of the fund balance, \$1,365,072 is unassigned and will be used for cash flow for general operations and will be used to support operations until funds are received in June from the first tax settlement.

Debt Service	\$ 256,235	\$ 431,951	\$ (175,716)
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The decrease in fund balance is due to less collections of property taxes and special assessments compared to regularly scheduled debt principal and interest payments along with closing matured debt sub-funds.

TIF 1-6	\$ 315,308	\$ 508,145	\$ (192,837)
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The decrease in fund balance is due to capital outlay expenditures for economic development exceeding revenues from tax increments and investment earnings.

Permanent Improvement Revolving	\$ 2,235,219	\$ 473,668	\$ 1,761,551
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The increase in fund balance is due to a transfer in of \$1,791,762 from the Debt Service fund and the Nonmajor Governmental funds.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the enterprise funds at the end of the year amounted to \$1,159,395. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The original budget for the City called for a \$49,502 decrease in fund balance. The budget was not amended in 2019. Some of the line items with significant variances with final budget are highlighted below:

- Total revenues for the General fund were over budget by \$20,975. Main aspects of the variance is from the licenses and permits revenues being over budget by \$80,335 offset by the revenues from charges for services being under budget by \$212,501.
- Expenditures were \$395,216 under budget. Capital outlay expenditures were under budget by \$394,443 due to the timing of capital purchases in the current year.

Capital Asset and Debt Administration

Capital Assets. The City's net investment in capital assets for its governmental and business type activities as of December 31, 2019, amounts to \$15,968,580 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. Major capital asset events during the current fiscal year included the following:

- Project expenditures for the 2019 Landscaping project
- Land purchase of 1905 W Wayzata Boulevard
- Utility Improvements to Wayzata Boulevard
- Purchase of a 2000 Ford F-450 and a 2004 Ford F-450
- 2016 John Deere 930M
- RAM Air 4 Place OPS Dryer

City of Long Lake's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
Land	\$ 2,665,216	\$ 2,385,306	\$ 279,910	\$ -	\$ -	\$ -
Construction in Progress	517,629	425,987	91,642	1,312,737	1,312,737	-
Buildings	3,803,946	3,944,029	(140,083)	414,893	426,893	(12,000)
Machinery and Equipment	942,772	1,156,669	(213,897)	153,124	175,542	(22,418)
Infrastructure	3,320,070	3,428,554	(108,484)	5,555,552	5,650,710	(95,158)
Total	\$ 11,249,633	\$ 11,340,545	\$ (90,912)	\$ 7,436,306	\$ 7,565,882	\$ (129,576)

Additional information on the City's capital assets can be found in Note 3B starting on page 57 of this report.

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$2,946,302. They are all backed by the full faith and credit of the City.

City of Long Lake's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2019	2018	Increase (Decrease)	2019	2018	Increase (Decrease)
G.O. Improvement Bonds	\$ 1,099,275	\$ 1,275,000	\$ (175,725)	\$ 1,755,725	\$ 1,875,000	\$ (119,275)
Bond Premium	23,734	25,718	(1,984)	67,568	72,888	(5,320)
Total	\$ 1,123,009	\$ 1,300,718	\$ (177,709)	\$ 1,823,293	\$ 1,947,888	\$ (124,595)

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The City does not have any debt applicable to this limit.

Additional information on the City's long-term debt can be found in Note 3D starting on page 59 of this report.

Economic Factors and Next Year's Budgets and Rates

- Property valuation changes within the City are consistent with the general valuation in the Twin Cities metropolitan market. The City of Long Lake is starting to see slight increases in valuations.
- Inflationary trends in the region compare favorably to national indices.
- The City continues not to see any Local Government Aid
- Utility Funds continue to produce a shortfall
- The Council continues to not raise utility rates or levy tax rates

All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

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 financial information should be addressed to the City Administrator, City of Long Lake, 450 Virginia Avenue, Long Lake, MN 55356.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LONG LAKE
LONG LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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City of Long Lake, Minnesota

Statement of Net Position

December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 4,763,212	\$ 1,403,308	\$ 6,166,520
Restricted cash	24,230	-	24,230
Receivables			
Taxes	24,512	-	24,512
Accounts	-	179,864	179,864
Special assessments	132,833	75,914	208,747
Due from other governments	-	3,877	3,877
Prepaid items	25,467	27,175	52,642
Pension asset	168,051	-	168,051
Capital assets			
Land and construction in progress	3,182,845	1,312,737	4,495,582
Depreciable assets (net of accumulated depreciation)	8,066,788	6,123,569	14,190,357
Total Assets	<u>16,387,938</u>	<u>9,126,444</u>	<u>25,514,382</u>
Deferred Outflows of Resources			
Deferred pension resources	<u>396,826</u>	<u>17,022</u>	<u>413,848</u>
Liabilities			
Accrued salaries payable	47,207	12,500	59,707
Accounts payable	53,040	56,636	109,676
Deposits payable	25,730	-	25,730
Due to other governments	5,465	3,956	9,421
Accrued interest payable	10,283	19,792	30,075
Unearned revenue	32,425	-	32,425
Noncurrent liabilities			
Due within one year	176,489	153,880	330,369
Due in more than one year	1,045,682	1,725,467	2,771,149
Net pension liability	247,142	132,974	380,116
Total Liabilities	<u>1,643,463</u>	<u>2,105,205</u>	<u>3,748,668</u>
Deferred Inflows of Resources			
Deferred pension resources	<u>261,310</u>	<u>36,910</u>	<u>298,220</u>
Net Position			
Net investment in capital assets	10,126,624	5,841,956	15,968,580
Restricted for			
Debt service	378,785	-	378,785
Park improvements	38,810	-	38,810
Culture and recreation	9,272	-	9,272
Economic development	315,532	-	315,532
Unrestricted	<u>4,010,968</u>	<u>1,159,395</u>	<u>5,170,363</u>
Total Net Position	<u>\$ 14,879,991</u>	<u>\$ 7,001,351</u>	<u>\$ 21,881,342</u>

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
Statement of Activities
For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 350,789	\$ 106,603	\$ 26,227	\$ -
Public safety	1,274,583	590,802	146,053	6,215
Public works	505,618	55,476	71,054	7,740
Culture and recreation	91,281	2,305	3,561	-
Economic development	71,294	-	-	-
Interest on long-term debt	27,272	-	-	-
Total Governmental Activities	<u>2,320,837</u>	<u>755,186</u>	<u>246,895</u>	<u>13,955</u>
Business-type Activities				
Water	398,384	281,154	651	57,405
Sewer	525,522	338,672	100	39,903
Surface water management	110,653	63,266	61	-
Recycling	34,590	24,931	243	-
Total Business-type Activities	<u>1,069,149</u>	<u>708,023</u>	<u>1,055</u>	<u>97,308</u>
Total	<u>\$ 3,389,986</u>	<u>\$ 1,463,209</u>	<u>\$ 247,950</u>	<u>\$ 111,263</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Total General Revenues

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (217,959)	\$ -	\$ (217,959)
(531,513)	-	(531,513)
(371,348)	-	(371,348)
(85,415)	-	(85,415)
(71,294)	-	(71,294)
(27,272)	-	(27,272)
<u>(1,304,801)</u>	<u>-</u>	<u>(1,304,801)</u>
-	(59,174)	(59,174)
-	(146,847)	(146,847)
-	(47,326)	(47,326)
-	(9,416)	(9,416)
<u>-</u>	<u>(262,763)</u>	<u>(262,763)</u>
<u>(1,304,801)</u>	<u>(262,763)</u>	<u>(1,567,564)</u>
958,255	-	958,255
104,741	-	104,741
98,094	-	98,094
4,833	-	4,833
117,319	45,288	162,607
<u>1,283,242</u>	<u>45,288</u>	<u>1,328,530</u>
(21,559)	(217,475)	(239,034)
<u>14,901,550</u>	<u>7,218,826</u>	<u>22,120,376</u>
<u>\$ 14,879,991</u>	<u>\$ 7,001,351</u>	<u>\$ 21,881,342</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF LONG LAKE
LONG LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Long Lake, Minnesota
Balance Sheet
Governmental Funds
December 31, 2019

	101		385		401		Total
	General	Debt Service	TIF 1-6	Permanent Improvement Revolving	Other Governmental Funds	Governmental Funds	Governmental Funds
Assets							
Cash and temporary investments	\$ 1,586,088	\$ 258,735	\$ 315,843	\$ 2,239,447	\$ 363,099		\$ 4,763,212
Restricted cash	24,230	-	-		-		24,230
Receivables							
Taxes	24,512	-	-	-	-		24,512
Special assessments	-	132,833	-	-	-		132,833
Prepaid items	25,467	-	-	-	-		25,467
Total Assets	<u>\$ 1,660,297</u>	<u>\$ 391,568</u>	<u>\$ 315,843</u>	<u>\$ 2,239,447</u>	<u>\$ 363,099</u>		<u>\$ 4,970,254</u>
Liabilities							
Accrued salaries payable	\$ 47,207	\$ -	\$ -	\$ -	\$ -		\$ 47,207
Accounts payable	44,866	2,500	-	4,228	1,446		53,040
Deposits payable	25,730	-	-	-	-		25,730
Due to other governments	4,793	-	535	-	137		5,465
Unearned revenue	32,425	-	-	-	-		32,425
Total Liabilities	<u>155,021</u>	<u>2,500</u>	<u>535</u>	<u>4,228</u>	<u>1,583</u>		<u>163,867</u>
Deferred Inflows of Resources							
Unavailable revenue - delinquent taxes	15,575	-	-	-	-		15,575
Unavailable revenue - special assessments	-	132,833	-	-	-		132,833
Total Deferred Inflows of Resources	<u>15,575</u>	<u>132,833</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>148,408</u>
Fund Balances							
Nonspendable	25,467	-	-	-	-		25,467
Restricted	-	256,235	315,308	-	48,306		619,849
Committed	-	-	-	-	76,808		76,808
Assigned	99,162	-	-	2,235,219	240,379		2,574,760
Unassigned	1,365,072	-	-	-	(3,977)		1,361,095
Total Fund Balances	<u>1,489,701</u>	<u>256,235</u>	<u>315,308</u>	<u>2,235,219</u>	<u>361,516</u>		<u>4,657,979</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,660,297</u>	<u>\$ 391,568</u>	<u>\$ 315,843</u>	<u>\$ 2,239,447</u>	<u>\$ 363,099</u>		<u>\$ 4,970,254</u>

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2019

Amounts reported for governmental activities in the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 4,657,979
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	19,377,639
Less: accumulated depreciation	(8,128,006)
Long-term assets from pensions reported in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	
	168,051
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year end consist of	
Compensated absences payable	(99,162)
Bond principal payable and unamortized premium	(1,123,009)
Net pension liability	(247,142)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes receivable	15,575
Special assessments receivable	132,833
Governmental funds do not report a liability for accrued interest until due and payable.	
	(10,283)
Governmental funds do not report long-term amounts related to pensions.	
Deferred outflows of resources	396,826
Deferred inflows of resources	(261,310)
	\$ 14,879,991
Total Net Position - Governmental Activities	\$ 14,879,991

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	101		385		401			
	General	Debt Service	TIF 1-6	Permanent Improvement Revolving	Other Governmental Funds	Total Governmental Funds		
Revenues								
Taxes								
Property	\$ 967,982	\$ 104,741	\$ -	\$ -	\$ -	\$ -		\$ 1,072,723
Tax increments	-	-	98,094	-	-	-		98,094
Licenses and permits	125,885	-	-	-	-	-		125,885
Intergovernmental	141,347	-	-	-	-	-		141,347
Charges for services	532,619	-	-	-	94,359	-		626,978
Fines and forfeitures	55,135	-	-	-	-	-		55,135
Special assessments	-	66,490	-	-	-	-		66,490
Investment earnings	32,255	7,118	9,420	12,546	55,980	-		117,319
Miscellaneous	53,866	-	-	-	9,561	-		63,427
Total Revenues	<u>1,909,089</u>	<u>178,349</u>	<u>107,514</u>	<u>12,546</u>	<u>159,900</u>	<u>-</u>		<u>2,367,398</u>
Expenditures								
Current								
General government	358,786	-	-	-	-	-		358,786
Public safety	963,361	-	-	-	-	-		963,361
Public works	181,890	-	-	-	-	-		181,890
Culture and recreation	71,616	-	-	-	2,217	-		73,833
Economic development	-	-	-	-	35,251	-		35,251
Capital outlay								
General government	246	-	-	-	-	-		246
Public safety	20,598	-	-	-	-	-		20,598
Public works	14,000	-	-	42,757	104,463	-		161,220
Culture and recreation	2,418	-	-	-	-	-		2,418
Economic development	-	-	300,351	-	15,602	-		315,953
Debt service								
Principal	-	175,725	-	-	-	-		175,725
Interest and other	-	30,994	-	-	-	-		30,994
Total Expenditures	<u>1,612,915</u>	<u>206,719</u>	<u>300,351</u>	<u>42,757</u>	<u>157,533</u>	<u>-</u>		<u>2,320,275</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>296,174</u>	<u>(28,370)</u>	<u>(192,837)</u>	<u>(30,211)</u>	<u>2,367</u>	<u>-</u>		<u>47,123</u>
Other Financing Sources (Uses)								
Transfers in	-	-	-	1,791,762	-	-		1,791,762
Transfers out	-	(147,346)	-	-	(1,644,416)	-		(1,791,762)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(147,346)</u>	<u>-</u>	<u>1,791,762</u>	<u>(1,644,416)</u>	<u>-</u>		<u>-</u>
Net Change in Fund Balances	296,174	(175,716)	(192,837)	1,761,551	(1,642,049)	-		47,123
Fund Balances, January 1	<u>1,193,527</u>	<u>431,951</u>	<u>508,145</u>	<u>473,668</u>	<u>2,003,565</u>	<u>-</u>		<u>4,610,856</u>
Fund Balances, December 31	<u>\$ 1,489,701</u>	<u>\$ 256,235</u>	<u>\$ 315,308</u>	<u>\$ 2,235,219</u>	<u>\$ 361,516</u>	<u>\$ -</u>		<u>\$ 4,657,979</u>

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2019

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$	47,123
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Capital outlay		430,884
Depreciation expense		(521,796)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Principal repayments		175,725
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>		
		3,722
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>		
Special assessments		(58,750)
Property taxes		(9,727)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.</p>		
Compensated absences		(55,226)
<p>Long-term pension activity is not reported in governmental funds.</p>		
Pension expense		(33,876)
Pension revenue from State contributions		362
		362
Change in Net Position - Governmental Activities	\$	(21,559)

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 967,338	\$ 967,338	\$ 967,982	\$ 644
Licenses and permits	45,550	45,550	125,885	80,335
Intergovernmental	111,056	111,056	141,347	30,291
Charges for services	745,120	745,120	532,619	(212,501)
Fines and forfeitures	13,000	13,000	55,135	42,135
Investment earnings	5,000	5,000	32,255	27,255
Miscellaneous	1,050	1,050	53,866	52,816
Total Revenues	<u>1,888,114</u>	<u>1,888,114</u>	<u>1,909,089</u>	<u>20,975</u>
Expenditures				
Current				
General government	369,552	369,552	358,786	10,766
Public safety	918,893	918,893	963,361	(44,468)
Public works	210,403	210,403	181,890	28,513
Culture and recreation	77,578	77,578	71,616	5,962
Capital outlay				
General government	7,700	7,700	246	7,454
Public safety	255,005	255,005	20,598	234,407
Public works	34,000	34,000	14,000	20,000
Culture and recreation	135,000	135,000	2,418	132,582
Total Expenditures	<u>2,008,131</u>	<u>2,008,131</u>	<u>1,612,915</u>	<u>395,216</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120,017)	(120,017)	296,174	416,191
Other Financing Sources				
Transfers in	<u>70,515</u>	<u>70,515</u>	<u>-</u>	<u>(70,515)</u>
Net Change in Fund Balances	(49,502)	(49,502)	296,174	345,676
Fund Balances, January 1	<u>1,193,527</u>	<u>1,193,527</u>	<u>1,193,527</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 1,144,025</u>	<u>\$ 1,144,025</u>	<u>\$ 1,489,701</u>	<u>\$ 345,676</u>

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
Statement of Net Position
Proprietary Funds
December 31, 2019

	Business-type Activities - Enterprise Funds				
	601	602	603	Nonmajor 604	Total
	Water	Sewer	Surface Water Management	Recycling	
Assets					
Current Assets					
Cash and temporary investments	\$ 1,117,928	\$ 42,375	\$ 270,611	\$ (27,606)	\$ 1,403,308
Accounts receivable	69,107	86,465	17,513	6,779	179,864
Special assessments	46,396	28,192	669	657	75,914
Due from other governments	3,877	-	-	-	3,877
Prepaid items	375	26,800	-	-	27,175
Total Current Assets	<u>1,237,683</u>	<u>183,832</u>	<u>288,793</u>	<u>(20,170)</u>	<u>1,690,138</u>
Noncurrent Assets					
Capital assets					
Construction work in progress	921,524	365,132	26,081	-	1,312,737
Buildings	627,000	152,704	-	-	779,704
Infrastructure	4,637,908	3,463,844	943,758	-	9,045,510
Machinery and equipment	484,193	124,699	-	-	608,892
Less accumulated depreciation	(2,298,701)	(1,842,471)	(169,365)	-	(4,310,537)
Total Noncurrent Assets	<u>4,371,924</u>	<u>2,263,908</u>	<u>800,474</u>	<u>-</u>	<u>7,436,306</u>
Total Assets	<u>5,609,607</u>	<u>2,447,740</u>	<u>1,089,267</u>	<u>(20,170)</u>	<u>9,126,444</u>
Deferred Outflows of Resources					
Deferred pension resources	<u>7,876</u>	<u>5,497</u>	<u>3,339</u>	<u>310</u>	<u>17,022</u>
Liabilities					
Current Liabilities					
Accrued salaries payable	5,482	4,866	1,987	165	12,500
Accounts payable	5,761	49,606	1,269	-	56,636
Accrued interest payable	12,913	6,066	813	-	19,792
Due to other governments	1,480	2,476	-	-	3,956
Current portion of compensated absences payable	13,209	11,622	4,813	1,186	30,830
Current portion of bonds payable	65,820	45,980	11,250	-	123,050
Total Current Liabilities	<u>104,665</u>	<u>120,616</u>	<u>20,132</u>	<u>1,351</u>	<u>246,764</u>
Noncurrent Liabilities					
Compensated absences payable	10,807	9,509	3,938	970	25,224
Net pension liability	61,527	42,941	26,087	2,419	132,974
Bonds payable	1,046,104	557,211	96,928	-	1,700,243
Total Noncurrent Liabilities	<u>1,118,438</u>	<u>609,661</u>	<u>126,953</u>	<u>3,389</u>	<u>1,858,441</u>
Total Liabilities	<u>1,223,103</u>	<u>730,277</u>	<u>147,085</u>	<u>4,740</u>	<u>2,105,205</u>
Deferred Outflows of Resources					
Deferred pension resources	<u>17,078</u>	<u>11,919</u>	<u>7,241</u>	<u>672</u>	<u>36,910</u>
Net Position					
Net investment in capital assets	3,420,715	1,724,397	696,844	-	5,841,956
Unrestricted	956,587	(13,356)	241,436	(25,272)	1,159,395
Total Net Position	<u>\$ 4,377,302</u>	<u>\$ 1,711,041</u>	<u>\$ 938,280</u>	<u>\$ (25,272)</u>	<u>\$ 7,001,351</u>

The notes to the financial statements are an integral part of this statement.

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City of Long Lake, Minnesota
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor 604	
	Water	Sewer	Surface Water Management	Recycling	
Operating Revenues					
Charges for services	\$ 280,730	\$ 336,655	\$ 63,266	\$ 24,931	\$ 705,582
Operating Expenses					
Personnel services	175,639	128,191	77,776	6,364	387,970
Supplies	30,793	2,558	1,586	-	34,937
Professional services	9,806	19,852	6,584	-	36,242
Repairs and maintenance	855	-	1,739	-	2,594
Insurance	971	156	-	-	1,127
Utilities	25,310	5,594	-	-	30,904
Depreciation	114,040	62,198	20,830	-	197,068
MCES disposal charges	-	285,289	-	-	285,289
Miscellaneous	13,433	8,614	340	28,226	50,613
Total Operating Expenses	<u>370,847</u>	<u>512,452</u>	<u>108,855</u>	<u>34,590</u>	<u>1,026,744</u>
Operating (Income) Loss	<u>(90,117)</u>	<u>(175,797)</u>	<u>(45,589)</u>	<u>(9,659)</u>	<u>(321,162)</u>
Nonoperating Revenues (Expenses)					
Intergovernmental grant	-	-	-	237	237
Investment earnings	33,450	3,877	7,834	127	45,288
Other revenue	1,075	2,117	61	6	3,259
Interest expense	(27,537)	(13,070)	(1,798)	-	(42,405)
Total Nonoperating Revenues (Expenses)	<u>6,988</u>	<u>(7,076)</u>	<u>6,097</u>	<u>370</u>	<u>6,379</u>
Income (Loss) Before Contributions	(83,129)	(182,873)	(39,492)	(9,289)	(314,783)
Capital Contributions	<u>57,405</u>	<u>39,903</u>	<u>-</u>	<u>-</u>	<u>97,308</u>
Change in Net Position	(25,724)	(142,970)	(39,492)	(9,289)	(217,475)
Net Position, January 1	<u>4,403,026</u>	<u>1,854,011</u>	<u>977,772</u>	<u>(15,983)</u>	<u>7,218,826</u>
Net Position, December 31	<u>\$ 4,377,302</u>	<u>\$ 1,711,041</u>	<u>\$ 938,280</u>	<u>\$ (25,272)</u>	<u>\$ 7,001,351</u>

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor 604	
	Water	Sewer	Surface Water Management	Recycling	
Cash Flows from Operating Activities					
Receipts from users	\$ 289,527	\$ 340,396	\$ 63,798	\$ 24,784	\$ 718,505
Other income related to operations	1,075	2,117	61	243	3,496
Payments to suppliers	(79,039)	(273,518)	(8,985)	(29,994)	(391,536)
Payments to employees	(119,001)	(85,841)	(49,544)	(3,924)	(258,310)
Net Cash Provided (Used) by Operating Activities	<u>92,562</u>	<u>(16,846)</u>	<u>5,330</u>	<u>(8,891)</u>	<u>72,155</u>
Cash Flows from Capital and Related Financing Activities					
Capital contributions	11,009	11,711	-	-	22,720
Acquisition of capital assets	(43,000)	(24,492)	-	-	(67,492)
Principal paid on long-term debt	(63,170)	(44,930)	(11,175)	-	(119,275)
Interest paid on long-term debt	(31,856)	(14,980)	(2,014)	-	(48,850)
Net Cash Used by Capital and Related Financing Activities	<u>(127,017)</u>	<u>(72,691)</u>	<u>(13,189)</u>	<u>-</u>	<u>(212,897)</u>
Cash Flows from Investing Activities					
Interest received on investments	<u>33,450</u>	<u>3,877</u>	<u>7,834</u>	<u>127</u>	<u>45,288</u>
Net Decrease in Cash and Cash Equivalents	(1,005)	(85,660)	(25)	(8,764)	(95,454)
Cash and Cash Equivalents, January 1	<u>1,118,933</u>	<u>128,035</u>	<u>270,636</u>	<u>(18,842)</u>	<u>1,498,762</u>
Cash and Cash Equivalents, December 31	<u>\$ 1,117,928</u>	<u>\$ 42,375</u>	<u>\$ 270,611</u>	<u>\$ (27,606)</u>	<u>\$ 1,403,308</u>

The notes to the financial statements are an integral part of this statement.

City of Long Lake, Minnesota
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Total
	601	602	603	Nonmajor 604	
	Water	Sewer	Surface Water Management	Recycling	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating income (loss)	\$ (90,117)	\$ (175,797)	\$ (45,589)	\$ (9,659)	\$ (321,162)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Other income related to operations	1,075	2,117	61	243	3,496
Depreciation	114,040	62,198	20,830	-	197,068
(Increase) decrease in assets/deferred outflows of resources					
Accounts receivable	9,243	3,741	1,201	510	14,695
Special assessments receivable	-	-	(669)	(657)	(1,326)
Due from other governments	(446)	-	-	-	(446)
Prepaid items	(375)	(3,026)	-	-	(3,401)
Deferred pension resources	(2,980)	(1,784)	(1,961)	(13)	(6,738)
Increase (decrease) in liabilities/deferred inflows of resources					
Accounts payable	3,679	49,095	1,264	-	54,038
Accrued salaries payable	2,516	2,486	998	51	6,051
Due to other governments	(1,175)	2,476	-	(1,768)	(467)
Compensated absences payable	12,385	11,569	4,874	1,500	30,328
Net pension liability	38,840	26,779	20,305	894	86,818
Deferred pension resources	5,877	3,300	4,016	8	13,201
Net Cash Provided (Used) by Operating Activities	<u>\$ 92,562</u>	<u>\$ (16,846)</u>	<u>\$ 5,330</u>	<u>\$ (8,891)</u>	<u>\$ 72,155</u>
Noncash Capital and Related Financing Activities					
Amortization of bond premium	<u>\$ 3,598</u>	<u>\$ 1,558</u>	<u>\$ 164</u>	<u>\$ -</u>	<u>\$ 5,320</u>

The notes to the financial statements are an integral part of this statement.

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Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Long Lake, Minnesota (the City), operates under "Optional Plan A" as defined in the Minnesota statutes. The City is governed by an elected Mayor and a four-member City Council. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

Blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. The blended component unit has a December 31 year end.

Blended Component Unit. The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The EDA is comprised of five members, all of which are City Council members. Also, the City has operational responsibility of the EDA. It is this criterion that results in the EDA being reported as a blended component unit. The EDA activities are blended and reported in a separate special revenue fund. Separate financial statements are not issued for this component unit.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contribution, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *TIF 1-6 fund* accounts for the resources and costs associated with economic development within the TIF plan.

The *Permanent Improvement Revolving fund* accounts for the costs associated with capital improvements completed within the City.

The City reports the following major proprietary funds:

The *Water fund* accounts for costs associated with the City's water distribution operations and ensure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for costs associated with the City's sanitary sewer treatment system and ensure that user charges are sufficient to pay for those costs.

The *Surface Water Management fund* accounts for costs associated with the City's surface water management system and ensure that user charges are sufficient to pay for those costs.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Investments are carried at fair value. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase 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, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Note 1: Summary of Significant Accounting Policies (Continued)

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of December 31, 2019:

- Governmental agency securities of \$380,298 are valued using quoted market prices (Level 1 inputs)
- Negotiable certificates of deposits of \$4,585,074 are valued using a matrix pricing model (Level 2 inputs)

The Minnesota Municipal Money Market (4M) fund is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and operates in accordance with appropriate state laws and regulations. The 4M fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the regulatory rules of the SEC. The reported value of the pool is the same as the fair value of the pool shares. Financial statements of the 4M fund can be obtained by contacting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Restricted Cash

The City is holding cash related to development and other escrow activity.

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County and tax settlements are made to the City during January, July and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for taxes not received within 60 days after year end in the fund financial statements.

Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. To the extent considered necessary, the City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Note 1: Summary of Significant Accounting Policies (Continued)

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.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings	30 - 50
Improvements Other Than Buildings	10 - 50
Machinery and Equipment	5 - 10
Infrastructure	20 - 50

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 then. The City has only one item that qualifies for reporting in this category. Accordingly, the item, deferred pension resources, is reported only in the statements of net position. This item results from actuarial calculations and current year pension contributions made subsequent to the measurement date.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which is paid to the employee upon separation. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. 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. The General fund is typically used to liquidate governmental compensated absences payable.

Pensions

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 payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit plan administered by Long Lake Fire Department Relief Association and additions to and deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Investments are reported at fair value. The General fund is typically used to liquidate the governmental net pension liability.

Total pension expense for the GERP, PEPFP, and Long Lake Fire Relief Association is as follows:

	Public Employees Retirement Association of Minnesota (PERA)		Fire Relief Association	Total All Plans
	GERP	PEPFP		
Pension Expense	\$ 46,082	\$ 15,709	\$ 242,837	\$ 304,628

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City has an additional item which qualifies for reporting in this category. The item, deferred pension resources, is reported only in the statements of net position and results from actuarial calculations.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 50 percent of the following year's budgeted expenditures and transfers out.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position balances restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital projects funds, which adopt project-length budgets. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

Before August of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 30, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Administrator. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Budgeted amounts were not amended in 2019.

B. Deficit Fund Equity

The following funds had a fund equity deficits at December 31, 2019:

Fund	Amount
Nonmajor Enterprise	
Recycling	\$ 25,272
Nonmajor Governmental	
Long Lake Carp Management	3,977

These deficits will be eliminated by charges for services, intergovernmental grants and/or interfund transfers.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The fair value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a 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. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$1,223,929 and the bank balance was \$1,297,545. Of the bank balance, \$493,563 was covered by federal depository insurance. The remaining balance was covered by collateral pledged in the City's name.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Investments

At year end, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using	
				Level 1	Level 2
Pooled Investments at Amortized Costs					
Broker Money Market Funds	N/A	less than 1 year	\$ 1,399	\$ -	\$ -
Non-pooled Investments at Fair Value					
Negotiable certificates of deposits	N/A	less than 1 year	508,482	-	508,482
Negotiable certificates of deposits	N/A	1 to 5 years	3,829,783	-	3,829,783
Negotiable certificates of deposits	N/A	5 or more years	246,809	-	246,809
Governmental agency securities	AAA	less than 1 year	380,298	380,298	-
Total Investments			<u>\$ 4,966,771</u>	<u>\$ 380,298</u>	<u>\$ 4,585,074</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The investments of the City are subject to the following risks:

- *Credit Risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 49 of the notes.
- *Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by disallowing purchases of investments that, at the time of investment, cannot be held to maturity. The City will also not invest in securities, other than money-market funds, without a fixed maturity date and fixed interest or discount rate. The City's investment policy does not allow for investment in securities maturing more than five years from the date of purchase. No more than 50 percent of the dollar value of the City's investments will mature more than two years from the date of purchase.
- *Custodial Credit Risk* is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy does not address concentration of credit risk, placing no limit on the amount that may be invested in any one issuer. As of December 31, 2019, the City had invested 5.0 percent or more of its total investment portfolio in the following issuers: Discover Bank Greenwood (5.10 percent), Federal Home Loan Bank (5.26 percent), Morgan Stanley Bank (5.06 percent), Sallie May Bank (5.03 percent), Capital One National (5.08 percent), Capital One Bank (5.06 percent), Citi National Bank (5.09 percent), Wells Fargo Bank NA Sioux Falls (5.04 percent), First UTD Bank & TR Company (5.02 percent), Silvergate Bank (5.01 percent).

The investment in the Minnesota Municipal Money Market fund is not subject to the credit risk classifications as noted in paragraph 9 of GASB Statement No. 40.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

A reconciliation of cash and temporary investments as shown on the statement of net position for the City follows:

Carrying Amount of Deposits	\$ 1,223,929
Investments	4,966,771
Petty Cash	<u>50</u>
 Total Cash and Temporary Investments	 <u><u>\$ 6,190,750</u></u>
 Statement of Net Position	
Cash and temporary investments	\$ 6,166,520
Restricted cash	<u>24,230</u>
 Total Cash and Temporary Investments	 <u><u>\$ 6,190,750</u></u>

B. Capital Assets

Capital asset activity for the City for the year ended December 31, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 2,385,306	\$ 279,910	\$ -	\$ 2,665,216
Construction in progress	<u>425,987</u>	<u>91,642</u>	<u>-</u>	<u>517,629</u>
Total Capital Assets not Being Depreciated	<u>2,811,293</u>	<u>371,552</u>	<u>-</u>	<u>3,182,845</u>
 Capital Assets being Depreciated				
Buildings	5,922,380	-	-	5,922,380
Machinery and equipment	2,436,008	59,332	(22,000)	2,473,340
Infrastructure	<u>7,799,074</u>	<u>-</u>	<u>-</u>	<u>7,799,074</u>
Total Capital Assets Being Depreciated	<u>16,157,462</u>	<u>59,332</u>	<u>(22,000)</u>	<u>16,194,794</u>
 Less Accumulated Depreciation for				
Buildings	(1,978,351)	(140,083)	-	(2,118,434)
Machinery and equipment	(1,279,339)	(251,229)	-	(1,530,568)
Infrastructure	<u>(4,370,520)</u>	<u>(130,484)</u>	<u>22,000</u>	<u>(4,479,004)</u>
Total Accumulated Depreciation	<u>(7,628,210)</u>	<u>(521,796)</u>	<u>22,000</u>	<u>(8,128,006)</u>
 Total Capital Assets Being Depreciated, Net	 <u>8,529,252</u>	 <u>(462,464)</u>	 <u>-</u>	 <u>8,066,788</u>
 Governmental Activities Capital Assets, Net	 <u><u>\$ 11,340,545</u></u>	 <u><u>\$ (90,912)</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 11,249,633</u></u>

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities

General government	\$ 31,975
Public safety	155,096
Public works	315,987
Culture and recreation	<u>18,738</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 521,796</u></u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Construction in progress	\$ 1,312,737	\$ -	\$ -	\$ 1,312,737
Capital Assets Being Depreciated				
Buildings	779,704	-	-	779,704
Machinery and equipment	608,892	-	-	608,892
Infrastructure	<u>8,978,018</u>	<u>67,492</u>	-	<u>9,045,510</u>
Total Capital Assets Being Depreciated	<u>10,366,614</u>	<u>67,492</u>	-	<u>10,434,106</u>
Less Accumulated Depreciation for				
Buildings	(352,811)	(12,000)	-	(364,811)
Machinery and equipment	(433,350)	(22,418)	-	(455,768)
Infrastructure	<u>(3,327,308)</u>	<u>(162,650)</u>	-	<u>(3,489,958)</u>
Total Accumulated Depreciation	<u>(4,113,469)</u>	<u>(197,068)</u>	-	<u>(4,310,537)</u>
Total Capital Assets Being Depreciated, Net	<u>6,253,145</u>	<u>(129,576)</u>	-	<u>6,123,569</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 7,565,882</u></u>	<u><u>\$ (129,576)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,436,306</u></u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities

Water	\$ 114,040
Sewer	62,198
Surface water management	<u>20,830</u>
 Total Depreciation Expense - Business-type Activities	 <u><u>\$ 197,068</u></u>

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Construction Commitments

The City has an active construction project as of December 31, 2019. The project includes various landscaping and appearance improvements. At year end the City's commitment with contractor is as follows:

Project	Spent to Date	Remaining Commitment
2019 Landscape Project	\$ 84,569	\$ 29,069

C. Interfund Receivables, Payables, and Transfers

The City made transfers during the year as shown and described below:

Fund	Transfer In Permanent Improvement Revolving
Transfer Out	
Debt Service	\$ 147,346
Nonmajor governmental	1,644,416
Total Transfers In	\$ 1,791,762

During the year ended December 31, 2019 the City made the following transfers:

- From the Debt Service fund to the Permanent Improvement Revolving for the closing of funds (\$147,346).
- Nonmajor governmental fund transferred \$1,644,416 to the Permanent Improvement Revolving fund for the closing of funds.

D. Long-term Debt

General Obligation (G.O.) Improvement (Special Assessment) Bonds

The following bonds were issued to finance various capital improvements and will be repaid from special assessments certified on the properties benefiting from the improvements. Some issues, however, are partially financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments. In addition, G.O. improvement bonds have been issued to refund related G.O. improvement bonds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2013A	\$ 525,000	0.75 - 2.40 %	06/13/13	02/01/24	\$ 225,000
G.O. Improvement Bonds of 2016A	915,000	0.80 - 2.00	09/07/16	02/01/27	735,000
G.O. Improvement Bonds of 2017A	490,000	3.00	07/13/17	02/01/33	1,895,000
Total G.O. Improvement Bonds					\$ 2,855,000

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the G.O. improvement bonds are as follows:

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$ 121,950	\$ 23,597	\$ 145,547	\$ 123,050	\$ 46,055	\$ 169,105
2021	123,175	21,415	144,590	126,825	43,108	169,933
2022	123,175	19,052	142,227	126,825	40,064	166,889
2023	124,400	16,508	140,908	130,600	36,921	167,521
2024	125,625	13,878	139,503	134,375	33,628	168,003
2025 - 2029	326,600	40,691	367,291	638,400	114,489	752,889
2030 - 2033	154,350	9,444	163,794	475,650	29,106	504,756
Total	\$ 1,099,275	\$ 144,584	\$ 1,243,859	\$ 1,755,725	\$ 343,371	\$ 2,099,096

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
G.O. improvement bonds	\$ 1,275,000	\$ -	\$ (175,725)	\$ 1,099,275	\$ 121,950
Bond premium	25,718	-	(1,984)	23,734	-
Total Bonds Payable	1,300,718	-	(177,709)	1,123,009	121,950
Compensated Absences Payable	43,936	103,420	(48,194)	99,162	54,539
Governmental Activity Long-term Liabilities	<u>\$ 1,344,654</u>	<u>\$ 103,420</u>	<u>\$ (225,903)</u>	<u>\$ 1,222,171</u>	<u>\$ 176,489</u>
Business-type Activities					
Bonds Payable					
G.O. improvement bonds	\$ 1,875,000	\$ -	\$ (119,275)	\$ 1,755,725	\$ 123,050
Bond premium	72,888	-	(5,320)	67,568	-
Total Bonds Payable	1,947,888	-	(124,595)	1,823,293	123,050
Compensated Absences Payable	25,726	57,571	(27,243)	56,054	30,830
Business-type Activity Long-term Liabilities	<u>\$ 1,973,614</u>	<u>\$ 57,571</u>	<u>\$ (151,838)</u>	<u>\$ 1,879,347</u>	<u>\$ 153,880</u>

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 3: Detailed Notes on All Funds (Continued)

E. Components of Fund Balance

At December 31, 2019, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	TIF 1-6	Permanent Improvement Revolving	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Prepaid items	\$ 25,467	\$ -	\$ -	\$ -	\$ -	\$ 25,467
Restricted for						
Debt service	\$ -	\$ 256,235	\$ -	\$ -	\$ -	\$ 256,235
Park improvements	-	-	-	-	38,810	38,810
Culture and recreation	-	-	-	-	9,272	9,272
Economic development	-	-	315,308	-	224	315,532
Total Restricted	\$ -	\$ 256,235	\$ 315,308	\$ -	\$ 48,306	\$ 619,849
Committed to						
Economic development	\$ -	\$ -	\$ -	\$ -	\$ 76,808	\$ 76,808
Assigned to						
Compensated absences	\$ 99,162	\$ -	\$ -	\$ -	\$ -	\$ 99,162
Capital replacements	-	-	-	2,235,219	-	2,235,219
Fire capital replacements	-	-	-	-	231,117	231,117
Park improvements	-	-	-	-	9,262	9,262
Total Assigned	\$ 99,162	\$ -	\$ -	\$ 2,235,219	\$ 240,379	\$ 2,574,760

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

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

General Employees Retirement Plan (GERP)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Plan (GERP). GERP members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Plan (PEPFP)

The PEPFP, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFP also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

GERP Benefits

GERP 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 Plan members. Members hired prior to July 1, 1989 receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent for average salary for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989 normal retirement age is the age for unreduced Social Security benefits capped at 66.

Annuities, disability benefits and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1 percent and a maximum of 1.5 percent. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

PEPFP Benefits

Benefits for the PEPFP members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFP members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

Annuities, disability benefits and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

Minnesota statutes chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state Legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in fiscal year 2019 and the City was required to contribute 7.50 percent for Coordinated Plan members. The City's contributions to the General Employees Fund for the years ending December 31, 2019, 2018 and 2017 were \$30,371, \$26,286 and \$25,359, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.80 percent of pay to 11.30 percent and employer rates increased from 16.20 percent to 16.95 percent on January 1, 2019. The City's contributions to the Police and Fire Fund for the years ending December 31, 2019, 2018 and 2017 were \$15,695, \$14,564 and \$14,146, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2019, the City reported a liability of \$287,496 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$9,000. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0052 percent which was an increase of 0.0002 percent from its proportion measured as of June 30, 2018.

City's Proportionate Share of the Net Pension Liability	\$ 287,496
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	9,000
	9,000
Total	\$ 296,496

For the year ended December 31, 2019, the City recognized pension expense of \$45,408 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$674 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2019, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 11,238	\$ 2,122
Changes in Actuarial Assumptions	1,987	26,139
Net Difference Between Projected and Actual Earnings on Plan Investments	-	30,692
Changes in Proportion	9,335	20,847
Contributions Paid to PERA Subsequent to the Measurement Date	14,244	-
Total	\$ 36,804	\$ 79,800

The \$14,244 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (23,534)
2021	(32,030)
2022	(2,139)
2023	463

Police and Fire Fund Pension Costs

At December 31, 2019, the City reported a liability of \$92,620 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2018 through June 30, 2019 relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2019, the City's proportionate share was 0.0087 percent which was an increase of 0.0003 percent from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the City recognized pension expense of \$15,709 for its proportionate share of the Police and Fire Plan's pension expense. The City also recognized \$0 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

At December 31, 2019, the City reported its proportionate share of the Police and Fire Plans' deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 5,005	\$ 17,147
Changes in actuarial assumptions	87,320	113,696
Net Difference Between Projected and Actual Earnings on Plan Investments	-	17,194
Changes in Proportion	9,139	8,781
Contributions Paid to PERA Subsequent to the Measurement Date	7,839	-
Total	\$ 109,303	\$ 156,818

The \$7,839 reported as deferred outflows related to pensions resulting from the City's contributions to subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2020	\$ (7,608)
2021	(14,350)
2022	(35,780)
2023	1,614
2024	770

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for Police and Fire Plan.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The following changes in actuarial assumptions and plan provisions occurred in 2019:

General Employees Fund

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

Police and Fire Fund

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions

- There have been no changes since the prior valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity	35.5 %	5.10 %
Private Markets	25.0	5.90
Fixed Income	20.0	0.75
International Equity	17.5	5.90
Cash Equivalents	<u>2.0</u>	-
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	City Proportionate Share of NPL		
	1 Percent Decrease (6.50%)	Current (7.50%)	1 Percent Increase (8.50%)
General Employees Fund	\$ 472,629	\$ 287,496	\$ 134,245
Police and Fire Fund	202,451	92,620	2

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.

Note 5: Defined Benefit Pension Plans - Fire Relief Association

A. Plan Description

All members of the Long Lake Fire Department (the Department) are covered by a defined benefit plan administered by the Long Lake Fire Volunteer Relief Association (the Association). As of December 31, 2018, the plan covered 37 active firefighters and 11 vested terminated fire fighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Department's membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Association Financing Guidelines Act of 1971 (chapter 261 as amended by chapter 509 of Minnesota statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A fire fighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full-service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be reduced by 4 percent for each year of service less than 20 years. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

C. Contributions

Minnesota statutes, chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in Minnesota statutes and voluntary City contributions (if applicable). The State of Minnesota contributed \$116,941 in fire state aid to the plan on behalf of the Long Lake Fire Department for the year ended December 31, 2018, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the plan for the year ended December 31, 2019 was \$116,941. The City's contributions were equal to the required contributions as set by state statute. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

D. Pension Costs

At December 31, 2019, the City reported a net pension asset of \$168,051 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2018. The total pension liability used to calculate the net pension asset in accordance with GASB 68 was determined by Van Iwaarden, applying an actuarial formula to specific census data certified by the Department. The following table presents the changes in net pension asset during the year.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2018	\$ 1,565,281	\$ 2,030,486	\$ (465,205)
Changes for the Year			
Service cost	62,746	-	62,746
Interest on pension liability (asset)	104,927	-	104,927
Actuarial experience (gains)/losses	388	-	388
Changes of actuarial assumptions	24,858	-	24,858
Change of benefit terms	142,860	-	142,860
Contributions (state and local)	-	109,863	-
Net investment income	-	(60,245)	60,245
Other additions	-	220	-
Benefit payments	(27,537)	(27,537)	-
Administrative expenses	-	(11,213)	11,213
Total Net Changes	<u>308,242</u>	<u>11,088</u>	<u>297,154</u>
Ending Balance December 31, 2018	<u>\$ 1,873,523</u>	<u>\$ 2,041,574</u>	<u>\$ (168,051)</u>

For the year ended December 31, 2019, the City recognized pension expense of \$242,837.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

At December 31, 2019, the City reported deferred outflows of resources, its contributions subsequent to the measurement date, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected And Actual Economic Experience	\$ 345	\$ 46,329
Changes in Actuarial Assumptions	27,710	15,273
Net Difference Between Projected and Actual Earnings on Plan Investments	122,746	-
Contributions to Plan Subsequent to the Measurement Date	116,940	-
Total	\$ 267,741	\$ 61,602

Deferred outflows of resources totaling \$116,940 related to pensions resulting from the City's contributions to the plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

2020	\$ 47,295
2021	6,650
2022	14,193
2023	32,912
2024	(5,424)
Thereafter	(6,427)

E. Actuarial Assumptions

The total pension liability at December 31, 2018 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation Rate	2.50% per year
Investment Rate of Return	6.00%
20-Year Municipal Bond Yield	3.71%

There were the following changes in actuarial assumptions since the prior valuation:

- The expected investment return and discount rate decreased from 6.50% to 6.00% to reflect updated capital market assumptions.
- The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.75% to 2.50%.
- The 20-year municipal bond yield rate increased from 3.31% to 3.71%.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 5: Defined Benefit Pension Plans - Fire Relief Association (Continued)

There were the following changes in plan provisions since the prior valuation:

- The lump sum benefit amount increased from \$4,350 to \$4,900 per year of service.

The long-term expected rate of return on pension plan investments was determined using the alternative method based on paragraph 43 of GASB 67 which states that “if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations.” The plan qualifies for this methodology and uses the plans long-term expected investment return as the liability discount rate.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Stocks	60.00 %	4.95 %
International Equity	-	5.24
Fixed Income	35.00	1.99
Real Estate and Alternatives	-	4.19
Cash	<u>5.00</u>	<u>0.58</u>
Total	<u><u>100.00 %</u></u>	

F. Discount Rate

The discount rate used to measure the total pension liability was 6.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City’s net pension asset for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension asset would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	<u>1 Percent Decrease (5.00%)</u>	<u>Current (6.00%)</u>	<u>1 Percent Increase (7.00%)</u>
Defined Benefit Plan	\$ (120,867)	\$ (168,051)	\$ (213,327)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. The report may be obtained by writing to the Long Lake Fire Department Relief Association, 340 North Willow Drive, Orono, MN 55356.

City of Long Lake, Minnesota
Notes to the Financial Statements
December 31, 2019

Note 6: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

B. Joint Operation

The City entered into a settlement agreement in August 2001 with the Cities of Orono and Medina for the construction of a fire station. The proceeds of the project resulted from a negotiated settlement with the Minnesota Department of Transportation for \$3,498,200 and a \$680,000 contribution from the City of Orono. The City of Orono also contributed land at a value of \$200,000. The City is tracking their 60 percent share in the building (decreasing by a half a percent each year until it reaches 50 percent) and 40 percent share in the land as an undivided interest as defined by GASB Statement No. 14 and No. 61.

C. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the estimated market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City has no debt subject to the limit.

D. Tax Increment Districts

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

Note 7: Subsequent Event

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world in the first quarter of 2020 has caused significant volatility in U.S. and international markets. There is significant uncertainty around the impact on the U.S. and international economies and, as such, there have been significant losses in the stock market in first quarter 2020. The City assets may have seen unrealized market losses as of May 21, 2020. However, City of Long Lake management is unable to determine the long term material impact to its asset values.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LONG LAKE
LONG LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Long Lake, Minnesota
 Required Supplementary Information
 For the Year Ended December 31, 2019

Schedule of Employer's Share of PERA Net Pension Liability - General Employees Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	0.0052 %	\$ 287,496	\$ 9,000	\$ 296,496	\$ 395,971	74.9 %	80.2 %
6/30/2018	0.0050	277,380	9,162	286,542	366,882	78.1	79.5
6/30/2017	0.0056	357,500	4,459	361,959	327,500	110.5	75.9
6/30/2016	0.0057	462,812	5,967	468,779	353,000	132.8	68.9
6/30/2015	0.0057	295,404	-	295,404	333,639	88.5	78.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - General Employees Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2019	\$ 30,371	\$ 30,371	\$ -	\$ 404,943	7.5 %
12/31/2018	26,286	26,286	-	350,483	7.5
12/31/2017	25,359	25,359	-	338,116	7.5
12/31/2016	27,651	27,651	-	368,680	7.5
12/31/2015	25,554	25,554	-	340,270	7.5

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Long Lake, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

Notes to the Required Supplementary Information - General Employees Fund

Changes in Actuarial Assumptions

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2015 to MP-2017. The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

2017 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for non-vested deferred member liability. The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2035 and 2.5 percent per year thereafter.

Changes in Plan Provisions

2019 - The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 - The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Contribution stabilizer provisions were repealed. Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019. For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 - The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter. The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2015 - On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

City of Long Lake, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2019

Schedule of Employer's Share of PERA Net Pension Liability - Police and Fire Fund

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll ((a+b)/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2019	0.0087 %	\$ 92,620	\$ -	\$ 92,620	\$ 91,351	101.4 %	89.3 %
6/30/2018	0.0084	89,535	-	89,535	95,247	94.0	88.8
6/30/2017	0.0080	108,010	-	108,010	79,804	135.3	85.4
6/30/2016	0.0090	361,186	-	361,186	84,772	426.1	63.9
6/30/2015	0.0090	102,261	-	102,261	83,096	123.1	86.6

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Schedule of Employer's PERA Contributions - Police and Fire Fund

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2019	\$ 15,695	\$ 15,695	\$ -	\$ 92,597	17.0 %
12/31/2018	14,564	14,564	-	89,900	16.2
12/31/2017	14,146	14,146	-	87,318	16.2
12/31/2016	13,869	13,869	-	85,611	16.2
12/31/2015	13,595	13,595	-	83,920	16.2

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

City of Long Lake, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2019 - The mortality projection scale was changed from MP-2017 to MP-2018.

2018 - The mortality projection scale was changed from MP-2016 to MP-2017.

2017 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65 percent to 60 percent. Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.6 percent to 7.5 percent.

2016 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent per year thereafter to 1.0 percent per year for all future years. The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent. The assumed future salary increases, payroll growth and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

2015 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030 and 2.5 percent per year thereafter to 1.0 percent per year through 2037 and 2.5 percent per year thereafter.

City of Long Lake, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2019

Notes to the Required Supplementary Information - Police and Fire Fund (Continued)

Changes in Plan Provisions

2018 - As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger. An end date of July 1, 2048 was added to the existing \$9.0 million state contribution. New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier. Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020. Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020. Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018. Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply. Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates. Assumed rates of retirement were changed, resulting in fewer retirements. The combined service annuity (CSA) load was 30.00 percent for vested and non-vested, deferred members. The CSA has been changed to 33.00 percent for vested members and 2.00 percent for non-vested members. The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees. Assumed termination rates were decreased to 3.00 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall. Assumed percentage of married female members was decreased from 65.00 percent to 60.00 percent. Assumed age difference was changed from separate

assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females. The assumed percentage of female members electing joint and survivor annuities was increased. The assumed postretirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter. The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

2015 - The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

Schedule of Employer's Fire Relief Association Contributions

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/19	\$ 116,941	\$ 116,941	\$ -
12/31/18	108,863	108,863	-
12/31/17	105,233	105,233	-
12/31/16	102,476	102,476	-
12/31/15	100,791	100,791	-
12/31/14	99,592	99,592	-

City of Long Lake, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2019

Schedule of Changes in the Fire Relief Association's Net Pension Liability (Asset) and Related Ratios

	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
Total Pension Liability					
Service cost	\$ 62,746	\$ 57,986	\$ 59,297	\$ 49,579	\$ 48,252
Interest on pension liability (asset)	104,927	82,336	91,543	84,587	76,993
Changes of benefit terms	142,860	160,490	-	66,753	-
Differences between expected and actual experience	388	-	(66,918)	-	-
Changes of assumptions	24,858	(19,661)	8,104	-	-
Benefit payments	(27,537)	(179,612)	(189,404)	-	-
Net Change in Total Pension Liability	308,242	101,539	(97,378)	200,919	125,245
Total Pension Liability - January 1,	1,565,281	1,463,742	1,561,120	1,360,201	1,234,956
Total Pension Liability - December 31, (a)	\$ 1,873,523	\$ 1,565,281	\$ 1,463,742	\$ 1,561,120	\$ 1,360,201
Plan Fiduciary Net Position					
Nonemployer contributions	\$ -	\$ -	\$ 104,476	\$ 100,791	\$ 99,592
Contributions (state and local)	109,863	107,240	-	-	-
Projected investment return	(60,245)	195,835	143,741	(90,387)	70,145
Benefit payments	(27,537)	(179,612)	(189,404)	-	-
Administrative expenses	(11,213)	(13,196)	(6,220)	(7,980)	(5,895)
Other	220	500	-	-	-
Net Change in Plan Fiduciary Net Position	11,088	110,767	52,593	2,424	163,842
Plan Fiduciary Net Position - January 1,	2,030,486	1,919,719	1,867,126	1,864,702	1,700,860
Plan Fiduciary Net Position - December 31, (b)	\$ 2,041,574	\$ 2,030,486	\$ 1,919,719	\$ 1,867,126	\$ 1,864,702
Fire Relief's Net Pension Liability (Asset) - December 31, (a-b)	\$ (168,051)	\$ (465,205)	\$ (455,977)	\$ (306,006)	\$ (504,501)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)	108.97%	129.72%	131.15%	119.60%	137.09%
Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A
Fire Relief's Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show 10-year trend. Additional years will be reported as they become available.

Notes to the Required Supplementary Information - Fire Relief Association

Changes in Actuarial Assumptions

2018 -The expected investment return and discount rate decreased from 6.50% to 6.00% to reflect updated capital market assumptions. The mortality and withdrawal assumptions were updated from the rates used in the July 1, 2016 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation. The inflation assumption decreased from 2.75% to 2.50%. The 20-year municipal bond yield rate increased from 3.31% to 3.71%.

Changes in Plan Provisions

2018 - The lump sum benefit amount increased from \$4,350 to \$4,900 per year of service.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF LONG LAKE
LONG LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

City of Long Lake, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2019

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash and temporary investments	<u>\$ 83,549</u>	<u>\$ 279,550</u>	<u>\$ 363,099</u>
Liabilities			
Accounts payable	\$ 1,446	\$ -	\$ 1,446
Due to other governments	<u>-</u>	<u>137</u>	<u>137</u>
Total Liabilities	<u>1,446</u>	<u>137</u>	<u>1,583</u>
Fund Balances			
Restricted for			
Economic development	-	224	224
Park improvements	-	38,810	38,810
Culture and recreation	9,272	-	9,272
Committed for			
Economic development	76,808	-	76,808
Assigned for			
Capital replacements	-	231,117	231,117
Park improvements	-	9,262	9,262
Unassigned	<u>(3,977)</u>	<u>-</u>	<u>(3,977)</u>
Total Fund Balances	<u>82,103</u>	<u>279,413</u>	<u>361,516</u>
Total Liabilities and Fund Balances	<u>\$ 83,549</u>	<u>\$ 279,550</u>	<u>\$ 363,099</u>

City of Long Lake, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2019

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Charges for services	\$ -	\$ 94,359	\$ 94,359
Investment earnings	2,979	53,001	55,980
Miscellaneous	1,186	8,375	9,561
Total Revenues	4,165	155,735	159,900
Expenditures			
Current			
Culture and recreation	2,217	-	2,217
Economic development	35,251	-	35,251
Capital outlay			
Public works	-	104,463	104,463
Economic development	-	15,602	15,602
Total Expenditures	37,468	120,065	157,533
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,303)	35,670	2,367
Other Financing Uses			
Transfers out	-	(1,644,416)	(1,644,416)
Net Change in Fund Balances	(33,303)	(1,608,746)	(1,642,049)
Fund Balances, January 1	115,406	1,888,159	2,003,565
Fund Balances, December 31	\$ 82,103	\$ 279,413	\$ 361,516

City of Long Lake, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2019

	105 Economic Development Authority	213 Long Lake Carp Management	225 Charitable Donation Collections	Total
Assets				
Cash and temporary investments	<u>\$ 78,254</u>	<u>\$ (3,977)</u>	<u>\$ 9,272</u>	<u>\$ 83,549</u>
Liabilities				
Accounts payable	<u>\$ 1,446</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,446</u>
Fund Balances				
Restricted for				
Culture and recreation	-	-	9,272	9,272
Committed for				
Economic development	76,808	-	-	76,808
Unassigned	-	(3,977)	-	(3,977)
Total Fund Balances	<u>76,808</u>	<u>(3,977)</u>	<u>9,272</u>	<u>82,103</u>
Total Liabilities and Fund Balances	<u>\$ 78,254</u>	<u>\$ (3,977)</u>	<u>\$ 9,272</u>	<u>\$ 83,549</u>

City of Long Lake, Minnesota
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2019

	105 Economic Development Authority	213 Long Lake Carp Management	225 Charitable Donation Collections	Total
Revenues				
Investment earnings	\$ 2,678	\$ 49	\$ 252	\$ 2,979
Miscellaneous	-	-	1,186	1,186
Total Revenues	<u>2,678</u>	<u>49</u>	<u>1,438</u>	<u>4,165</u>
Expenditures				
Current				
Culture and recreation	-	2,217	-	2,217
Economic development	35,251	-	-	35,251
Total Expenditures	<u>35,251</u>	<u>2,217</u>	<u>-</u>	<u>37,468</u>
Net Change in Fund Balances	(32,573)	(2,168)	1,438	(33,303)
Fund Balances, January 1	<u>109,381</u>	<u>(1,809)</u>	<u>7,834</u>	<u>115,406</u>
Fund Balances, December 31	<u>\$ 76,808</u>	<u>\$ (3,977)</u>	<u>\$ 9,272</u>	<u>\$ 82,103</u>

City of Long Lake, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2019

	384	406	416	462	210	
	TIF 1-5	Highway 12 Project	General Capital	Fire Capital Replacement	Park	Total
Assets						
Cash and temporary investments	<u>\$ 361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,117</u>	<u>\$ 48,072</u>	<u>\$ 279,550</u>
Liabilities						
Due to other governments	<u>\$ 137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137</u>
Fund Balances						
Restricted for						
Economic development	224	-	-	-	-	224
Park improvements	-	-	-	-	38,810	38,810
Assigned for						
Capital replacements	-	-	-	231,117	-	231,117
Park improvements	-	-	-	-	9,262	9,262
Total Fund Balances	<u>224</u>	<u>-</u>	<u>-</u>	<u>231,117</u>	<u>48,072</u>	<u>279,413</u>
Total Liabilities and Fund Balances	<u>\$ 361</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,117</u>	<u>\$ 48,072</u>	<u>\$ 279,550</u>

City of Long Lake, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2019

	384	406	416	462	210	
	TIF 1-5	Highway 12 Project	General Capital	Fire Capital Replacement	Park	Total
Revenues						
Charges for services	\$ -	\$ 94,359	\$ -	\$ -	\$ -	\$ 94,359
Investment earnings	47	31,299	14,116	6,233	1,306	53,001
Miscellaneous	-	-	-	6,000	2,375	8,375
Total Revenues	<u>47</u>	<u>125,658</u>	<u>14,116</u>	<u>12,233</u>	<u>3,681</u>	<u>155,735</u>
Expenditures						
Capital outlay						
Public works	-	104,463	-	-	-	104,463
Economic development	15,602	-	-	-	-	15,602
Total Expenditures	<u>15,602</u>	<u>104,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,555)	21,195	14,116	12,233	3,681	35,670
Other Financing Uses						
Transfers out	-	(1,133,448)	(510,968)	-	-	(1,644,416)
Net Change in Fund Balances	(15,555)	(1,112,253)	(496,852)	12,233	3,681	(1,608,746)
Fund Balances, January 1	<u>15,779</u>	<u>1,112,253</u>	<u>496,852</u>	<u>218,884</u>	<u>44,391</u>	<u>1,888,159</u>
Fund Balances, December 31	<u>\$ 224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,117</u>	<u>\$ 48,072</u>	<u>\$ 279,413</u>

City of Long Lake, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
Revenues					
Property taxes	\$ 967,338	\$ 967,338	\$ 967,982	\$ 644	\$ 893,175
Licenses and permits					
Business	27,950	27,950	46,098	18,148	24,650
Nonbusiness	17,600	17,600	79,787	62,187	44,715
Total licenses and permits	<u>45,550</u>	<u>45,550</u>	<u>125,885</u>	<u>80,335</u>	<u>69,365</u>
Intergovernmental					
Federal					
FEMA	-	-	-	-	4
State					
Local government aid	-	-	-	-	6,521
Fire state aid	106,000	106,000	116,941	10,941	108,863
Small cities assistance	3,400	3,400	-	(3,400)	15,411
PERA aid	1,656	1,656	1,656	-	1,656
Other	-	-	22,750	22,750	10,953
County grants	-	-	-	-	30,671
Total intergovernmental	<u>111,056</u>	<u>111,056</u>	<u>141,347</u>	<u>30,291</u>	<u>174,079</u>
Charges for services					
General government	38,200	38,200	38,180	(20)	42,273
Public safety	705,420	705,420	485,625	(219,795)	935,185
Public works	-	-	6,509	6,509	6,199
Culture and recreation	1,500	1,500	2,305	805	1,695
Total charges for services	<u>745,120</u>	<u>745,120</u>	<u>532,619</u>	<u>(212,501)</u>	<u>985,352</u>
Fines and forfeitures	<u>13,000</u>	<u>13,000</u>	<u>55,135</u>	<u>42,135</u>	<u>34,905</u>
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>32,255</u>	<u>27,255</u>	<u>2,426</u>
Miscellaneous					
Contributions and donations	300	300	26,227	25,927	-
Refunds and reimbursements	-	-	24,462	24,462	23,648
Other	750	750	3,177	2,427	4,086
Total miscellaneous	<u>1,050</u>	<u>1,050</u>	<u>53,866</u>	<u>52,816</u>	<u>27,734</u>
Total Revenues	<u>1,888,114</u>	<u>1,888,114</u>	<u>1,909,089</u>	<u>20,975</u>	<u>2,187,036</u>

City of Long Lake, Minnesota
 General Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual (Continued)
 For the Year Ended December 31, 2019
 (With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures					
Current					
General government					
Mayor and city council					
Personnel services	\$ 16,795	\$ 16,795	\$ 16,795	\$ -	\$ 16,794
Other services and charges	4,600	4,600	260	4,340	1,772
Total mayor and city council	<u>21,395</u>	<u>21,395</u>	<u>17,055</u>	<u>4,340</u>	<u>18,566</u>
Election					
Personnel services	1,400	1,400	-	1,400	1,882
Supplies	-	-	-	-	34
Other services and charges	1,200	1,200	1,479	(279)	2,016
Total election	<u>2,600</u>	<u>2,600</u>	<u>1,479</u>	<u>1,121</u>	<u>3,932</u>
Financial administration					
Personnel services	205,707	205,707	148,165	57,542	149,515
Supplies	1,200	1,200	1,200	-	2,114
Other services and charges	32,050	32,050	78,883	(46,833)	53,905
Total financial administration	<u>238,957</u>	<u>238,957</u>	<u>228,248</u>	<u>10,709</u>	<u>205,534</u>
Assessing					
Other services and charges	20,000	20,000	20,635	(635)	18,990
Legal services					
Other services and charges	24,500	24,500	32,529	(8,029)	31,629
Planning and zoning					
Supplies	100	100	-	100	46
Other services and charges	16,050	16,050	10,682	5,368	11,947
Total planning and zoning	<u>16,150</u>	<u>16,150</u>	<u>10,682</u>	<u>5,468</u>	<u>11,993</u>
General government buildings					
Other services and charges	45,950	45,950	48,158	(2,208)	46,724
Total general government	<u>369,552</u>	<u>369,552</u>	<u>358,786</u>	<u>10,766</u>	<u>337,368</u>
Public safety					
Police					
Contracted services	291,200	291,200	291,408	(208)	291,372

City of Long Lake, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			Amounts
Expenditures (Continued)					
Current (continued)					
Public safety (continued)					
Fire					
Administration					
Personnel services	\$ 160,142	\$ 160,142	\$ 154,811	\$ 5,331	\$ 153,985
2% fire aid	106,000	106,000	117,941	(11,941)	112,863
Supplies	2,800	2,800	3,268	(468)	2,158
Other services and charges	45,550	45,550	44,111	1,439	46,525
Total administration	<u>314,492</u>	<u>314,492</u>	<u>320,131</u>	<u>(5,639)</u>	<u>315,531</u>
Fire fighting					
Personnel services	58,150	58,150	66,166	(8,016)	62,761
Supplies	21,350	21,350	20,506	844	24,702
Other services and charges	44,650	44,650	81,930	(37,280)	53,006
Total fire fighting	<u>124,150</u>	<u>124,150</u>	<u>168,602</u>	<u>(44,452)</u>	<u>140,469</u>
Fire station building					
Personnel services	44,000	44,000	36,042	7,958	33,880
Supplies	22,900	22,900	11,320	11,580	19,502
Other services and charges	95,900	95,900	104,359	(8,459)	92,005
Total fire station building	<u>162,800</u>	<u>162,800</u>	<u>151,721</u>	<u>11,079</u>	<u>145,387</u>
Total fire	<u>601,442</u>	<u>601,442</u>	<u>640,454</u>	<u>(39,012)</u>	<u>601,387</u>
Building inspection					
Personnel services	15,951	15,951	16,627	(676)	15,222
Other services and charges	10,300	10,300	14,872	(4,572)	11,488
Total building inspection	<u>26,251</u>	<u>26,251</u>	<u>31,499</u>	<u>(5,248)</u>	<u>26,710</u>
Total public safety	<u>918,893</u>	<u>918,893</u>	<u>963,361</u>	<u>(44,468)</u>	<u>919,469</u>
Public works					
General					
Supplies	21,700	21,700	22,364	(664)	19,003
Other services and charges	12,750	12,750	5,581	7,169	13,734
Total	<u>34,450</u>	<u>34,450</u>	<u>27,945</u>	<u>6,505</u>	<u>32,737</u>

City of Long Lake, Minnesota
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Continued)
For the Year Ended December 31, 2019
(With Comparative Actual Amounts for the Year Ended December 31, 2018)

	2019			Variance with Final Budget	2018
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			Amounts
Expenditures (Continued)					
Current (continued)					
Public works (continued)					
Streets and roadways					
Personnel services	\$ 77,503	\$ 77,503	\$ 84,672	\$ (7,169)	\$ 65,003
Supplies	13,300	13,300	17,346	(4,046)	4,586
Other services and charges	85,150	85,150	51,927	33,223	33,280
Total streets and roadways	<u>175,953</u>	<u>175,953</u>	<u>153,945</u>	<u>22,008</u>	<u>102,869</u>
Total public works	<u>210,403</u>	<u>210,403</u>	<u>181,890</u>	<u>28,513</u>	<u>135,606</u>
Culture and recreation					
Parks					
Personnel services	33,778	33,778	35,745	(1,967)	25,683
Supplies	4,700	4,700	7,626	(2,926)	10,589
Other services and charges	39,100	39,100	28,245	10,855	43,287
Total culture and recreation	<u>77,578</u>	<u>77,578</u>	<u>71,616</u>	<u>5,962</u>	<u>79,559</u>
Total current	<u>1,576,426</u>	<u>1,576,426</u>	<u>1,575,653</u>	<u>773</u>	<u>1,472,002</u>
Capital outlay					
General government	7,700	7,700	246	7,454	-
Public safety	255,005	255,005	20,598	234,407	586,489
Public works	34,000	34,000	14,000	20,000	183,006
Culture and recreation	135,000	135,000	2,418	132,582	33,324
Total capital outlay	<u>431,705</u>	<u>431,705</u>	<u>37,262</u>	<u>394,443</u>	<u>802,819</u>
Total Expenditures	<u>2,008,131</u>	<u>2,008,131</u>	<u>1,612,915</u>	<u>395,216</u>	<u>2,274,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(120,017)</u>	<u>(120,017)</u>	<u>296,174</u>	<u>416,191</u>	<u>(87,785)</u>
Other Financing Sources					
Transfers in	<u>70,515</u>	<u>70,515</u>	<u>-</u>	<u>(70,515)</u>	<u>61,497</u>
Net Change in Fund Balances	(49,502)	(49,502)	296,174	345,676	(26,288)
Fund Balances, January 1	<u>1,193,527</u>	<u>1,193,527</u>	<u>1,193,527</u>	<u>-</u>	<u>1,219,815</u>
Fund Balances, December 31	<u>\$ 1,144,025</u>	<u>\$ 1,144,025</u>	<u>\$ 1,489,701</u>	<u>\$ 345,676</u>	<u>\$ 1,193,527</u>

City of Long Lake, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2019

	389	390	391
	2005A	2008A	2009A
	Street	Street	Refunding
	Improvement	Improvement	Bonds
	Bonds	Bonds	Bonds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and temporary investments	\$ -	\$ -	\$ -
Special assessments receivable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	-	-
Fund Balances			
Restricted for debt service	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

392 2013A Street Improvement Bonds	393 2016A GO Improvement Bonds	394 2017A GO Improvement Bonds	Total
\$ 140,531	\$ 90,762	\$ 27,442	\$ 258,735
67,650	65,183	-	132,833
<u>\$ 208,181</u>	<u>\$ 155,945</u>	<u>\$ 27,442</u>	<u>\$ 391,568</u>
\$ -	\$ 2,500	\$ -	\$ 2,500
67,650	65,183	-	132,833
<u>140,531</u>	<u>88,262</u>	<u>27,442</u>	<u>256,235</u>
<u>\$ 208,181</u>	<u>\$ 155,945</u>	<u>\$ 27,442</u>	<u>\$ 391,568</u>

City of Long Lake, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
For the Year Ended December 31, 2019

	389 2005A Street Improvement Bonds	390 2008A Street Improvement Bonds	391 2009A Refunding Bonds
Revenues			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Investment earnings	1,440	809	1,945
Total Revenues	<u>1,440</u>	<u>809</u>	<u>1,945</u>
Expenditures			
Debt service			
Principal	-	55,000	-
Interest and other	-	1,139	-
Total Expenditures	<u>-</u>	<u>56,139</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,440	(55,330)	1,945
Other Financing Uses			
Transfers out	<u>(52,157)</u>	<u>(24,778)</u>	<u>(70,411)</u>
Net Change in Fund Balances	(50,717)	(80,108)	(68,466)
Fund Balances, January 1	<u>50,717</u>	<u>80,108</u>	<u>68,466</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

392 2013A Street Improvement Bonds	393 2016A GO Improvement Bonds	394 2017A GO Improvement Bonds	Total
\$ 19,873	\$ 41,976	\$ 42,892	\$ 104,741
34,057	32,433	-	66,490
2,829	95	-	7,118
<u>56,759</u>	<u>74,504</u>	<u>42,892</u>	<u>178,349</u>
45,000	50,000	25,725	175,725
5,978	9,087	14,790	30,994
<u>50,978</u>	<u>59,087</u>	<u>40,515</u>	<u>206,719</u>
5,781	15,417	2,377	(28,370)
-	-	-	(147,346)
5,781	15,417	2,377	(175,716)
134,750	72,845	25,065	431,951
<u>\$ 140,531</u>	<u>\$ 88,262</u>	<u>\$ 27,442</u>	<u>\$ 256,235</u>

City of Long Lake, Minnesota
 Summary Financial Report
 Revenues and Expenditures For General Operations
 Governmental Funds
 For the Years Ended December 31, 2019 and 2018

	Total		Percent Increase (Decrease)
	2019	2018	
Revenues			
Taxes	\$ 1,170,817	\$ 1,134,950	3.16 %
Licenses and permits	125,885	69,365	81.48
Intergovernmental	141,347	199,920	(29.30)
Charges for services	626,978	1,036,314	(39.50)
Fines and forfeitures	55,135	34,905	57.96
Special assessments	66,490	50,246	32.33
Investment earnings	117,319	28,728	308.38
Miscellaneous	63,427	60,957	4.05
Total Revenues	<u>\$ 2,367,398</u>	<u>\$ 2,615,385</u>	(9.48) %
Per Capita	<u>\$ 1,304</u>	<u>\$ 1,456</u>	(10.43) %
Expenditures			
Current			
General government	\$ 358,786	\$ 337,368	6.35 %
Public safety	963,361	919,469	4.77
Public works	181,890	135,606	34.13
Culture and recreation	73,833	94,637	(21.98)
Economic development	35,251	28,227	24.88
Capital outlay			
General government	246	-	N/A
Public safety	20,598	586,489	(96.49)
Public works	161,220	332,959	(51.58)
Culture and recreation	2,418	33,324	(92.74)
Economic development	315,953	45,746	590.67
Debt service			
Principal	175,725	140,000	25.52
Interest and other	30,994	33,166	(6.55)
Total Expenditures	<u>\$ 2,320,275</u>	<u>\$ 2,686,991</u>	(13.65) %
Per Capita	<u>\$ 1,278</u>	<u>\$ 1,496</u>	(14.55) %
Total Long-term Indebtedness	\$ 1,123,009	\$ 1,300,718	(13.66) %
Per Capita	619	724	(14.50)
General Fund Balance - December 31	\$ 1,489,701	\$ 1,193,527	24.82 %
Per Capita	821	665	23.46

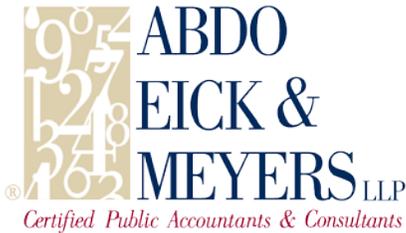
The purpose of this report is to provide a summary of financial information concerning the City of Long Lake to interested citizens. The complete financial statements may be examined at City Hall, 450 Virginia Avenue, Long Lake, Minnesota 55356. Questions about this report should be directed to Scott Weske, City Administrator at (952) 473-6961.

OTHER REQUIRED REPORT

CITY OF LONG LAKE
LONG LAKE, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT
ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Long Lake, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Long Lake, Minnesota (the City), as of and for the year ended December 31, 2019, and the related notes to the financial statements which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 21, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of those charged with governance and management of the City of Long Lake and the State Auditor and is not intended to be, and should not be, used by anyone other than these specified parties.

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 21, 2020