

**COMPREHENSIVE
ANNUAL FINANCIAL
REPORT
FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2018**

bloomington

IN FOCUS



Comprehensive Annual Financial Report

of the City of
Bloomington, Minnesota

For the Year Ended
December 31, 2018

Prepared by the Finance Department

CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For the Year Ended December 31, 2018

SECTION I

INTRODUCTORY SECTION

CITY OF BLOOMINGTON, MINNESOTA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018**

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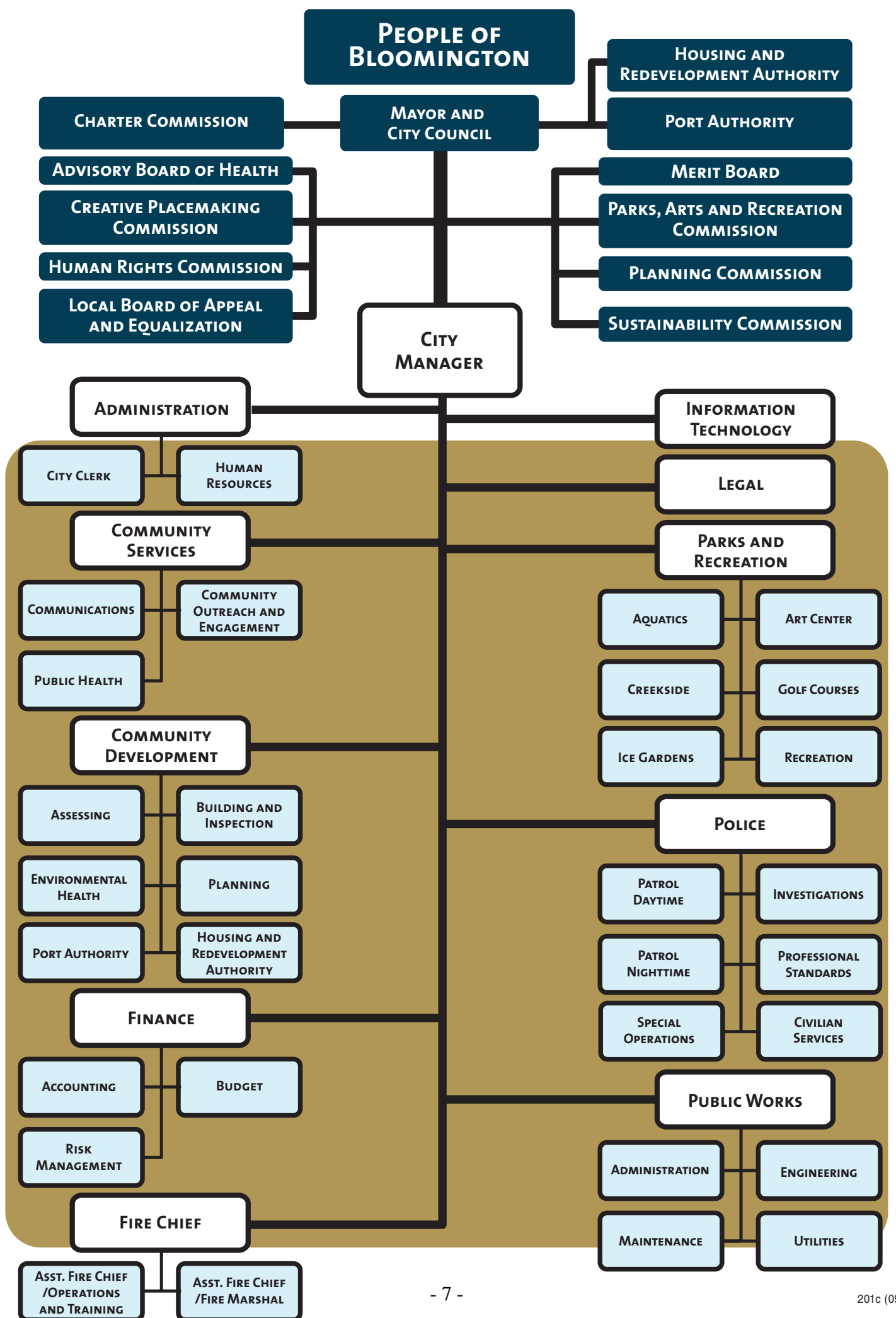
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CITY OF
BLOOMINGTON
MINNESOTA



CITY OF BLOOMINGTON, MINNESOTA

DECEMBER 31, 2018

PRINCIPAL OFFICIALS

GENE WINSTEAD, MAYOR

JACK BALOGA..... COUNCILMEMBER

TIM BUSSE..... COUNCILMEMBER

NATHAN COULTER COUNCILMEMBER

DWAYNE LOWMAN COUNCILMEMBER

SHAWN NELSON COUNCILMEMBER

PATRICK MARTIN..... COUNCILMEMBER

JAMIE VERBRUGGE, CITY MANAGER



June 18, 2019

To the Citizens of the City of Bloomington,
Mayor, Council Members, and City Manager

The Comprehensive Annual Financial Report (CAFR) of the City of Bloomington, Minnesota (the City) for the fiscal year ended December 31, 2018 is hereby submitted. The purpose of this report is to provide the Mayor, City Council, City staff, citizens, bondholders, and other interested parties with useful information concerning the City's operations and financial position.

This report was prepared by the City's Finance Department. Management assumes full responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, supporting schedules, and statistical tables contained in this report, based upon a comprehensive framework of internal controls that has been established for that purpose. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. We believe the data, as presented, is accurate in all material respects; that it fairly sets forth the financial position and results of City operations as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Bloomington's MD&A can be found immediately following the Independent Auditors' Report.

The organization, form and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), the American Institute of Certified Public Accountants, the Minnesota Office of the State Auditor, and the City Charter.

The City and the City's Housing and Redevelopment Authority (HRA), a discrete component unit of the City, are required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, independent auditor's report on compliance and on internal control over financial reporting based upon the audit of the basic financial statements performed in accordance with Government Auditing Standards, and independent auditor's report on compliance and internal control over compliance applicable to each major federal award program, are included in a separate single audit report.

Other Reporting Entity Components

In accordance with GASB pronouncements, the City's financial statements include all funds and departments of the City (the primary government) and its component units. Component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. As a result of applying the entity definition criteria of GASB, the following organizations have been included in the City's financial statements:

1. The Port Authority of the City of Bloomington (Port Authority)
2. Housing and Redevelopment Authority (HRA)

Note 1 to the financial statements gives further information about the component units included in the financial statements. Note 16 to the financial statements presents disclosure information for each of the discretely presented component units. The financial schedules of the Port Authority and the Housing and Redevelopment Authority are included within the City's CAFR in the Other Supplementary Information section under the Component Units tab.

Economic Condition and Outlook

Bloomington covers an area of 38.3 square miles and is situated completely within Hennepin County. In six decades, Bloomington has grown from a rural village beyond the developing edge of Minneapolis to its current status as one of Minnesota's largest cities and the region's hospitality and retail hub. This growth was spurred by freeways reaching out from the metropolitan downtowns and further enhanced by its proximity to the Minneapolis/St. Paul International Airport and the Minnesota Valley National Wildlife Refuge.

Bloomington is also the terminus for the 12-mile METRO Blue Line (Hiawatha) which opened in 2004. This light rail transit (LRT) line connects four Bloomington stations with several popular Twin Cities destinations along the Blue and Green light rail lines including the Minneapolis/St. Paul International Airport, Minneapolis VA Health Care System, University of Minnesota, Downtown Minneapolis, the State Capitol, and Downtown St. Paul. The line also connects with numerous LRT and bus rapid transit (BRT) lines including Northstar Rail, the Red Line BRT, and the A Line BRT along with countless bus lines and several planned LRT and BRT routes.

The city has many well-known national and international corporations within its boundaries, including HealthPartners, Seagate Technology, Toro Company, Donaldson Company, Express Scripts, Thermo King, Skywater Technology, Ceridian Corporation, Polar Semiconductors, and Ziegler, Inc. Bloomington is home to the largest retail and entertainment destination in the United States, Mall of America. It employs approximately 13,000 and attracts 40 million visitors each year. As the state's number one tourist attraction, Mall of America attracts more visitors than all other Minnesota tourist destinations combined.

In addition, with many entertainment facilities and 9,892 hotel/motel rooms, Bloomington is a major regional and national business and meeting center, employing an estimated 10,000 workers in the hospitality industry.

Housing is well-maintained throughout the city and Bloomington is fortunate to have a diversified tax base, which for payable 2018 is composed of approximately 52.5% commercial/industrial, 38.8% residential, and 8.7% apartments. Shopping areas are efficiently distributed, and Bloomington businesses provide two jobs for every Bloomington resident in the workforce. Bloomington also has plenty of room for new multi-family residential and commercial development and is experiencing significant additional growth in three districts located along I-494.

Current City Development

Total valuation for all building permits issued in 2018 was \$391,619,950. The majority of new development continues to focus on the I-494 corridor, where excellent access to employment, improving transit service, and focused land use plans position the City well for future growth. In 2018, the following development either opened or was under construction in Bloomington:

- Drury Inn began construction of a new 214-room, nine-story hotel.
- Element by Westin began construction of a new 144-room, seven-story hotel.
- Cambria began construction of a new 164-room, five-story hotel.
- Holiday Inn Express began construction of a new 171-room, five-story hotel.
- Tru Hotel/Home2Suites began construction of a new two flag, 182-room, four-story hotel.
- Whirlyball began construction on a new two-story, 35,700 square-foot entertainment center and restaurant.
- Storage Depot commenced construction on a new 140,000 square-foot self-storage facility.

- Extra Space Self Storage commenced construction on a new 116,000 square-foot self-storage facility.
- Acorn Self Storage commenced construction on a converted and expanded 550-unit self-storage facility.
- Budget opened a new truck rental facility.
- Richfield Bloomington Credit Union began construction on a new 3,000 square-foot credit union.
- The Fenley began construction on a 402 unit, six-story apartment building with 2,100 square feet of retail.

Mall of America Development

Mall of America (MOA), the largest retail and entertainment destination in the country, opened its doors in August 1992 and has become one of the most visited tourist destinations in the world.

Mall of America has three anchor department stores: Macy's, Nordstrom, and Sears, as well as more than 50 eateries and 520 retailers. In 2018, Mall of America welcomed Wahlburgers, Hot Indian Foods, Kendra Scott, Walgreens, Wonders Ice Cream, Popeyes Louisiana Kitchen, Morphe Cosmetics, Timberland, Earth Burger, Windsor Casper Mattress and the grand reopening of a two-floor H&M Flagship store.

Mall of America held the grand opening for the new CMX Cinemas in the spring of 2018. This 64,000-square foot, 13 screen state-of-the-art theatre includes over 872-seats and combines a luxury movie-going experience with a refined CMX Market self-serve culinary market. Two connected luxury hotels, the 500-room Radisson Blu that opened on the south side in 2013 and the 342-room JW Marriott hotel that opened on the north side in 2015, offer outstanding amenities such as meeting rooms, on-site dining, fitness centers and more.

Mall of America also features an extensive entertainment complex that includes Nickelodeon Universe, a 7-acre indoor theme park. Newer attractions in the park include the longest indoor zip line in North America, flying thrill-seeking guests 405 feet across Nickelodeon Universe, and Shredders Mutant Masher, a giant pendulum ride that spins and swings riders more than 50 feet in the air.

Other attractions at the mall include a nightly lightshow called "Universe of Light" that takes place in Nickelodeon Universe every evening, the newly-renovated LEGO Imagination Center featuring a LEGO Robot towering over 34 feet tall, several destination restaurants, as well as SEALIFE, a 1.2 million-gallon walk-through aquarium featuring four different lake and sea environments. Free parking is provided in two, 6,000-space, seven-level public parking facilities.

Mall of America is a regional asset, attracting 40 million visitors a year and generating significant income and more than \$2 billion in economic impact for the State of Minnesota. The Port Authority of the City of Bloomington financed the initial land acquisition and public infrastructure improvements. The total Phase I project was \$744 million, of which the Port Authority provided approximately \$108 million in public improvements for site work, parking facilities, structural roadway and bridge work, and land acquisition.

The mall is expanding in phases. Both the south side (Radisson Blu) and north side (Phase 1C) have seen expansions. The 500-room Radisson Blu opened in 2013 with a total project cost of \$137 million. In 2015, the \$292 million Phase 1C expansion opened on the north side, increasing total project area of Mall of America to 5.6 million square feet. The Phase 1C expansion added 735,000 square feet including a 342-room JW Marriott hotel, a ten-story office building anchored by the supercomputing company Cray, and 161,000 square feet of additional retail, restaurants, and a large gathering space.

Mall of America anticipates several additional expansion phases on both the north and east sides of MOA. The City has completed significant infrastructure improvements, such as the lowering of Lindau Lane, to facilitate further expansion of the mall.

Major Initiatives

Neighborhood Initiative Program

The City's Housing and Redevelopment Authority (HRA) partnered with other City divisions to focus efforts on a selected neighborhood to achieve several goals, including the preservation of existing housing stock as well as completion of much needed park and infrastructure improvements. As a pilot project, the Neighborhood Initiative Program was designed as a collaborative effort between the HRA, the City's Parks and Recreation, Creative Placemaking, and Public Works functions.



One of the new housing initiatives was the HRA's Curb Appeal Loan Program. This was designed to help homeowners in a targeted neighborhood to finance improvements to the exterior of their homes, enhancing both curb appeal and the neighborhood's housing quality overall. The City Council provided the HRA with initial annual funding of \$150,000 to offer zero-interest, deferred home improvement loans to homeowners from 2016 through 2017. The loans of up to \$10,000 do not require monthly payments and will be paid off when the homes are sold. The HRA made Curb Appeal loans to over 40 homeowners for projects such as replacements of driveways, siding and roofs. Completion of other coordinated neighborhood projects improved safety by adding sidewalks, new play equipment, and school bus stops. The loans were extremely popular, and the HRA added supplemental funding each year to help meet demand.

As a result of the program's huge success, in March of 2018 the City Council approved \$150,000 in funding for a similar initiative in a second neighborhood and they plan to continue the program into the future.

Creative Placemaking

Creative Placemaking in the South Loop is an initiative of the City of Bloomington and Artistry. Creative Placemaking is an evolving field that works to build vibrant, distinctive, and sustainable communities through the arts. It engages the community, artists, and other stakeholders in building social fabric and local economies while making physical, place-based improvements, leveraging the distinctive character and creative and cultural resources of each place.

Creative Placemaking goals in the district include: urbanism, animation, involvement, identity, leadership, and investment. The vision is to transform the dispersed, suburban commercial area into a walkable urban neighborhood that attracts residents, office tenants, hotel guests and shoppers by virtue of its unique character and assets.

Wright's Lake Park Mural:

In 2017, the City commissioned a mural on the retaining wall (nearly 500 feet long and approximately 2,800 square feet, making it one of the longest murals in Minnesota) that runs alongside State Highway 77/Cedar Avenue, and faces Old Cedar Avenue, Wright's Lake Park, and a new bike route with regional connection. This mural supports the City's neighborhood focus area initiative, and the City and our non-profit partner Artistry's creative placemaking efforts.



With an overall budget of \$98,000, the City worked with GoodSpace Murals to produce the mural, benefiting from their artistic expertise, extensive experience, community engagement process, and bilingual staff.

The mural development process included a community-led design process, enabling the community to participate from inception to completion. Throughout this process, the artists engaged with students from Valley View Middle School to inspire the design and help paint the mural during in-school residency. The process included:

- Three design visioning sessions (one at a Farmer’s Market in August 2018, one at a Fire Station Open House in October 2018, and one with students at Valley View Middle School in February 2018). Artists consolidated input from these sessions and research of the area’s history and community to inspire and develop a design;
- One public design draft presentation and feedback session in March 2018;
- A photo shoot at Wright’s Lake Park in June 2018 with Bloomington kids who served as models for the mural; and
- Seven painting parties at events and locations throughout Bloomington in May and June 2018. About 500 people helped paint the mural panels. GoodSpace murals utilizes a unique “indirect method” and material which allows for the painting of the mural to be done in sections at various times and locations, and later adhered to the retaining wall;
- In October 2018, the mural was completed and students from Valley View Middle School and community members were invited to an event to celebrate the unveiling. Lunch, snacks, and music were provided, and all were invited to cut the ribbon to commemorate the completed mural.

Main themes of the mural included seasonal cycles, Bloomington homes, paths/rivers, people walking, kids playing, and monkey bars symbolizing a strand of DNA and how we are all connected.

The goals were to beautify the neighborhood, highlight the newly renovated Wright’s Lake Park and regional bike trail, serve as an entry point/gateway into South Loop and provide a welcome into the City. The process of developing the mural helped build community and social agency through the engagement process. The mural represents our community, and instills a sense of community pride and ownership.

Additional creative placemaking projects and events in 2018:

- Illuminate South Loop event in Bloomington Central Station Park from February 1-3, 2018. Included nine site specific, participatory art projects, bonfires, and food and beverage. Built relationships with local volunteers; event served as template and provided documentation to use for Bloomberg Philanthropies and other grants; fostered interest in others wanting to organize events in South Loop;
- Making it Public free workshop in June 2018 held for 33 selected, local artists;
- Creative Happy Hour evening event in September 2018 featured live music, food trucks, art activities, and an interactive 3D mural. Over 300 attended;

- Parking Ramp Project dance performed by Annicha Arts within a South Loop parking ramp in September 2018. Over 600 people attended during the two night run;
- Developed application and process for Creative Spark application – in which the City will fund \$500-\$5,000 for projects or events at identified sites, proposed and organized by Bloomington residents/organizations. 4 proposals were selected out of 36 applications;
- Selected new ARTBOX utility box designs to be installed in spring 2019;
- Fire Station #3 creative placemaking project engagement began, including an on-site visioning session in October 2018 and neighborhood watch group meeting in November 2018.

Relevant Financial Policies

In accordance with the City’s Budgetary and Financial Control Policy, the City strives to maintain a fund balance in the General Fund for working capital purposes of 35-40% of the following year’s General Fund total budgeted revenues or expenditures. The City also reviews and updates the schedule of fund balances, reserves, and working capital in all other operating funds and determine adequacy of those money balances, using specified guidelines and criteria in conjunction with the budgets set annually.

The City’s Debt Policy confines long-term borrowing to capital improvements, equipment or projects that have a life of more than four years and cannot be financed from current revenues. The City endeavors to keep the total maturity length of general obligation bonds below twenty years and at least 50% of the principal is retired within ten years. Total net general obligation debt (after deducting sinking funds and reserves and net of any portion supported by utilities or others such as the State) shall not exceed 75% of the dollars per capita debt limit per year.

Budget Process

The City Council is required to adopt a final budget no later than December 31 for the next year. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, enterprise funds, and internal service funds. The general fund, special revenue funds, enterprise funds, and internal service funds have legally adopted annual budgets. All appropriation changes that occur during the year are approved by the City Council. Capital projects are approved on a project-by-project basis.

Liquidity

The following table shows previous year-end fund balances for the General Fund, as compared to original budget appropriations for the following year.

	General Fund Budget Appropriations	Fund Balance Beginning of Year	
		Amount	% of Budget
2015	\$63,990,692	\$24,643,306	38.5%
2016	68,155,122	27,959,764	41.0
2017	70,996,190	28,809,712	40.6
2018	72,553,238	30,942,840	42.6
2019	75,280,716	34,668,847	46.1

The City’s General Fund working capital balance of \$32,651,903 at December 31, 2018 includes amounts committed for encumbrances, carryovers, and fair value adjustments for investments, which brings the total fund balance to \$34,668,847. The City anticipates that the 2019 year-end General Fund balance will remain constant (plus any commitments for carryovers or encumbrances), based upon budgeted 2019 revenues and expenditures and one-time transfers of fund balance to other funds for specific projects.

Debt Administration

General obligation bond debt statistics for the City of Bloomington at December 31, 2018 are as follows (primary government only):

	Amount	% Market Value	Bonded Debt per Capita	
			Current Year	Prior Year
General Obligation Bonded Debt	\$ 6,320,000			
Improvement Bonds	48,597,893			
General Obligation Tax Increment	4,105,000			
Net Total	59,022,893			
Less Debt Service Funds	(17,109,882)			
Total Net Bonded Debt	41,913,011	.33%	\$ 490	\$ 499
Overlapping Debt (1)	178,545,572	1.39	2,086	2,015
Total – 2018 Year-End	<u>\$ 220,458,583</u>	<u>1.72%</u>	<u>\$ 2,576</u>	
Total - Prior Year-End	<u>\$ 215,830,484</u>	<u>1.79%</u>		<u>\$ 2,514</u>

(1) School, County, and other local taxing entities - see Table 11.

In 2018, the City retired \$1,140,000 of general obligation, \$11,255,000 of improvement, \$530,000 of tax increment, and \$110,000 of business-type G.O. bonds. The City issued \$1,940,000 of general obligation bonds, \$5,270,000 of improvement bonds, and \$10,805,000 of storm water utility bonds in 2018.

The following table presents general obligation bonds issued during the recent fiscal years:

Date of Issue	Amount	Type	Average Life	Net Interest Rate	Interest Cost Per Borrowed Dollar
12/08/16	\$6,115,000	Improvement	6.85 years	2.01%	\$.18
12/08/16	3,730,000	Refunding Improvement	6.44	1.92	.17
12/06/17	4,970,000	Improvement	5.99	1.96	.20
05/04/17	1,170,000	Water Utility	5.48	2.01	.16
05/04/17	1,420,000	Charter Bonds	5.37	2.00	.16
06/21/18	920,000	Housing Improvement	9.20	3.93	.35
06/21/18	1,020,000	Charter Bonds	6.36	2.68	.20
12/05/18	5,270,000	Improvement	6.05	2.93	.26
12/05/18	10,805,000	Storm Water Utility	8.93	3.39	.37

The City's bonds are rated Aaa by Moody's Investors Service (Moody's highest rating, upgraded from Aa1 in November 1998), AAA by Standard and Poor's (S&P's highest rating, upgraded in October 2000), and AAA by Fitch Ratings (Fitch's highest rating, awarded in October 2004). These "Triple Triple A" bond ratings were reaffirmed at the most recent bond issuance. The City believes that its 2018 financial results, combined with its prospects for the future, will result in continued excellent bond ratings. These excellent ratings have had a positive effect on the sale of the City's bonds, by broadening the City's market and lowering the interest rates for borrowing.

10-Year Capital Improvement Plan

The proceeds of general obligation bond issues; federal, state and local grants; and other local funding sources for capital projects are accounted for in capital projects funds until the particular projects are completed.

The City utilizes a ten-year Capital Improvement Plan, outlining projected costs and sources of funding for proposed capital improvement projects. Any unrestricted fund balances of the Park Development Fund and the Facility and Parks Maintenance Fund are identified for use as proposed in the Capital Improvement Plan, when and if such projects are ordered by the City Council.

The City's latest ten-year Capital Improvement Plan indicated the following totals for the ten-year period of 2019-2028:

Project Category	Estimated Amount (in millions)	Approximate Sources of Funding	
City Facilities, Parks and Park Development	\$ 196	Cash on Hand	13%
		Bonds	52
		Grants, Other	35
Alternative/Surface Transportation	221	Federal Funds	8%
		Other Governments	5
		P.I.R. Bonds	43
		Municipal State Aid	15
		Franchise Fee	3
		Tax Abatement	2
		Other	24
Water, Sewer, and Stormwater Facilities	99	Cash on Hand	96%
		Bonds	4
Economic Development and Redevelopment	<u>26</u>	Liquor/Lodging Tax	100%
Total	<u>\$ 542</u>		

Certificate of Achievement

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Bloomington, Minnesota, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Bloomington has received a Certificate of Achievement for the last 47 consecutive years. We believe this 2018 CAFR continues to conform to Certificate of Achievement Program requirements, and we will be submitting it to GFOA.

Independent Audit

State law provides that the City may arrange for examination of its books, records, accounts and affairs, or any part thereof, by the state auditor, or by certified public accountants. It has been a long-standing policy of the City to provide for a complete annual audit of City records by certified public accountants. The Independent Auditors' Report is included in the Financial Section of this report.

Acknowledgments

We wish to express our appreciation to the Finance Department staff, in particular Rose Ackerman, Jan Almquist, Kari Carlson, Mary Lee, and Amy Sevig, for their diligent work in preparing this report. We appreciate the cooperation and support from other City departments both in the preparation of this report and in budget management throughout the year. We also wish to thank the Mayor, members of the City Council, and the City Manager for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Lori Economy-Scholler, Chief Financial Officer
Finance Department



Juliana H. Vogel, Finance Manager
Finance Department



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bloomington
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For The Year Ended December 31, 2018

SECTION II

FINANCIAL SECTION



CITY OF
BLOOMINGTON
MINNESOTA



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA
Jaclyn M. Huegel, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Bloomington, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Bloomington, Minnesota (the City) as of and for the year ended December 31, 2018, 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 financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 15 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 RSI 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, supplementary information, other supplementary information – component units (including financial data schedules), and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information and other supplementary information – component units (including financial data 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

(continued)

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich & Co., P.A.

Minneapolis, Minnesota
June 18, 2019



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Bloomington (the City), we offer readers of the City's financial statements a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2018. This discussion and analysis should be read in conjunction with the transmittal letter, which can be found on pages 9 - 20 of this report, and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded liabilities and deferred inflows at the close of the 2018 fiscal year by \$616.0 million (*net position*). Of this amount, \$91.9 million (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$32.8 million is restricted for debt service, \$18.6 million is restricted for fire pension, \$26.8 million is restricted for tax increment, \$2.3 million is restricted for street reconstruction, \$6.0 million is restricted for other purposes, and \$437.7 million is the City's net investment in capital assets.
- The City's net position increased by \$36.1 million. A large reason for the increase in net position was the \$6.0 million increase in Charges for Services revenue as a result of increased rates and fees. The General Revenues increase included a \$3.2 million Property Tax levy increase, a \$1.8 million Business Tax increase due in part to Minnesota's hosting of Super Bowl LII in February 2018, and a \$800,000 Investment Earnings increase as a result of better yields.
- As of December 31, 2018, the City's governmental funds had combined fund balances of \$126.5 million, an increase of \$3.7 million in comparison with the prior year. Including committed, assigned, and unassigned fund balances, approximately 58% of the total fund balances are available to meet the City's current and future needs. The remaining 42% is restricted for mostly grants, debt service, and capital projects.
- At the end of the current fiscal year, total fund balance for the General Fund was \$34.7 million, or 48.7% of actual total General Fund expenditures. This compares to \$30.9 million from the prior year, an increase of roughly \$3.7 million. The General Fund working capital goal policy states the City will strive to maintain a fund balance in the General Fund for working capital purposes of 35-40% of the following year's General Fund total budgeted revenues or expenditures. As of December 31, 2018, the fund balance of the General Fund was within this range. \$2.1 million of this positive performance has been committed for budgeted carryover amounts unspent in 2018 and encumbrances for open purchase order contracts at the end of 2018 that were carried over to the 2019 budget.
- In 2018 the Net Pension liability decreased \$9.2 million due to significant changes in actuarial assumptions with the General Employee Retirement Fund and Public Employees Police and Fire Fund. The pension related net deferred inflows and outflows increased \$7.8 million effectively offsetting the large decrease in the net pension liability.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- The estimated market value for all taxable property is at \$12.8 billion for assessment year 2017 (payable in 2018). After fifteen years of steadily increasing market values peaking in 2008 at \$11.8 billion, values declined as a result of the worldwide “Great Recession” before bottoming in assessment years 2012 and 2013 at \$9.9 billion. Total market value has been growing since and has now surpassed the 2008 peak. This growth trend is continuing as real estate markets have strengthened and significant new development is occurring.
- Entity-wide, the City recorded \$19.6 million in depreciation expense on its capital assets.

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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* presents information on all of the City’s assets, deferred outflows, liabilities, and deferred inflows with the difference between them 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 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 these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general services, development services, public works, public safety, and community services. The business-type activities of the City include water/wastewater utility, storm water utility, solid waste management, recreational facilities, contractual police, and motor vehicle operations.

The government-wide financial statements include not only the City (*known as the primary government*), but also two legally separate entities for which the City is financially accountable. The *component units* are the Bloomington Housing and Redevelopment Authority and the Bloomington Port Authority. Financial information for these component units is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on Exhibits 1 and 2 of this report.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 finance-related legal compliance. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial 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 externally reports five major and eleven nonmajor 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, Community Development Block Grant, Improvement Bonds, Capital Projects, and Improvement Construction Funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits 3 through 6 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds: enterprise and internal service.

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/wastewater utility, storm water utility, recreational facilities, solid waste management, contractual police, and motor vehicle operations.

Internal service funds are used to allocate costs internally among the City's various functions. The City uses internal service funds to account for its information technology, fleet, support services, public safety radio, self-insurance, benefit accrual, insured benefits, facilities and parks maintenance, and PERA pension. Because these services predominately benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements; however, some allocations have been made to business-

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

type activities. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The proprietary fund financial statements provide separate information for water/wastewater, storm water, and recreational facilities (which are considered to be major funds of the City). Solid waste, contractual police, and motor vehicle operations are combined and presented as nonmajor funds. The City's enterprise funds are the same as the business-type activities reported in the government-wide statements (except for internal service fund amounts which are allocated to both the governmental and business-type activities) but provide more detail and additional information, such as cash flows, for proprietary funds.

The basic proprietary fund financial statements can be found on Exhibits 7 through 9 of this report.

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

The basic fiduciary fund financial statements can be found on Exhibits 10 and 11 of this report.

Notes to the basic 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 basic financial statements can be found on pages 70 - 123 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on Exhibits A-1 through A-9 of this report.

The combining statements referred to earlier in connection with nonmajor funds and internal service funds are presented in the *supplementary information* section. Combining and individual fund statements and schedules can be found on Exhibits B-1 through F-2 of this report.

The *other supplementary information* section includes additional information on the two component units.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

An analysis of the City's financial position begins with a review of the *Statement of Net Position* and the *Statement of Activities*. These two statements report the City's net position and changes therein. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 \$615,954,546 at December 31, 2018, as compared to \$579,896,275 at the end of 2017.

CITY OF BLOOMINGTON'S NET POSITION

	Governmental activities		Business-type activities		Total		Total Percentage Change
	2018	2017	2018	2017	2018	2017	
Assets:							
Current and other assets	\$ 247,713,342	\$ 252,347,016	\$ 31,052,553	\$ 17,605,217	\$ 278,765,895	\$ 269,952,233	3.3%
Capital assets	407,170,737	392,046,122	93,794,542	86,500,605	500,965,279	478,546,727	4.7%
Total assets	<u>654,884,079</u>	<u>644,393,138</u>	<u>124,847,095</u>	<u>104,105,822</u>	<u>779,731,174</u>	<u>748,498,960</u>	4.2%
Deferred outflows:							
Deferred outflows of resources	32,231,615	35,665,561	-	-	32,231,615	35,665,561	(9.6)%
Total assets and deferred outflows	<u>687,115,694</u>	<u>680,058,699</u>	<u>124,847,095</u>	<u>104,105,822</u>	<u>811,962,789</u>	<u>784,164,521</u>	3.5%
Liabilities:							
Current and other liabilities	13,824,413	10,207,523	4,434,191	2,686,048	18,258,604	12,893,571	41.6%
Noncurrent liabilities	127,148,425	139,918,713	12,656,987	1,170,000	139,805,412	141,088,713	(0.9)%
Total liabilities	<u>140,972,838</u>	<u>150,126,236</u>	<u>17,091,178</u>	<u>3,856,048</u>	<u>158,064,016</u>	<u>153,982,284</u>	2.7%
Deferred inflows:							
Deferred inflows of resources	37,944,227	50,285,962	-	-	37,944,227	50,285,962	(24.5)%
Total liabilities and deferred inflows	<u>178,917,065</u>	<u>200,412,198</u>	<u>17,091,178</u>	<u>3,856,048</u>	<u>196,008,243</u>	<u>204,268,246</u>	(4.0)%
Net position:							
Net investment in capital assets	352,048,328	332,133,255	85,607,307	85,330,605	437,655,635	417,463,860	4.8%
Restricted	86,444,757	69,744,412	-	-	86,444,757	69,744,412	23.9%
Unrestricted	<u>69,705,544</u>	<u>77,768,834</u>	<u>22,148,610</u>	<u>14,919,169</u>	<u>91,854,154</u>	<u>92,688,003</u>	(0.9)%
Total net position	<u>\$ 508,198,629</u>	<u>\$ 479,646,501</u>	<u>\$ 107,755,917</u>	<u>\$ 100,249,774</u>	<u>\$ 615,954,546</u>	<u>\$ 579,896,275</u>	

As of December 31, 2018 the City had a positive net position balance for the government as a whole. The increase in restricted net position is related to an increase in amounts restricted for Fire Pension.

By far, the largest portion of the City's net position, \$437,655,635 (approximately 71%), reflects the City's net investment in capital assets (e.g., land, buildings and structures, machinery and equipment, distribution system, improvements, and infrastructure) less any related debt used to acquire those assets. The City uses these capital assets as an integral part of providing services to citizens; consequently, these are not "liquid" assets and are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$86,444,757 (approximately 14%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$91,854,154 (approximately 15%), may be used to meet the government's ongoing obligation to citizens and creditors.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following schedule provides a summary of the City's operations for the year ended December 31, 2018:

CITY OF BLOOMINGTON'S CHANGES IN NET POSITION

Year Ended December 31, 2018

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2018	2017	2018	2017	2018	2017	
REVENUES:							
Program revenues:							
Charges for services	\$ 13,035,181	\$ 10,921,006	\$ 46,856,727	\$ 42,959,432	\$ 59,891,908	\$ 53,880,438	11.2 %
Operating grants and contributions	6,016,557	7,405,866	213,200	371,202	6,229,757	7,777,068	(19.9)%
Capital grants and contributions	26,869,409	24,802,770	768,452	306,382	27,637,861	25,109,152	10.1 %
General revenues:							
Property taxes	55,864,418	53,080,612	2,489,325	2,112,584	58,353,743	55,193,196	5.7 %
Business taxes	18,042,869	16,274,658	-	-	18,042,869	16,274,658	10.9 %
Grants and contributions not restricted	1,188,665	3,825,860	-	-	1,188,665	3,825,860	(68.9)%
Gain on sale of capital assets	39,997	195,169	-	-	39,997	195,169	(79.5)%
Interest and investment earnings	2,548,752	1,815,321	249,987	135,172	2,798,739	1,950,493	43.5 %
Total revenues	<u>123,605,848</u>	<u>118,321,262</u>	<u>50,577,691</u>	<u>45,884,772</u>	<u>174,183,539</u>	<u>164,206,034</u>	<u>6.1 %</u>
EXPENSES:							
General services	9,659,744	8,683,447	-	-	9,659,744	8,683,447	11.2 %
Development services	15,245,431	16,976,729	-	-	15,245,431	16,976,729	(10.2)%
Public works	18,613,129	16,680,711	-	-	18,613,129	16,680,711	11.6 %
Public safety	32,937,726	29,006,295	-	-	32,937,726	29,006,295	13.6 %
Community services	16,800,345	17,298,796	-	-	16,800,345	17,298,796	(2.9)%
Interest on long-term debt	1,183,925	1,553,254	-	-	1,183,925	1,553,254	(23.8)%
Water/wastewater utility	-	-	24,838,208	25,078,431	24,838,208	25,078,431	(1.0)%
Storm water utility	-	-	3,867,530	3,691,245	3,867,530	3,691,245	4.8 %
Recreational facilities	-	-	5,811,867	6,178,658	5,811,867	6,178,658	(5.9)%
Solid waste management	-	-	7,283,298	6,974,219	7,283,298	6,974,219	4.4 %
Contractual police	-	-	1,177,229	737,598	1,177,229	737,598	59.6 %
Motor vehicle	-	-	706,836	708,060	706,836	708,060	(0.2)%
Total expenses	<u>94,440,300</u>	<u>90,199,232</u>	<u>43,684,968</u>	<u>43,368,211</u>	<u>138,125,268</u>	<u>133,567,443</u>	<u>3.4 %</u>
Change in net position before transfers	29,165,548	28,122,030	6,892,723	2,516,561	36,058,271	30,638,591	17.7 %
Transfers	(613,420)	(21,936)	613,420	21,936	-	-	- %
Change in net position	28,552,128	28,100,094	7,506,143	2,538,497	36,058,271	30,638,591	17.7 %
Net position - January 1	<u>479,646,501</u>	<u>451,546,407</u>	<u>100,249,774</u>	<u>97,711,277</u>	<u>579,896,275</u>	<u>549,257,684</u>	<u>5.6 %</u>
Net position - December 31	<u>\$ 508,198,629</u>	<u>\$ 479,646,501</u>	<u>\$ 107,755,917</u>	<u>\$ 100,249,774</u>	<u>\$ 615,954,546</u>	<u>\$ 579,896,275</u>	<u>6.2 %</u>

Expenses above include \$15,578,357 of depreciation expense for governmental activities under the full accrual basis of accounting. Charges for Services increased \$6,011,470 mainly in the Water/Wastewater utility from increased rates and usage.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

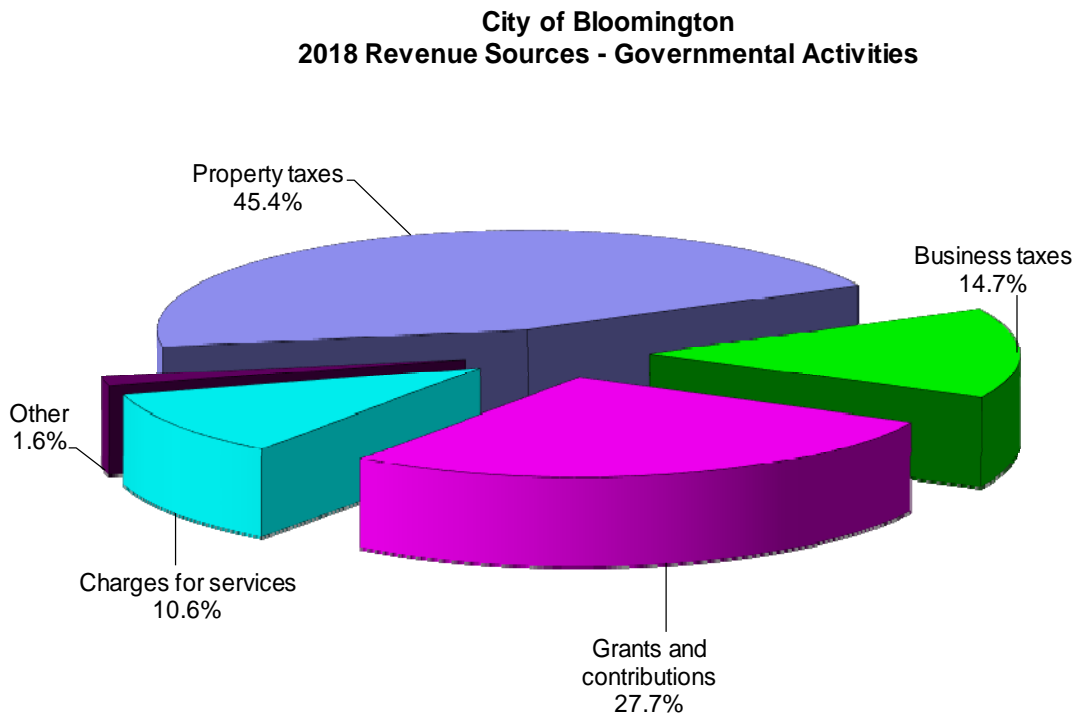
Governmental activities

Internal service fund charges for services (program revenues of \$41,386,028) and expenses (\$37,401,842) were allocated to all the governmental and business-type activities. A comparison of revenue and expense changes from 2017 to 2018 follows:

Overall, governmental activities net position increased by \$28.6 million. Within this increase, general revenues increased overall by \$2.5 million in 2018 due to a combination of the following factors. Property taxes increased by \$2.8 million as a result of the levy and market value increases, and Business taxes increased \$1.8 million primarily as a positive result from having Super Bowl LII in Minnesota in 2018. Grants and contribution not restricted decreased \$2.6 million as local government aids (LGA) are no longer received from the State of Minnesota.

Program revenues increased by \$2.8 million in 2018 as Charges for services increased \$2.1 million. Operating grants and contribution decreased by \$1.4 million primarily due to Fire grant for firefighters' training ending. Capital grants and contributions increased by \$2.1 million as a result of additional capital projects.

Development services expenses decreased by \$1.7 million due to the completion of many capital projects that were mostly developed and expensed in 2016 and 2017, and the projects wrapped up in 2018. Public Safety expenses increased \$3.9 million as a result of a \$1.4 million increase in salaries and benefits and an increase in expenses for Fire Pension in the amount of \$2.5 million in 2018.



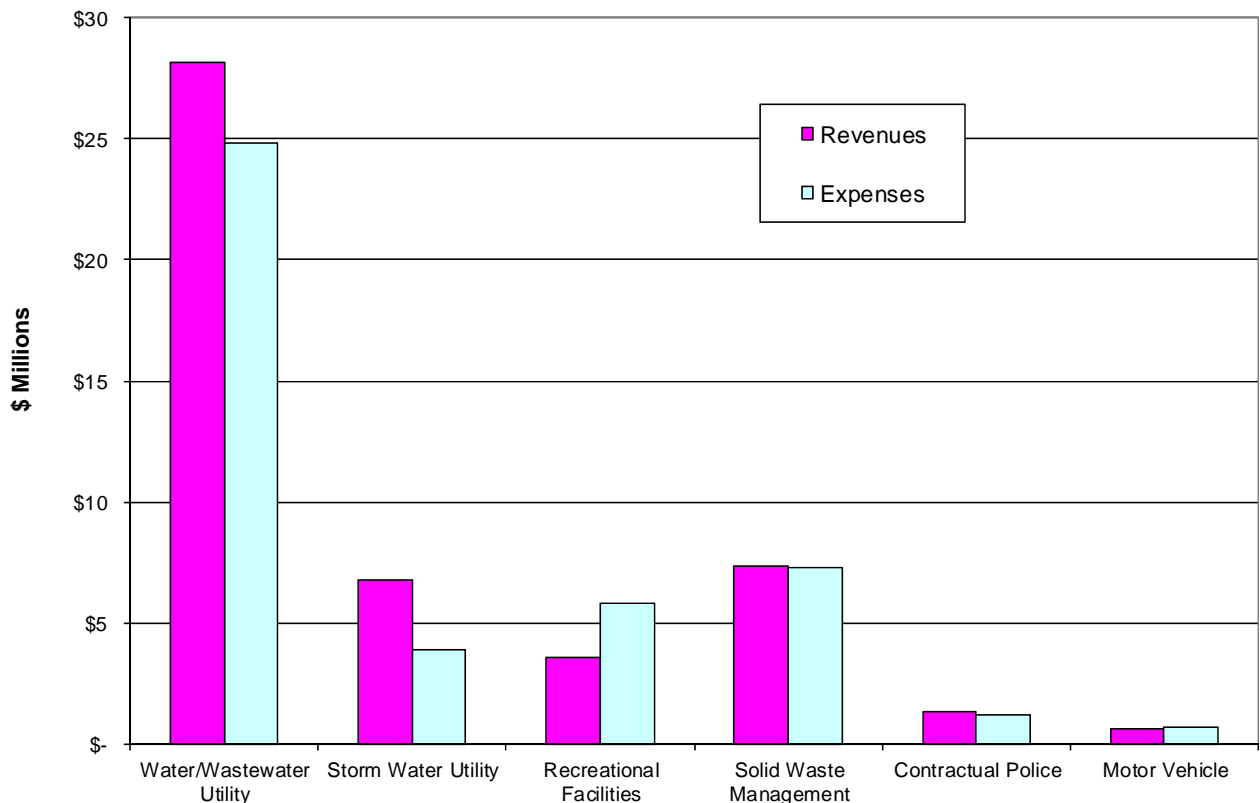
CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Business-type activities

Business-type expenses increased in 2018 by about \$300,000. These expenses include depreciation of capital assets that were funded in prior years. Where expenses exceeded revenues, there was a planned spend-down of net position.

City of Bloomington
2018 Expenses and Program Revenues - Business-Type Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Projects 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 financial requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

At December 31, 2018, the City's governmental funds reported combined ending fund balances of \$126,492,479, an increase of \$3.7 million in comparison with the prior year. Fund balance of \$52.5 million is *restricted* due to externally enforceable legal restrictions (creditors, grantors, contributors, and by law through constitutional provisions or enabling regulations).

Approximately, \$74.0 million or 58% of total fund balance constitutes *unrestricted fund balance* which is the total of *committed fund balance* (amounts that can be used only for the specific purposes by a formal action of the City Council), *assigned fund balance* (amounts that are to be used for a specific purpose as expressed by an official that has been delegated authority from the City Council), and *unassigned fund balance* (amounts that are available for any purpose in the General Fund). The following presents the amounts of unrestricted fund balance by various fund types:

Fund Type	Unrestricted Fund Balance
General fund	\$ 34,668,847
Special revenue funds	3,433,221
Capital projects funds	35,854,943
Total	<u>\$ 73,957,011</u>

The following tables provide an overview of revenues by source and expenditures by function for all governmental funds:

**Revenues by Source
Governmental Funds**

	2018		2017		Increase (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Revenues by source:					
Taxes	\$ 73,745,101	61.5%	\$ 69,477,188	60.2%	\$ 4,267,913
Special assessments	4,166,801	3.5	3,820,155	3.3	346,646
Business licenses	6,354,508	5.3	5,191,270	4.5	1,163,238
Fines and forfeitures	885,262	0.7	1,243,454	1.1	(358,192)
Intergovernmental	20,939,959	17.5	21,480,304	18.6	(540,345)
Program income	2,161,498	1.8	2,385,511	2.1	(224,013)
Interest and investment income	1,872,255	1.6	1,396,754	1.2	475,501
Franchise fees	6,377,901	5.3	6,453,295	5.6	(75,394)
Contractual component unit	360,058	0.3	886,722	0.8	(526,664)
Other	3,071,926	2.5	3,029,172	2.6	42,754
Total	<u>\$ 119,935,269</u>	<u>100.0%</u>	<u>\$ 115,363,825</u>	<u>100.0%</u>	<u>\$ 4,571,444</u>

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Expenditures by Function
Governmental Funds**

	2018		2017		Increase (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Expenditures by Function					
General services	\$ 8,103,825	6.8%	\$ 7,487,434	6.3%	\$ 616,391
Development services	11,952,854	10.1	10,987,159	9.3	965,695
Public works	12,222,664	10.3	11,333,270	9.6	889,394
Public safety	33,071,958	27.8	31,496,674	26.6	1,575,284
Community services	16,749,515	14.1	16,410,862	13.9	338,653
Debt service	9,223,071	7.8	10,696,775	9.1	(1,473,704)
Capital outlay	27,417,190	23.1	29,780,396	25.2	(2,363,206)
Total	\$ 118,741,077	100.0%	\$ 118,192,570	100.0%	\$ 548,507

Please note that the governmental fund information shown above is presented on the modified accrual basis of accounting. The information on the government-wide statements is presented on the full accrual basis. The two formats are prepared differently as required by generally accepted accounting principles (GAAP). See the reconciliations of these statements on Exhibits 4 and 6.

Following is a discussion of the major governmental funds that had large increases or decreases of fund balances:

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$34,668,847 which was comprised of \$2,069,126 of committed fund balance, and \$32,599,721 of unassigned fund balance. As a measure of the General Fund's liquidity it is useful to compare unassigned fund balance to total General Fund expenditures. Unassigned fund balance represents 45.8% of total General Fund expenditures. It is important to note that the General Fund unassigned fund balance of \$32,599,721 is designated in its entirety for a working capital goal of \$32,181,412. The committed amount of \$2,069,126 consists of a budget carryover amount of \$1,409,940, and encumbrance rollover amount of \$659,186. The budget carryover represents 2018 budgeted amounts that were unspent in 2018 and were carried over to the 2019 budget. The encumbrance rollover amount represents encumbrances for open purchase order contracts at the end of 2018 that were carried over to the 2019 budget.

Overall, General Fund revenues increased from \$68.4 million in 2017 to \$72.4 million in 2018. Of this increase, the largest factors included an increase in property tax revenue by \$1.9 million as a result of increased market values and tax levy, lodging and admissions tax increased by \$1.1 million as a result of the Super Bowl and business licenses increased by \$1.2 million as a result of new businesses. General Fund expenditures increased from \$68.6 million in 2017 to \$71.2 million in 2018.

The \$2,363,206 decrease in capital outlay in the governmental funds is largely due to park improvement projects in which the majority of work was done in 2017.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Improvement Bonds Funds fund balance had a net decrease of \$4.7 million, a large part due to an advanced refunding bond that refunded in 2018.

The Capital Projects fund balance increased \$3.4 million, as a majority of the work on capital projects was done in 2017.

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

As discussed earlier, the City reports two types of proprietary funds: enterprise funds and internal service funds. The following sections describe the key balances and transactions for the different fund types.

The net position of the enterprise funds increased by \$6.9 million during the current fiscal year. Key factors in this change include:

- The Water/Wastewater Utility Fund had an increase in net position of \$3.9 million due to an increase in service charges.
- The Storm Water Utility Fund had an increase in net position of \$3.0 million due to an increase in service charges.

The net position of the internal service funds increased by \$4.6 million during the current fiscal year. Key factors in this change include:

- The Facilities & Parks Maintenance Fund had an increase of \$2.1 million due to increase in service charges and transfers in from other funds for debt service abatement.
- The Self Insurance Fund had an increase of \$1.1 million due to an increase in service charges.
- PERA Pension increased \$1.4 million due to a decrease in Net Pension liabilities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$927,000 increase in appropriations and can be briefly summarized as follows:

- The council approved transfers out to Strategic Priorities in the amount of \$843,235 as a result of 2017 positive performance.

The actual results compared to the final budget showed a \$4.3 million favorable variance due to better than budgeted revenues as well as conservative spending. Significant details are as follows:

- Lodging and admissions tax revenue exceeded budget by \$1.7 million due to an increase in hotel occupancy due to the Super Bowl and new admissions businesses.
- Business licenses exceeded budget by \$1.2 million due to an increase in permits and licenses as a result of new developments.
- Community Services expenditures were \$775,986 under budget due to savings from unfilled positions.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2018 amount to \$500,965,279 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and structures, machinery and equipment, and distribution systems. Major capital asset additions during the fiscal year include the following:

- The City's Utilities Division improved the water, wastewater, and storm water distribution systems at a cost of \$10,281,863.
- The 2018 Pavement Management Program expended \$7,734,502. These improvements included 4.88 miles of reconstructed streets and 7.03 miles of overlaid streets.
- The City's Improvement Construction Fund spent \$15,045,773 on street improvement projects in 2018.

The City's infrastructure assets are recorded at historical cost in the government-wide financial statements. Additional information on the City's capital assets can be found in Note 3.

Long-term Debt

At the end of the current fiscal year, the City had total bonded debt outstanding (excluding unrestricted premiums) of \$68,245,000 as compared to \$63,265,000 in the prior year. This amount is comprised of \$56,380,000 related to governmental activities and \$11,865,000 in debt related to business-type activities.

In 2018, the City issued \$5,270,000 of General Obligation Permanent Improvement Revolving (PIR) Bonds. In addition the City issued \$1,020,000 of General Obligation Charter Bonds, \$920,000 of General Obligation Housing Improvement Bonds and \$10,805,000 of General Obligation Storm Water Utility Bonds. In 2018 the City retired a total of \$13,035,000 resulting in \$68,245,000 in bonds payable as of December 31, 2018.

The City maintains an "Aaa" rating from Moody's, an "AAA" rating from Standard & Poor's, and an "AAA" rating from Fitch Ratings. The City is one of only 37 cities nationwide to hold this "Triple A" bond ratings combination. Additional information on the City's long-term debt can be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The following key indicators provide highlights of the City's economic outlook and future budget impact:

- At December 2018, the unemployment rate in Bloomington was 2.7%, down 0.1% from a year ago. This compares favorably to the state's December unemployment rate of 3.2% and the national rate of 3.7%.
- As of January 2018 the assessor's estimated market value for Bloomington turned up an additional 5.2% on top of 6.0% growth in 2017 to a total of \$13.5 billion. This is an 86% increase in total City market value since 2000, and the total is now 14.2% above the previous

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

peak in 2008. The City's diverse tax base, approximately half commercial and half residential, will provide stability in the coming year.

- The City's contract with its health care provider included a rate increase of 10% for the year 2018 and a 10% rate cap for 2019.
- The proposed Public Employees Retirement Association (PERA) pension costs to the City for 2019 are estimated at roughly \$4.87 million.
- Property tax reforms and budget deficits at the state level significantly reduced general state government aid and market value homestead credit payments made to the City. In the late 1990s, the City created a prioritized list of downturn strategies. Starting with the 2002 budget process to address the "dot.com" downturn, the City has conservatively utilized these strategies to mitigate large fluctuations in the year-to-year revenues and expenditures. These strategies were again used during the most recent recession. The budgets, starting with the year 2013, began replenishing reserve funds used for the downturn.
- The 2019 budget was approved without the need to reduce existing service levels. In the approved 2019 budget, there was a 3.00% salary increase for City employees.
- The City uses a ten-year General Fund financial model to determine levels of service and to respond to short-term economic and financial changes to make good decisions for the long term. Other funds are modeled for ten to fifteen years to moderate fee increases and to plan for pay-as-you-go capital improvements.

All of these factors were considered in preparing the City of Bloomington's budget for the 2019 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 government's finances. Questions concerning any of the information provided in this report or the requests for additional financial information should be addressed to the Chief Financial Officer, Bloomington Civic Plaza, 1800 West Old Shakopee Road, Bloomington, Minnesota, 55431.



CITY OF
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BASIC FINANCIAL STATEMENTS

CITY OF BLOOMINGTON, MINNESOTA
Statement of Net Position
December 31, 2018

EXHIBIT 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Port Authority	Housing and Redevelopment Authority
ASSETS					
Cash, cash equivalents, and investments	\$ 167,755,947	\$ 24,472,446	\$ 192,228,393	\$ 79,896,561	\$ 9,466,905
Receivables, net	46,077,625	10,852,962	56,930,587	1,428,917	11,377,625
Prepaid items	877,906	30,530	908,436	-	-
Due from primary government	-	-	-	-	5,233,871
Due from component units	5,815,727	-	5,815,727	-	-
Due from other governments	-	-	-	8,841	-
Inventory	10,705,483	-	10,705,483	17,150,000	4,201,421
Internal balances	4,303,385	(4,303,385)	-	-	-
Net pension asset	12,177,269	-	12,177,269	-	-
Capital assets:					
Capital assets - nondepreciable	104,026,370	4,856,539	108,882,909	-	1,600,300
Capital assets - net of accumulated depr	303,144,367	88,938,003	392,082,370	-	1,005,669
Net capital assets	407,170,737	93,794,542	500,965,279	-	2,605,969
Total assets	654,884,079	124,847,095	779,731,174	98,484,319	32,885,791
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows of resources	32,231,615	-	32,231,615	-	-
Total assets and deferred outflows of resources	687,115,694	124,847,095	811,962,789	98,484,319	32,885,791
LIABILITIES					
Accounts payable and other current liabilities	7,172,953	3,240,719	10,413,672	2,113,306	161,827
Accrued interest payable	622,579	52,480	675,059	90,935	44,395
Due to other governments	-	-	-	-	-
Unearned revenue	795,010	1,140,992	1,936,002	-	-
Due to component units	5,233,871	-	5,233,871	-	-
Due to primary government	-	-	-	693,551	150,160
Due to primary government - bonds	-	-	-	-	545,000
Noncurrent liabilities:					
Due to primary government -					
Loans payable due in more than one year	-	-	-	790,852	-
Bonds payable due in more than one year	-	-	-	-	3,587,820
Accrued interest payable	-	-	-	-	48,344
Due within one year	9,092,407	105,000	9,197,407	380,000	-
Due in more than one year	76,158,902	12,551,987	88,710,889	6,770,000	6,702,695
Net pension liability	41,897,116	-	41,897,116	-	-
Total liabilities	140,972,838	17,091,178	158,064,016	10,838,644	11,240,241
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	37,944,227	-	37,944,227	-	-
Total liabilities and deferred inflows of resources	178,917,065	17,091,178	196,008,243	10,838,644	11,240,241
NET POSITION					
Net investment in capital assets	352,048,328	85,607,307	437,655,635	-	1,025,454
Restricted for:					
Debt service	32,801,484	-	32,801,484	555,561	65,998
Fire pension	18,593,579	-	18,593,579	-	-
Tax increment	26,785,291	-	26,785,291	86,949,203	2,099,622
Street reconstruction	2,256,676	-	2,256,676	-	-
Restricted - other	6,007,727	-	6,007,727	-	89,650
Unrestricted	69,705,544	22,148,610	91,854,154	140,911	18,364,826
Total net position	\$ 508,198,629	\$ 107,755,917	\$ 615,954,546	\$ 87,645,675	\$ 21,645,550

See notes to the basic financial statements.

CITY OF BLOOMINGTON, MINNESOTA
Statement of Activities
Year Ended December 31, 2018

EXHIBIT 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Port Authority	Housing and Redevelopment Authority
Primary Government:									
Governmental activities:									
General Services	\$ 9,659,744	\$ 3,849,226	\$ 561,808	\$ 235,613	\$ (5,013,097)	\$ -	\$ (5,013,097)	\$ -	\$ -
Development Services	15,245,431	6,570,742	540,776	4,171,037	(3,962,876)	-	(3,962,876)	-	-
Public Works	18,613,129	142,735	-	22,182,910	3,712,516	-	3,712,516	-	-
Public Safety	32,937,726	455,900	1,099,148	-	(31,382,678)	-	(31,382,678)	-	-
Community Services	16,800,345	2,016,578	3,814,825	279,849	(10,689,093)	-	(10,689,093)	-	-
Interest on long-term debt	1,183,925	-	-	-	(1,183,925)	-	(1,183,925)	-	-
Total governmental activities	<u>94,440,300</u>	<u>13,035,181</u>	<u>6,016,557</u>	<u>26,869,409</u>	<u>(48,519,153)</u>	<u>-</u>	<u>(48,519,153)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water/Wastewater Utility	24,838,208	27,907,362	-	290,436	-	3,359,590	3,359,590	-	-
Storm Water Utility	3,867,530	6,292,929	9,985	439,486	-	2,874,870	2,874,870	-	-
Recreational Facilities	5,811,867	3,544,045	36,546	-	-	(2,231,276)	(2,231,276)	-	-
Solid Waste Management	7,283,298	7,128,905	166,669	38,530	-	50,806	50,806	-	-
Contractual Police	1,177,229	1,349,945	-	-	-	172,716	172,716	-	-
Motor Vehicle	706,836	633,541	-	-	-	(73,295)	(73,295)	-	-
Total business-type activities	<u>43,684,968</u>	<u>46,856,727</u>	<u>213,200</u>	<u>768,452</u>	<u>-</u>	<u>4,153,411</u>	<u>4,153,411</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 138,125,268</u>	<u>\$ 59,891,908</u>	<u>\$ 6,229,757</u>	<u>\$ 27,637,861</u>	<u>(48,519,153)</u>	<u>4,153,411</u>	<u>(44,365,742)</u>	<u>-</u>	<u>-</u>
Component units:									
Port Authority	\$ 7,088,262	\$ -	\$ 500,000	\$ -	-	-	-	(6,588,262)	-
Housing and Redevelopment Authority	14,317,951	7,611,243	5,749,864	121,861	-	-	-	-	(834,983)
Total component units	<u>\$ 21,406,213</u>	<u>\$ 7,611,243</u>	<u>\$ 6,249,864</u>	<u>\$ 121,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,588,262)</u>	<u>(834,983)</u>
General revenues:									
Property taxes					55,864,418	2,489,325	58,353,743	15,606,317	3,839,099
Business taxes					18,042,869	-	18,042,869	-	-
Grants and contributions not restricted					1,188,665	-	1,188,665	-	-
Gain on sale of capital assets					39,997	-	39,997	-	-
Interest and investment earnings					2,548,752	249,987	2,798,739	1,440,685	113,114
Transfers					<u>(613,420)</u>	<u>613,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers					<u>77,071,281</u>	<u>3,352,732</u>	<u>80,424,013</u>	<u>17,047,002</u>	<u>3,952,213</u>
Change in net position					<u>28,552,128</u>	<u>7,506,143</u>	<u>36,058,271</u>	<u>10,458,740</u>	<u>3,117,230</u>
Net position - January 1					<u>479,646,501</u>	<u>100,249,774</u>	<u>579,896,275</u>	<u>77,186,935</u>	<u>18,528,320</u>
Net position - December 31					<u>\$ 508,198,629</u>	<u>\$ 107,755,917</u>	<u>\$ 615,954,546</u>	<u>\$ 87,645,675</u>	<u>\$ 21,645,550</u>

See notes to the basic financial statements.



CITY OF
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CITY OF BLOOMINGTON, MINNESOTA

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

This fund accounts for all unrestricted resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for taxes and other revenues set aside for a particular purpose.

Community Development Block Grant Fund - This fund was established to account for funds received under Title I of the Housing and Community Development Act of 1974.

DEBT SERVICE FUNDS

Debt service funds account for the accumulation of resources for and payment of general long-term debt principal and interest.

Improvement Bonds Fund – This fund is used to account for the accumulation of resources for payment of principal and interest on general obligation improvement bonds.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the construction and financing of large capital projects.

Capital Projects Fund – This fund accounts for funds and monies required for financing land acquisitions, park development, housing, and construction and equipment related to public facilities.

Improvement Construction Fund – This fund accounts for the proceeds of bonds sold for the purpose of street, trails, sewer, water, and state aid construction.

CITY OF BLOOMINGTON, MINNESOTA

Balance Sheet
Governmental Funds
December 31, 2018

	General Fund	Community Development Block Grant	Improvement Bonds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash, cash equivalents and investments	\$ 34,029,434	\$ 700	\$ 16,401,842
Accrued interest receivable	99,012	1,049	58,006
Taxes receivable	709,097	-	28,251
Accounts receivable	1,824,489	-	-
Lease receivable	-	-	-
Mortgages receivable	-	10,843,308	-
Prepays items	-	-	-
Land held for resale	-	-	-
Due from other funds	342,200	-	-
Due from component units	176,270	-	-
Due from other governments	411,934	106,097	-
Special assessments receivable	1,963,812	-	16,314,181
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u><u>\$ 39,556,248</u></u>	<u><u>\$ 10,951,154</u></u>	<u><u>\$ 32,802,280</u></u>
LIABILITIES			
Accounts payable	\$ 2,051,914	\$ 17,975	\$ 17,752
Retainage payable	-	-	-
Due to other funds	-	6,000	-
Due to component units	-	83,871	-
Unearned revenue	414,253	-	-
Deposits payable	18,160	-	-
Total liabilities	<u>2,484,327</u>	<u>107,846</u>	<u>17,752</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - mortgages	-	10,843,308	-
Deferred inflows - taxes	439,262	-	-
Deferred inflows - state aid	-	-	-
Deferred inflows - special assessments	1,963,812	-	16,314,181
Deferred inflows - land held for resale	-	-	-
Total deferred inflows of resources	<u>2,403,074</u>	<u>10,843,308</u>	<u>16,314,181</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	-	16,470,347
Committed	2,069,126	-	-
Assigned	-	-	-
Unassigned	32,599,721	-	-
Total fund balances	<u>34,668,847</u>	<u>-</u>	<u>16,470,347</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 39,556,248</u></u>	<u><u>\$ 10,951,154</u></u>	<u><u>\$ 32,802,280</u></u>

See notes to the basic financial statements.

EXHIBIT 3

Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 32,020,707	\$ 34,769,909	\$ 6,352,124	\$ 123,574,716
82,648	107,300	17,036	365,051
-	-	2,355	739,703
60,003	1,243,365	373,447	3,501,304
5,150,000	-	-	5,150,000
-	-	-	10,843,308
18,500	-	-	18,500
9,913,047	606,477	-	10,519,524
-	-	-	342,200
1,458,293	-	-	1,634,563
-	4,839,494	256,478	5,614,003
1,380,309	282,061	-	19,940,363
<u>\$ 50,083,507</u>	<u>\$ 41,848,606</u>	<u>\$ 7,001,440</u>	<u>\$ 182,243,235</u>
\$ 788,431	\$ 523,473	\$ 319,048	\$ 3,718,593
55,831	1,315,398	-	1,371,229
-	162,000	29,200	197,200
5,150,000	-	-	5,233,871
-	-	305,756	720,009
-	-	433,484	451,644
<u>5,994,262</u>	<u>2,000,871</u>	<u>1,087,488</u>	<u>11,692,546</u>
-	-	-	10,843,308
-	-	-	439,262
-	2,315,753	-	2,315,753
1,380,309	282,061	-	19,940,363
9,913,047	606,477	-	10,519,524
<u>11,293,356</u>	<u>3,204,291</u>	<u>-</u>	<u>44,058,210</u>
18,500	-	-	18,500
26,992,931	6,572,959	2,480,731	52,516,968
5,784,458	-	3,438,272	11,291,856
-	30,070,485	-	30,070,485
-	-	(5,051)	32,594,670
<u>32,795,889</u>	<u>36,643,444</u>	<u>5,913,952</u>	<u>126,492,479</u>
<u>\$ 50,083,507</u>	<u>\$ 41,848,606</u>	<u>\$ 7,001,440</u>	<u>\$ 182,243,235</u>



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CITY OF BLOOMINGTON, MINNESOTA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2018

EXHIBIT 4

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 126,492,479

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds:

Cost of capital assets	\$ 529,108,514	
Less accumulated depreciation	<u>(169,759,874)</u>	359,348,640

Governmental funds do not report a liability for accrued interest until due and payable. (603,449)

Internal service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Internal service fund net position per statements	19,346,560	
Add allocation to business-type activities	<u>4,158,380</u>	23,504,940

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (54,495,000)

A portion of other post employment benefits (OPEB) was not paid in the current period and, therefore, not reported in the governmental funds.

Total OPEB liability	(9,310,197)	
Deferred outflows of resources - OPEB plan deferments	344,129	
Deferred inflows of resources - OPEB plan deferments	<u>(1,070,669)</u>	(10,036,737)

Bond premiums are reported as other financing sources in the governmental funds at the time of issuance. In the Statement of Net Position, these costs are amortized over the life of the debt issue. (2,642,893)

Amounts due from component units-bonds payable are not reflected in the governmental funds and, therefore, must be added to reconcile to the total net position of governmental activities. 4,178,865

Amounts pertaining to the Bloomington Fire Relief Association pension plan are not current financial resources and, therefore, are not reported in governmental funds:

Net pension asset	12,177,269	
Deferred outflows of resources	6,488,637	
Deferred inflows of resources	<u>(72,327)</u>	18,593,579

Other long-term assets related to delinquent property taxes, land held for resale, and special assessments are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds. 43,858,205

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 508,198,629

See notes to the basic financial statements.

CITY OF BLOOMINGTON, MINNESOTA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2018

	General Fund	Community Development Block Grant	Improvement Bonds
REVENUES			
Property taxes	\$ 45,566,902	\$ -	\$ 3,391,671
Fiscal disparities	3,099,268	-	223,436
Special assessments	30,166	-	3,978,335
Lodging and admissions tax	10,462,313	-	-
Business licenses	6,354,508	-	-
Fines and forfeitures	719,742	-	-
Intergovernmental	2,719,342	1,506,406	-
Program income	1,856,904	-	-
Interest	345,322	117	200,019
Net change in fair value of investments	52,182	(117)	34,962
Other	1,174,365	-	23,980
Franchise fees	-	-	-
Contractual payments from component unit	-	-	-
Total revenues	<u>72,381,014</u>	<u>1,506,406</u>	<u>7,852,403</u>
EXPENDITURES			
Current:			
General services	7,736,736	-	121,642
Development services	7,140,604	1,462,530	-
Public works	12,173,325	-	-
Public safety	30,562,028	-	-
Community services	13,497,937	-	-
Debt service:			
Interest	-	-	1,360,135
Principal retirement	-	-	6,805,000
Capital outlay:			
Development services	-	-	-
Public works	88,682	-	-
Public safety	11,000	-	-
Community services	-	-	-
Total expenditures	<u>71,210,312</u>	<u>1,462,530</u>	<u>8,286,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,170,702</u>	<u>43,876</u>	<u>(434,374)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	3,701,068	-	678,268
Transfers to other funds	(1,145,763)	(43,876)	(522,903)
Issuance of debt	-	-	236,166
Refunded bonds paid from escrow	-	-	(4,615,000)
Premium on bonds issued	-	-	-
Total other financing sources (uses)	<u>2,555,305</u>	<u>(43,876)</u>	<u>(4,223,469)</u>
Net change in fund balance	3,726,007	-	(4,657,843)
Fund balance - January 1	<u>30,942,840</u>	<u>-</u>	<u>21,128,190</u>
Fund balance - December 31	<u>\$ 34,668,847</u>	<u>\$ -</u>	<u>\$ 16,470,347</u>

Note: The General Fund is budgeted at the department level, as reported on Exhibit A-1, rather than by function. See notes to the basic financial statements.

EXHIBIT 5

Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 940,455	\$ 939,902	\$ 1,391,186	\$ 52,230,116
17,960	57,005	74,447	3,472,116
158,300	-	-	4,166,801
7,580,556	-	-	18,042,869
-	-	-	6,354,508
-	-	165,520	885,262
195,755	14,532,235	1,986,221	20,939,959
-	-	304,594	2,161,498
514,013	540,873	84,602	1,684,946
19,032	62,860	18,390	187,309
1,011,628	125,709	736,244	3,071,926
-	4,960,859	1,417,042	6,377,901
360,058	-	-	360,058
<u>10,797,757</u>	<u>21,219,443</u>	<u>6,178,246</u>	<u>119,935,269</u>
53,212	25,043	167,192	8,103,825
3,049,567	4,571	295,582	11,952,854
-	49,339	-	12,222,664
-	-	2,509,930	33,071,958
198,926	-	3,052,652	16,749,515
-	6,107	151,829	1,518,071
-	-	900,000	7,705,000
2,147,303	-	-	2,147,303
-	23,168,757	108,584	23,366,023
348,534	-	161,781	521,315
1,251,886	-	130,663	1,382,549
<u>7,049,428</u>	<u>23,253,817</u>	<u>7,478,213</u>	<u>118,741,077</u>
<u>3,748,329</u>	<u>(2,034,374)</u>	<u>(1,299,967)</u>	<u>1,194,192</u>
1,869,589	316,553	2,000,562	8,566,040
(3,968,992)	(2,372,226)	(1,067,894)	(9,121,654)
1,760,888	5,212,946	-	7,210,000
-	-	-	(4,615,000)
40,015	474,473	-	514,488
<u>(298,500)</u>	<u>3,631,746</u>	<u>932,668</u>	<u>2,553,874</u>
3,449,829	1,597,372	(367,299)	3,748,066
<u>29,346,060</u>	<u>35,046,072</u>	<u>6,281,251</u>	<u>122,744,413</u>
<u>\$ 32,795,889</u>	<u>\$ 36,643,444</u>	<u>\$ 5,913,952</u>	<u>\$ 126,492,479</u>



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 Year Ended December 31, 2018

EXHIBIT 6

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 3,748,066**

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

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized (subject to the City's capitalization policy) and depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 27,417,191	
Depreciation expense	(11,346,686)	
Loss on disposal of assets	<u>(126,766)</u>	15,943,739

The issuance of long-term debt (e.g., bonds payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Debt issued	(7,210,000)	
Principal paid	<u>12,320,000</u>	5,110,000

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (190,026)

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. This includes the change in accrued interest payable, the total other post employment benefits (OPEB) obligation, and related deferred items. (2,038,864)

Internal service funds are used by management to charge the costs of various services provided to individual funds. The net revenues of certain activities of internal service funds are reported with governmental activities.

Change in internal service fund net position per statements	4,592,118	
Add allocation to business-type activities	<u>(597,628)</u>	3,994,490

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 2,923,871

Interest revenue on Due from Component Units is not recorded in the governmental funds until received but reported in the Statement of Activities when earned. (5,132)

Governmental Funds report Fire Department pension contribution as expenditures, however pension expense is reported in the statement of activities. This is the amount by which pension expense exceeded pension contributions.

Pension Expense		(404,016)
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Repayments of Due from Component Units are treated as revenues in the governmental funds but reported as a reduction of the receivable in the Statement of Net Position. Bond proceeds loaned to the component unit are treated as expenditures in the governmental funds but reported as an increase in the receivable in the Statement of Net Position. (530,000)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 28,552,128**

See notes to the basic financial statements.



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA

MAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs are to be recovered primarily through user charges.

Water/Wastewater Utility Fund - This fund accounts for the operations of the City-owned water and sewer systems.

Storm Water Utility Fund - This fund accounts for the operations and improvements of the storm water drainage system.

Recreational Facilities Fund - This fund accounts for the operations of the City's ice garden, golf courses, aquatic recreation facilities and art center operations.

CITY OF BLOOMINGTON, MINNESOTA

Statement of Fund Net Position

Proprietary Funds

December 31, 2018

Business-type Activities - Enterprise Funds

	<u>Water/Wastewater Utility</u>	<u>Storm Water Utility</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 7,048,540	\$ 14,811,314
Accrued interest receivable	21,201	41,391
Taxes receivable	376,143	1,084,870
Accounts receivable	5,523,910	1,529,334
Prepaid items	30,530	-
Due from other governments	39,500	-
Inventory	-	-
Total current assets	<u>13,039,824</u>	<u>17,466,909</u>
Noncurrent assets:		
Land	2,280,001	478,858
Buildings and structures	18,436,732	791,498
Machinery and equipment	1,413,794	179,571
Improvements	2,544,541	1,850,326
Distribution system	98,291,375	54,728,079
Construction in progress	54,018	-
Accumulated depreciation	<u>(76,867,804)</u>	<u>(19,112,074)</u>
Total noncurrent assets	<u>46,152,657</u>	<u>38,916,258</u>
Total assets	<u>59,192,481</u>	<u>56,383,167</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - related to pensions	<u>-</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	759,465	1,284,379
Estimated claims payable	-	-
Benefits payable	-	-
Due to other funds	-	-
Retainage payable	-	348,536
Unearned revenue	35,189	1,084,870
Bonds payable	105,000	-
Accrued interest payable	13,633	38,847
Deposits payable	25,582	-
Total current liabilities	<u>938,869</u>	<u>2,756,632</u>
Noncurrent liabilities:		
Benefits payable	-	-
Bonds payable	955,000	11,596,987
Estimated claims payable	-	-
Net pension liability	-	-
Total noncurrent liabilities	<u>955,000</u>	<u>11,596,987</u>
Total liabilities	<u>1,893,869</u>	<u>14,353,619</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - related to pensions	<u>-</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	45,092,657	31,789,023
Unrestricted	12,205,955	10,240,525
Total net position	<u>\$ 57,298,612</u>	<u>\$ 42,029,548</u>

See notes to the basic financial statements.

EXHIBIT 7

Recreational Facilities	Nonmajor Proprietary Funds	Total	Governmental Activities - Internal Service Funds
\$ 1,492,903	\$ 1,119,689	\$ 24,472,446	\$ 44,181,231
4,714	8,322	75,628	121,030
-	34,108	1,495,121	-
230,235	1,906,046	9,189,525	5,171
-	-	30,530	859,406
-	53,183	92,683	-
-	-	-	185,959
<u>1,727,852</u>	<u>3,121,348</u>	<u>35,355,933</u>	<u>45,352,797</u>
1,955,757	-	4,714,616	11,432,262
16,933,137	-	36,161,367	40,151,539
1,602,703	24,229	3,220,297	40,747,928
2,675,741	-	7,070,608	2,934,138
-	-	153,019,454	-
87,905	-	141,923	239,897
(14,529,616)	(24,229)	(110,533,723)	(47,683,668)
<u>8,725,627</u>	<u>-</u>	<u>93,794,542</u>	<u>47,822,096</u>
<u>10,453,479</u>	<u>3,121,348</u>	<u>129,150,475</u>	<u>93,174,893</u>
-	-	-	25,398,849
143,667	671,408	2,858,919	1,631,407
-	-	-	427,230
-	-	-	765,177
-	145,000	145,000	-
-	-	348,536	-
20,934	-	1,140,993	75,000
-	-	105,000	615,000
-	-	52,480	19,130
6,481	1,200	33,263	79
<u>171,082</u>	<u>817,608</u>	<u>4,684,191</u>	<u>3,533,023</u>
-	-	-	14,538,369
-	-	12,551,987	1,270,000
-	-	-	1,187,443
-	-	-	41,897,116
-	-	12,551,987	58,892,928
<u>171,082</u>	<u>817,608</u>	<u>17,236,178</u>	<u>62,425,951</u>
-	-	-	36,801,231
8,725,627	-	85,607,307	45,937,096
1,556,770	2,303,740	26,306,990	(26,590,536)
<u>\$ 10,282,397</u>	<u>\$ 2,303,740</u>	<u>111,914,297</u>	<u>\$ 19,346,560</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds. (4,158,380)
 Net position of business-type activities \$ 107,755,917

CITY OF BLOOMINGTON, MINNESOTA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2018

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water/Wastewater Utility</u>	<u>Storm Water Utility</u>
Operating revenues:		
Charges for services	\$ 27,855,412	\$ 6,213,332
Other	79,314	79,596
Total operating revenues	<u>27,934,726</u>	<u>6,292,928</u>
Operating expenses:		
Salaries and benefits	5,412,443	1,355,460
Materials, supplies and service	6,954,223	883,419
Depreciation	1,876,488	1,633,383
Water purchased	3,701,604	-
Wastewater disposal cost	7,137,730	-
Total operating expenses	<u>25,082,488</u>	<u>3,872,262</u>
Operating income (loss)	<u>2,852,238</u>	<u>2,420,666</u>
Nonoperating revenues (expenses):		
Taxes	-	-
Fiscal disparities	-	-
Intergovernmental	-	9,985
Interest income	87,152	154,715
Net change in fair value of investments	(14,963)	(29,191)
Gain (loss) on sale of capital assets	(27,365)	-
Other	-	-
Interest expense	(32,960)	(38,847)
Total nonoperating revenues (expenses)	<u>11,864</u>	<u>96,662</u>
Income before capital contributions and transfers	2,864,102	2,517,328
Transfers and capital contributions:		
Capital contributions from private sources	290,436	439,486
Transfers from other funds	747,624	-
Transfers to other funds	-	-
Change in net position	3,902,162	2,956,814
Total net position - January 1	<u>53,396,450</u>	<u>39,072,734</u>
Total net position - December 31	<u>\$ 57,298,612</u>	<u>\$ 42,029,548</u>

See notes to the basic financial statements.

EXHIBIT 8

Recreational Facilities	Nonmajor Proprietary Funds	Total	Governmental Activities - Internal Service Funds
\$ 3,512,909	\$ 9,095,684	\$ 46,677,337	\$ 41,295,018
-	16,709	175,619	91,010
<u>3,512,909</u>	<u>9,112,393</u>	<u>46,852,956</u>	<u>41,386,028</u>
2,309,672	1,796,714	10,874,289	18,235,123
3,268,242	7,403,513	18,509,397	14,935,048
477,898	-	3,987,769	4,231,671
-	-	3,701,604	-
-	-	7,137,730	-
<u>6,055,812</u>	<u>9,200,227</u>	<u>44,210,789</u>	<u>37,401,842</u>
<u>(2,542,903)</u>	<u>(87,834)</u>	<u>2,642,167</u>	<u>3,984,186</u>
2,400,475	-	2,400,475	-
88,850	-	88,850	-
36,546	166,669	213,200	-
14,319	40,153	296,339	626,326
1,352	(3,550)	(46,352)	52,302
12,386	-	(14,979)	34,031
18,750	-	18,750	-
-	-	(71,807)	(46,921)
<u>2,572,678</u>	<u>203,272</u>	<u>2,884,476</u>	<u>665,738</u>
29,775	115,438	5,526,643	4,649,924
-	38,530	768,452	-
50,004	297,996	1,095,624	949,026
-	(482,204)	(482,204)	(1,006,832)
<u>79,779</u>	<u>(30,240)</u>	<u>6,908,515</u>	<u>4,592,118</u>
<u>10,202,618</u>	<u>2,333,980</u>	<u>14,754,442</u>	<u>14,754,442</u>
<u>\$ 10,282,397</u>	<u>\$ 2,303,740</u>	<u>\$ 19,346,560</u>	<u>\$ 19,346,560</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in net position of business-type activities (Exh. 2)

597,628
\$ 7,506,143

CITY OF BLOOMINGTON, MINNESOTA

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2018

Business-type Activities - Enterprise Funds

	<u>Water/Wastewater Utility</u>	<u>Stormwater Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from interfund services provided	\$ -	\$ -
Cash receipts from customers	27,803,673	6,225,629
Cash payments to other funds	(3,496,187)	(325,732)
Payments to employees	(5,416,323)	(512,668)
Payments to suppliers	<u>(14,695,405)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>4,195,758</u>	<u>5,387,229</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	-	9,985
Transfers from other funds	747,624	-
Transfers to other funds	-	-
Subsidy from endowment fund	-	-
Taxes	-	-
Net cash provided by noncapital financing activities	<u>747,624</u>	<u>9,985</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond payments	(110,000)	-
Bond proceeds	-	11,596,987
Interest and other payments	(43,073)	-
Capital grants and contributions from private sources	290,436	439,486
Proceeds from sale of capital assets	-	-
Purchase of capital assets	<u>(1,308,745)</u>	<u>(9,740,774)</u>
Net cash used in capital and related financing activities	<u>(1,171,382)</u>	<u>2,295,699</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>72,189</u>	<u>125,524</u>
Net increase (decrease) in cash and cash equivalents	<u>3,844,189</u>	<u>7,818,437</u>
Cash and cash equivalents - January 1	<u>3,204,351</u>	<u>6,992,877</u>
Cash and cash equivalents - December 31	<u>\$ 7,048,540</u>	<u>\$ 14,811,314</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ 2,852,238	\$ 2,420,666
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	1,876,488	1,633,383
Changes in assets and liabilities:		
Accounts receivable	(121,442)	(1,133,414)
Other current assets	(9,612)	(18,755)
Inventory	-	-
Accounts payable	(347,960)	1,400,479
Unearned revenue	(53,954)	1,084,870
Interfund payables	-	-
Net pension liability	-	-
Deferred outflows of resources	-	-
Deferred inflows of resources	-	-
Net cash provided by (used in) operating activities	<u>\$ 4,195,758</u>	<u>\$ 5,387,229</u>

See notes to the basic financial statements.

EXHIBIT 9

Recreational Facilities	Nonmajor Proprietary Funds	Total	Governmental Activities - Internal Service Funds
\$ -	\$ -	\$ -	\$ 41,349,848
3,490,470	8,839,097	46,358,869	-
(1,872,962)	(339,404)	(6,034,285)	(5,556,715)
(2,307,921)	(1,753,625)	(9,990,537)	(19,099,669)
(1,453,589)	(7,414,671)	(23,563,665)	(9,777,974)
<u>(2,144,002)</u>	<u>(668,603)</u>	<u>6,770,382</u>	<u>6,915,490</u>
36,546	281,049	327,580	-
50,004	297,996	1,095,624	949,026
-	(482,204)	(482,204)	(1,006,832)
18,750	-	18,750	-
2,489,325	-	2,489,325	-
<u>2,594,625</u>	<u>96,841</u>	<u>3,449,075</u>	<u>(57,806)</u>
-	-	(110,000)	(605,000)
-	-	11,596,987	-
-	-	(43,073)	(46,921)
-	38,530	768,452	-
19,500	-	19,500	286,167
<u>(266,668)</u>	<u>-</u>	<u>(11,316,187)</u>	<u>(3,664,679)</u>
<u>(247,168)</u>	<u>38,530</u>	<u>915,679</u>	<u>(4,030,433)</u>
15,670	36,604	249,987	678,627
219,125	(496,628)	11,385,123	3,505,878
1,273,778	1,616,317	13,087,323	40,675,353
<u>\$ 1,492,903</u>	<u>\$ 1,119,689</u>	<u>\$ 24,472,446</u>	<u>\$ 44,181,231</u>
\$ (2,542,903)	\$ (87,834)	\$ 2,642,167	\$ 3,984,186
477,898	-	3,987,769	4,231,671
(22,210)	(270,468)	(1,547,534)	(37,462)
(230)	(2,826)	(31,423)	1,286
-	-	-	(9,672)
(50,455)	(307,475)	694,589	487,130
(6,102)	-	1,024,814	-
-	-	-	(359,530)
-	-	-	(9,159,602)
-	-	-	9,822,038
-	-	-	(2,044,555)
<u>\$ (2,144,002)</u>	<u>\$ (668,603)</u>	<u>\$ 6,770,382</u>	<u>\$ 6,915,490</u>



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held by the City as trustee or agent for the benefit of parties outside of the government.

Private-Purpose Trust Fund – This fund was established with the receipt of a \$1,000,000 donation to the City. The interest earnings from this endowment fund are to be used to offset operating costs of the Bloomington Center for the Arts.

Agency Funds – These funds account for the collection and disbursement of funds received and disbursed for other parties and governmental units.

City of Bloomington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

EXHIBIT 10

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 983,462	\$ 694,841
Accounts receivable	-	384,528
Accrued interest receivable	7,969	-
Total assets	991,431	\$ 1,079,369
 LIABILITIES		
Accounts payable	-	\$ 1,079,369
 NET POSITION		
Held in trust	\$ 991,431	

See notes to the basic financial statements.

City of Bloomington
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2018

EXHIBIT 11

	<u>Private-Purpose Trust</u>
ADDITIONS	
Investment earnings - Interest	<u>\$ 11,301</u>
DEDUCTIONS	
Current: General services	<u>18,750</u>
Change in net position	(7,449)
Net position - January 1	<u>998,880</u>
Net position - December 31	<u><u>\$ 991,431</u></u>

See notes to the basic financial statements.



CITY OF
BLOOMINGTON
MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BLOOMINGTON, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomington, Minnesota (the City) operates pursuant to applicable Minnesota laws and statutes. The governing body (the City Council) consists of six council members and the Mayor. Four of the council members are elected by district and two of the council members and the Mayor are elected at large. All serve four-year staggered terms, subject to redistricting every ten years, which results in two 2-year terms through that transition. The City Manager, the chief administrative officer, is selected by the City Council to serve an indefinite term. The City Manager controls and directs the administration of the City's affairs and supervises all departments and divisions.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles), as applied to governmental units by the Governmental Accounting Standards Board (GASB). The more significant of the City's accounting policies are described below.

A. REPORTING ENTITY

In accordance with GASB pronouncements and generally accepted accounting principles, the City's financial statements include all funds, organizations, and departments of the City and the City's component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body, and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the entity definition criteria established by GASB, certain organizations have been included with the City's financial statements, as follows:

Discretely Presented Component Units - Entails reporting the component unit financial data in columns separate from the financial data of the City:

Port Authority of the City of Bloomington (Port Authority)

The Port Authority was created by the City in 1981 to provide a coordinated, cost-effective approach for private and public development within various development districts that may be established throughout the City. This goal is accomplished in many cases through the use of Tax Increment Financing, to be issued as needed to effect orderly development. The Port Authority is governed by commissioners appointed by the Mayor and confirmed by the City Council, and its boundaries encompass the entire City of Bloomington. The Port Authority has limited taxing powers, but extensive authority to issue bonds or notes for public improvements and land development. These are subject to approval by the City Council prior to issuance. The City Council appoints the Port Authority board, guarantees certain Port Authority debt, and contractually provides staff to manage the Port Authority's day-to-day operations; it is, therefore, considered a discretely presented component unit of the City.

Housing and Redevelopment Authority in and for the City of Bloomington (HRA)

The HRA is a statutory organization established in 1971 to provide housing and redevelopment assistance to Bloomington citizens. Assistance is provided through the administration of various programs. The HRA's boundaries encompass the entire City of Bloomington. The City Council appoints the members of the HRA board, and City employees on contract to the HRA manage the HRA's day-to-day operations; it is, therefore, considered a discretely presented component unit of the City.

Financial information for the Port Authority and HRA is provided in the Other Supplementary Information section of the City's comprehensive annual financial report. Separate financial statements are not issued for the component units.

B. GOVERNMENT-WIDE AND FUND ACCOUNTING

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type.

The government-wide statement of net position is designed to display the financial position of the primary government in the two categories of governmental and business-type activities. In this statement, both the governmental and business-type activities columns are reflected on a full accrual, economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations. Governments report all capital assets, including infrastructure, in the government-wide statement of net position and report depreciation expense - the cost of "using up" capital assets - in the statement of activities. The net position of the government is broken down into three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. The City generally first uses restricted assets for expenses incurred for which both restricted and unrestricted assets are available. The City may defer the use of restricted assets based on a review of the specific transaction.

The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's activities. This statement 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. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues.

The operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column includes capital-specific grants.

The governmental funds' major fund statements in the fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented using a different measurement focus and basis of accounting than the government-wide statements' governmental column, reconciliations are presented which briefly explain the adjustments necessary to reconcile both the ending net position and the change in net position.

The focus of the government-wide and fund accounting reporting model is on the City as a whole and the City's major funds, including both governmental funds and proprietary funds. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities, deferred inflows of resources, and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Major governmental funds - The City reports the following major governmental funds:

- *General Fund* - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. This fund records revenues such as property tax revenues, licenses and permits, fines and penalties, intergovernmental revenues, and interest earnings. Most of the current day-to-day operations of the governmental units are financed from this fund.
- *Community Development Block Grant Fund* - This fund was established to account for funds received under Title I of the Housing and Community Development Act of 1974. Revenues of the fund are restricted for housing and development purposes.
- *Improvement Bonds Fund* - This fund is used to account for the accumulation of resources for payment of principal and interest on general obligation improvement bonds.
- *Capital Projects Fund* - This fund accounts for funds and monies required for financing land acquisitions, construction, park development, and equipment related to public facilities. This fund also accounts for the state allotment of gasoline tax collections for road construction and for transitional costs for capital construction.
- *Improvement Construction Fund* - This fund accounts for the proceeds of bonds sold for the purpose of street, sewer, water, and state aid construction.

Major proprietary funds - The City reports the following major proprietary funds:

- *Water/Wastewater Utility Fund* - This fund accounts for the operations of the City-owned water and sewer systems.
- *Storm Water Utility Fund* - This fund accounts for the operations and improvements of the storm water drainage system.
- *Recreational Facilities Fund* - This fund accounts for the operations of the City's ice garden, golf courses, aquatic recreation facilities, and art center operations.

Other funds - The City reports the following other funds:

Internal Service Funds - The Internal Service Funds are used to account for information technology, fleet, support services, public safety radios, self-insurance, benefit accruals, insured benefits, facilities and parks maintenance, and PERA pension, all provided by one department to other departments of the City on a cost-reimbursement basis. The City has allocated the statement of fund net position and the statement of revenues, expenses, and changes in net position between various governmental and business-type activities in the government-wide statements.

Private-Purpose Trust and Agency Funds - The Private-Purpose Trust Fund is used to report the trust activity with the Bloomington Arts Center which benefits from the income earned on the principal of the endowment. The Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They account for collection and disbursement of lodging taxes for the Bloomington Visitors and Convention Bureau, State pass-through loans, and funds received for other parties and governments. These fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs.

C. BASIS OF ACCOUNTING

The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Governmental Funds:

Measurement Focus - Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources are generally included on the balance sheet. Reported fund balance is considered a measure of "available spendable resources." Governmental fund operating statements represent increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

Basis of Accounting - Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

Revenues - Major revenues that are susceptible to accrual include property taxes (excluding delinquent taxes received over 60 days after year-end), special assessments, intergovernmental revenues, charges for services, and interest on investments. Major revenues that are not susceptible to accrual include fees and miscellaneous revenues; such revenues are recorded only as received because they are not measurable until collected.

Unavailable Revenues – Unavailable revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Such amounts are classified as deferred inflows of resources within governmental funds.

Unearned Revenues – Unearned revenues arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when all revenue recognition criteria are met, the liability for unearned revenue is removed and revenue is recognized.

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt and other long-term liabilities which are recognized when due.

Proprietary and Fiduciary Funds:

Measurement Focus - Proprietary funds and private-purpose trust funds are accounted for on a flow of economic resources measurement focus. This means that all assets, including capital assets, and all liabilities, including long-term liabilities, associated with fund activity are included on the statement of net position. The net position of the fund is broken down into three categories: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Agency funds are custodial in nature and have no measurement focus.

Basis of Accounting - All proprietary funds and fiduciary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded at the time liabilities are incurred. Unbilled utility service receivables are recorded at year-end.

Operating versus Non-operating Items - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the City’s enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the General and the following special revenue funds: Community Development Block Grant, Public Health, Public Safety, Communications, Park Grants, South Loop Revolving Development Services, Creative Placemaking, and Cemetery Trust.

Budgeted amounts are reported as originally adopted and as amended by the City Council, if such action was taken. Budgeted expenditure appropriations lapse at year-end. During the year, several supplementary appropriations are approved by the City Council.

Encumbrances represent purchase commitments. Encumbrances outstanding at year-end are reported as committed fund balances.

Carryovers of prior-year budget appropriations are allowed when projects have been approved, but not completed, and funding has not been provided in the following year's budget. Budget carryovers at year-end are reported as committed fund balances.

Legal Compliance - Budgets

The City follows the procedures below in establishing the budget reflected in the accompanying financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The General and special revenue funds are legally adopted through the budgetary process as documented herein.
2. Public hearings are conducted to obtain taxpayer comments.
3. Both the General Fund and special revenue fund budgets are legally enacted through passage of resolutions.
4. Monitoring of budgets is maintained at the expenditure category level within each activity. Budgetary monitoring, by department, division, and by category is required by the City Charter. Management may alter the budget within a department but cannot exceed the total budgeted expenditures for that department unless approved by the City Council. The City Council may authorize transfer of budgeted amounts between departments or funds. These budget amendments must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for capital projects funds is accomplished through the use of project controls.
6. General Fund expenditures may not legally exceed budgeted appropriations at the departmental level. Special revenue fund expenditures may not legally exceed budgeted appropriations at the fund level.

E. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in authorized investments (see Note 2). Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments are stated at fair value, based upon quoted market prices at the reporting date, except for investments in money market investments and external investment pools that meet GASB 79 requirements, which are stated at amortized cost. Cash and cash equivalents consist of available cash, cash deposits, and highly liquid investments with an original maturity date at the time of purchase of three months or less. The City accounts for its investments in an entity-wide cash management pool, which is used essentially as a demand deposit account.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds and between the primary government and component units for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due from primary government/component unit” and “due to other funds” or “due to primary government/component unit,” respectively, on the balance sheet (see Note 8).

G. INVENTORIES AND PREPAID ITEMS

Inventory is valued at average cost based on physical counts for all fund types. In the General Fund, inventory is not significant and is recorded as an expenditure at the time of purchase. In the proprietary funds, inventory is recorded as an expense when consumed.

Assets held for resale represent various property purchases made by the City with the intent to sell in order to increase tax base or to attract new businesses. These assets are stated at the lower of cost or acquisition value. During the year ended December 31, 2018 management has reviewed the cost value reported for these assets and has indicated the properties are fairly presented for financial reporting purposes.

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

H. CAPITAL ASSETS

Capital outlays are recorded as expenditures in the City’s governmental fund financial statements, which use the modified accrual basis of accounting. Capital outlays are capitalized in the City’s government-wide and proprietary funds statements of net position, which use the full accrual basis of accounting. Infrastructure has been capitalized retroactively to 1980. The carrying value of prior infrastructure assets is considered to be insignificant to the overall value of capital assets of the City. Depreciation on the City’s capital assets (including infrastructure) is recorded on a government-wide basis and in the proprietary funds. All capital assets are recorded at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at the acquisition value as of the date received. The City’s policy is to only capitalize capital assets exceeding \$10,000.

Depreciation has been provided over the estimated useful lives using the straight-line method. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

	Years
Land improvements	20-50
Buildings and structures	15-95
Distribution system	36
Equipment	3-15
Infrastructure	5-48

I. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, statements of financial position or balance sheets will sometimes report separate sections for deferred outflows and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) or an inflow of financial resources until then.

The City reports deferred outflows and inflows of resources related to pensions and OPEB in the government-wide and internal service funds Statement of Net Position. These deferred outflows and inflows result from differences between expected and actual experience, changes in proportion, changes of assumptions, difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension and OPEB standards.

Unavailable revenue arises only under a modified accrual basis of accounting and, therefore, is only reported in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from five sources: mortgages, taxes, state aid, special assessments and land held for resale. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

J. COMPENSATED ABSENCES

The City compensates all employees upon termination for unused vacation up to a maximum range of 432 to 480 hours based upon length of service. The City also compensates employees for unused personal time up to a maximum of 1,000 hours. Personal leave balances in excess of 600 hours upon termination are converted to a tax deferred health care retirement account with the State Board of Investments. Such pay is accrued as an expenditure/expense as it is earned in all funds. The liability for all compensated absences is recorded in the Benefit Accrual Fund within the internal service funds.

K. LONG-TERM OBLIGATIONS

Long-term obligations are recorded in the City's government-wide statement of net position when they become a liability of the City. Long-term obligations are recognized as a liability of a governmental fund only when due, or when resources have been accumulated in a debt service fund for payment early in the following year. Long-term obligations expected to be financed from proprietary funds are accounted for in those funds.

In the fund financial statements, governmental fund types recognize 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.

L. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial and Housing Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, housing, and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. A bank or financing institution finances this transaction, and the terms and conditions are contracted between the lender and the borrower. Neither the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there were three series of Industrial and Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$58.9 million.

M. FUND BALANCE CLASSIFICATIONS

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

Nonspendable - consists of amounts that are not in spendable form, such as prepaid items.

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

Committed - consists of internally imposed constraints for a specific purpose. In accordance with City Charter the City Council is the City's highest level of decision making authority and can, by legal resolution prior to the end of a fiscal year, approve to establish, modify or rescind a fund balance commitment.

Assigned – consists of internally imposed constraints for the specific purpose of the City's intended use. Pursuant to the City's Fund Balance Classification Policy, intent can be expressed by the government body or by an official or body to which the governing body delegates the authority. At this time the City Council has not delegated the authority to assign fund balance.

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

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned and 3) unassigned.

N. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Interfund transactions within the respective categories of governmental activities and business-type activities in the government-wide statement of activities are eliminated. The internal balances caption on the government-wide statement of net position represents interfund receivables or payables between the two types of activities: governmental and business-type.

O. PROPERTY TAXES

Property tax levies are set by the City Council in December of each year and are certified to Hennepin County (the County) for collection in the following year. In the state of Minnesota, counties act as collection agents for all property taxes.

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Property taxes are accrued and recognized as revenue in the fund financial statements for collections within 60 days after year-end, net of delinquencies.

Real property taxes are required by state statute to be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are required to be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts in July, December, and January.

Taxes levied which remain unpaid at December 31 are classified as taxes receivable and are fully offset by deferred inflows in the governmental fund financial statements because they are not known to be available to finance current expenditures. Delinquent property taxes are recorded as earned in the government-wide statements, less a \$200,000 allowance for uncollectible accounts.

P. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. Such reclassifications did not have an effect on fund net position or change in net position, as previously reported.

Q. DEFICIT NET POSITION AND FUND BALANCE

The PERA Pension internal service fund had a negative net position balance of \$(53,299,498) on December 31, 2018 as a result of following accounting required by GASB 68. Future pension contributions and investment earnings will reduce the negative net position in the PERA Pension internal service fund. The Benefit Accrual internal service fund had a negative net position balance of \$1,842,865 on December 31, 2018. This fund accounts for the compensated personal and vacation leave balances. Over the next few years, the City will increase internal charges and transfer funds to eliminate the deficit in this fund. The Contractual Police non-major enterprise fund has a deficit net position of \$488. This deficit will be reduced by operating revenues.

R. USE OF ESTIMATES

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

S. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

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.

PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at national or state banks within the state, as authorized by the City Council.

At December 31, 2018, the carrying amount of the City's deposits with financial institutions was \$528,287 and the bank balances totaled \$943,494.

Custodial Credit Risk-Deposits – Custodial credit risk is the risk that in event of a bank failure, the City's deposits may not be returned to it. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasury or in a financial institution other than that furnishing the collateral. City policy does not further add any restrictions to address custodial credit risk. As of December 31, 2018, the bank balance of the City's deposits was covered by federal depository insurance or covered by collateral pledged and held in the City's name.

B. INVESTMENTS

The City may also invest funds as authorized by Minnesota Statutes and its investment policy as follows:

- U.S. Treasury obligations including bonds, notes, Treasury bills, or other securities which are direct obligations of the United States. Instruments sold and issued by the U.S. Government carry the full faith guarantee of the U.S. Government. These instruments provide the highest quality available to purchase and are highly liquid.
- U.S. Agency securities Government Sponsored Enterprises (GSE's) are instrumentalities, or organizations created by an act of Congress. GSE securities have the implied guarantee of the United States Government and are privileged to certain access to capital and support of government programs. The most common GSE issuers are Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Bureau (FFCB), and Federal National Mortgage Association (FNMA).
- General obligation bonds of state or local governments must have a taxing power rating of A, AA, or AAA. Tax exempt or taxable bonds qualify as long as they meet the rating standards.
- Banker's acceptances of United States banks, eligible for purchase by the Federal Reserve System, that mature in 270 days or less. Evaluation of the financial strength of the accepting bank is necessary through purchasing acceptances only from banks with a minimum A (very strong bank) rating by a nationally recognized rating agency.
- Money market mutual funds (excluding the 4M Fund) are rated Aa or higher by at least one nationally recognized statistical rating organization, invests in securities with a final maturity no longer than 13 months and for which the Investment Committee has obtained and reviewed the fund prospectus.
- Savings/demand deposits. A financial institution that is qualified as a "depository" of public funds of government entities. The City may hold balances in qualified bank deposits. Funds may be held in savings accounts at approved depository banks. If balances are greater than the FDIC limit, collateral of 110 percent will be held for the excess balances.

- Commercial paper is short term unsecured debt which has been issued by a United States corporation or their Canadian subsidiaries and is not a limited liability corporation (LLC) to fund their day-to-day operational needs. Maturities typically range from one day to 270 days. The City may only buy paper that meets the Minnesota Statute 118A with the exception that no Asset Backed or Structured Investment Vehicle (SIV) Commercial Paper are allowed. Only commercial paper with the highest quality rating of A1, P1, F1 and the underlying issuer of the commercial paper must have a long-term debt rating of AAA to be utilized.
- The City may enter into repurchase agreements and reverse repurchase agreements consisting of collateral allowable in Minnesota Statute, Chapter 118A.
- Investment products that are considered as derivatives are specifically excluded from approved direct investment purchases at this time.

As of December 31, 2018, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One Year to Five Years</u>	<u>Five Years to Ten Years</u>
Money Market	\$ 17,334,794	\$ 17,334,794	\$ -	\$ -
Commercial Paper	8,946,720	8,946,720	-	-
Commercial Paper Sweep	388,538	388,538	-	-
Treasury Notes	13,863,910	4,974,400	8,889,510	-
Farmer Mac	16,887,973	9,994,900	6,893,073	-
Federal Farm Credit Bank	26,933,518	7,997,954	18,935,564	-
Federal Home Loan Bank	26,066,568	11,173,712	14,892,856	-
Federal Home Loan Mortgage Corporation	31,766,120	9,936,150	21,829,970	-
Federal National Mortgage Association	21,437,033	13,951,500	7,485,533	-
Municipal Bonds	<u>29,753,235</u>	<u>6,677,273</u>	<u>22,354,954</u>	<u>721,008</u>
Total investments	<u>193,378,409</u>	<u>\$ 91,375,941</u>	<u>\$ 101,281,460</u>	<u>\$ 721,008</u>
Total deposits	<u>528,287</u>			
Total investments and deposits	<u>\$ 193,906,696</u>			

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The City has the following recurring fair value measurements as of December 31, 2018:

Investments by fair value level	12/31/18	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Commercial Paper	\$ 8,946,720	\$ -	\$ 8,946,720	\$ -
Commercial Paper Sweep	388,538	-	388,538	-
Treasury Notes	13,863,910	-	13,863,910	-
Farmer Mac	16,887,973	-	16,887,973	-
Federal Farm Credit Bank	26,933,518	-	26,933,518	-
Federal Home Loan Bank	26,066,568	-	26,066,568	-
Federal Home Loan Mortgage Corporation	31,766,120	-	31,766,120	-
Federal National Mortgage Association	21,437,033	-	21,437,033	-
Municipal Bonds	29,753,235	-	29,753,235	-
Subtotal	176,043,615	\$ -	\$ 176,043,615	\$ -
Investments not categorized				
External investment pools:				
US Bank Money Market	10,575,308			
4M Fund Money Market	6,759,486			
Bank Deposits	528,287			
Total	<u>\$ 193,906,696</u>			

Custodial Credit Risk-Investments – For investments in securities, custodial credit risk is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investments that are in possession of an outside party. As of December 31, 2018, all investments of the City were insured, registered, and held by the City or its agent in the City’s name. Investments in money market accounts are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk. The City has no policy for credit risk beyond what is provided by Minnesota state law.

Interest Rate Risk – The City’s investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. The policy also states the City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City will attempt to match its investment maturities with anticipated cash flow liquidity demands (static liquidity). The portfolio will be structured so that the liquid component, a minimum of 5% of total investments, will be invested in short term securities maturing in less than thirty days. Reserve funds may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds. The City has two types of portfolios: a short term portfolio with no less than 85% of the portfolio with maturities of five years or less and a long term portfolio with no more than 15% of the portfolio with maturities greater than five years. In no event does the City invest in securities with maturities exceeding 10 years. Total weighted average maturity of total funds will not exceed 3.5 years for the short term portfolio. Maturities will be diversified to avoid undue concentration of assets in a specific sector. An exception to this policy is made for maturities that may be placed in a reserve fund (per bond indentures), whereby maturities dates will coincide with expected use of funds. Another exception is allowed if the City purchases Component Unit bonds with a long duration, up to 20 years, with City Council approval.

Credit Risk – State law limits investments in commercial paper to the top rating issued by at least two of the nationally recognized statistical rating organizations. The City’s investments in money market funds, Federal Farm Credit, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal Agricultural Mortgage Corporation, and Federal National Mortgage Association Notes were all rated AA+ by Standard & Poor’s and Aaa by Moody’s Investors Service and the municipal investments are all rated A+ or better by Standard & Poor’s and Moody’s Investors Service. The City does not have a policy on credit risk beyond State law.

The City’s external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated pool and the fair value of the position in the pool is the same as the value of pool shares. The pool is managed to maintain a portfolio weighted average maturity of no greater than 60 days and seeks to maintain a constant net asset value (NAV) per share of \$1. The pool measures their investments in accordance with Government Accounting Standards Board Statement No. 79, at amortized cost.

The 4M Liquid Asset Fund has no redemption requirements. The 4M Plus Fund requires funds to be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period are subject to a penalty equal to 7 days interest on the amount withdrawn.

Concentration of Credit Risk – The City’s investment policy allows for diversification with the following thresholds: 50% in Money Market funds, 20% in Savings/Demand deposits, 10% in Bankers Acceptances, 20% in Commercial Paper, 100% in US Treasury obligations, 100% in GSE-Agency securities, 55% in Municipal securities (35% with component units and 20% with non-component units), 10% in Repurchase Agreements, and Guaranteed Investment Contracts varying by project. The City diversifies its investments to substantially reduce the risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, institution, or class of securities, with the exception of U.S. Treasury securities, and authorized pools. Due to fluctuations in the value of the portfolio, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need not be liquidated to realign the portfolio but consideration will be given for future purchases. More than 5% of the City’s investments are in the following governmental agencies: Farmer Mac (9%), Federal Farm Credit Bank (14%), Federal Home Loan Bank (13%), Federal Home Loan Mortgage Corporation (16%), Federal National Mortgage Association (11%), and US Treasuries (7%).

Given the smaller portfolios of the Port Authority and the HRA, the above restrictions may be waived for specific project needs.

The following table reconciles cash, cash equivalents, and investments to the basic financial statements at December 31, 2018:

Governmental funds	\$ 123,574,716
Proprietary funds:	
Enterprise	24,472,446
Internal service	44,181,231
Government-wide	<u>192,228,393</u>
Fiduciary funds	1,678,303
Total cash, cash equivalents, and investment	<u><u>\$ 193,906,696</u></u>

3. CAPITAL ASSETS

During 2018 the City's capitalization threshold was \$10,000. Capital asset activity for the year ended December 31, 2018 was as follows:

	Primary Government			Balance at 12/31/18
	Balance at 1/1/18	Additions	Retirements	
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 99,610,216	\$ 192,398	\$ -	\$ 99,802,614
Construction in progress	2,891,109	2,329,816	(997,169)	4,223,756
Total capital assets not being depreciated	102,501,325	2,522,214	(997,169)	104,026,370
Capital assets being depreciated:				
Buildings and structures	68,836,507	-	-	68,836,507
Machinery and equipment	46,052,986	3,439,372	(1,868,031)	47,624,327
Improvements	17,845,552	2,360,176	-	20,205,728
Infrastructure	360,164,066	23,757,280	-	383,921,346
Total capital assets being depreciated	492,899,111	29,556,828	(1,868,031)	520,587,908
Less accumulated depreciation for:				
Buildings and structures	(39,850,806)	(1,419,153)	-	(41,269,959)
Machinery and equipment	(32,989,961)	(3,201,456)	1,489,129	(34,702,288)
Improvements	(6,449,180)	(877,679)	-	(7,326,859)
Infrastructure	(124,064,366)	(10,080,069)	-	(134,144,435)
Total accumulated depreciation	(203,354,313)	(15,578,357)	1,489,129	(217,443,541)
Total capital assets being depreciated, net	289,544,798	13,978,471	(378,902)	303,144,367
Governmental capital assets, net	\$ 392,046,123	\$ 16,500,685	\$ (1,376,071)	\$ 407,170,737
Business-type activities:				
Capital assets not being depreciated -				
Land	\$ 4,714,616	\$ -	\$ -	\$ 4,714,616
Construction in progress	374,450	141,923	(374,450)	141,923
Total capital assets not being depreciated	5,089,066	141,923	(374,450)	4,856,539
Capital assets being depreciated:				
Buildings and structures	36,161,367	-	-	36,161,367
Machinery and equipment	3,238,385	239,621	(257,710)	3,220,296
Distribution system	142,121,620	10,897,834	-	153,019,454
Improvements	6,659,350	411,258	-	7,070,608
Total capital assets being depreciated	188,180,722	11,548,713	(257,710)	199,471,725
Less accumulated depreciation for:				
Buildings and structures	(17,125,613)	(610,619)	-	(17,736,232)
Machinery and equipment	(2,156,871)	(137,696)	223,230	(2,071,337)
Distribution system	(83,379,700)	(3,131,285)	-	(86,510,985)
Improvements	(4,106,999)	(108,169)	-	(4,215,168)
Total accumulated depreciation	(106,769,183)	(3,987,769)	223,230	(110,533,722)
Total capital assets being depreciated, net	81,411,539	7,560,944	(34,480)	88,938,003
Business-type activities capital assets, net	\$ 86,500,605	\$ 7,702,867	\$ (408,930)	\$ 93,794,542

Depreciation expense was charged to governmental functions and proprietary funds at December 31, 2018 as follows:

Function	Governmental	Fund	Proprietary
General services	\$ 25,720	Water/Wastewater	\$ 1,876,488
Development services	3,033,248	Storm Water	1,633,383
Public works	7,324,529	Recreational Facilities	477,898
Public safety	205,062		
Community services	758,127		
Internal Service Funds	4,231,671		
Total depreciation expense	\$ 15,578,357		\$ 3,987,769

4. COMMITMENTS

At December 31, 2018 encumbrances totaled \$659,186 and are reported as a committed fund balance within the General Fund. At December 31, 2018, the City had commitments for twenty uncompleted construction contracts with a remaining balance of \$7,352,276.

5. RISK MANAGEMENT

The City acts as a self-insurer for workers' compensation claims. Property, casualty, and automobile insurance coverage are provided through a pooled insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portions. The risk management activities of the City are accounted for by the Self-Insurance Fund, an internal service fund that charges its costs to user departments. There were no significant reductions in insurance coverages from coverage in the prior year. No settlement amounts exceeded insurance coverage for the past three fiscal years.

The liability recorded in the Self-Insurance Fund includes estimated settlements for claims reported but not settled as of year-end, as well as an estimate of claims incurred but not reported. When a new claim is filed with the City, the League of Minnesota Cities Insurance Trust establishes an estimated loss reserve. This reserve is expensed at year end and then increased or decreased annually.

	<u>2018</u>	<u>2017</u>
Unpaid claims at beginning of year	\$1,552,602	\$1,983,037
Claims paid	(424,024)	(430,435)
New claims	486,095	-
Unpaid claims at end of year	<u>\$1,614,673</u>	<u>\$1,552,602</u>

6. LONG-TERM LIABILITIES

The long-term debt obligations outstanding at year-end are summarized as follows:

<u>Type of Bonds</u>	<u>Maturities</u>	<u>Rates</u>	<u>Balance at 12/31/18</u>
Governmental activities:			
Governmental funds:			
General obligation (G.O.) bonds	2019-2034	2.00 - 5.00%	\$ 4,435,000
G.O. improvement bonds	2019-2037	.80 - 5.00	45,955,000
G.O. tax increment bonds	2019-2032	.80 - 4.30	4,105,000
Total governmental funds			<u>54,495,000</u>
Internal service funds:			
G.O. capital improvement bonds	2019-2021	.60 - 2.60	1,885,000
Total governmental activities			<u>56,380,000</u>
Business-type activities			
General Obligation (G.O.) bonds	2019-2034	2.00 - 5.00	11,865,000
Total bonds			<u>\$ 68,245,000</u>

Changes in long-term liabilities during 2018 are summarized as follows:

	Balance at 01/01/18	Additions	Retirements	Balance at 12/31/18	Due Within One Year
Governmental activities:					
G.O. bonds	\$ 5,520,000	\$ 1,940,000	\$ 1,140,000	\$ 6,320,000	\$ 1,135,000
G.O. improvement bonds	51,940,000	5,270,000	11,255,000	45,955,000	6,220,000
G.O. tax increment bonds	4,635,000	-	530,000	4,105,000	545,000
Unamortized bond prems	2,452,867	514,488	324,462	2,642,893	-
Benefits payable	14,823,264	2,098,520	1,618,238	15,303,546	765,177
Estimated claims payable	1,552,602	486,095	424,024	1,614,673	427,230
OPEB liability	7,938,262	1,671,596	299,661	9,310,197	-
Net pension liability	51,056,718	4,825,865	13,985,467	41,897,116	-
Total governmental	<u>139,918,713</u>	<u>16,806,564</u>	<u>29,576,852</u>	<u>127,148,425</u>	<u>9,092,407</u>
Business-type activities -					
G.O. bonds	1,170,000	10,805,000	110,000	11,865,000	105,000
Unamortized bond premiums	-	796,363	4,376	791,987	-
Total business-type	<u>1,170,000</u>	<u>11,601,363</u>	<u>114,376</u>	<u>12,656,987</u>	<u>105,000</u>
Total	<u>\$141,088,713</u>	<u>\$ 28,407,927</u>	<u>\$29,691,228</u>	<u>\$ 139,805,412</u>	<u>\$ 9,197,407</u>

The benefits payable are generally liquidated by the Benefit Accrual Internal Service Fund. It is not practicable to determine the specific year for payment of benefits payable. The OPEB liability is generally liquidated by the Insured Benefits Internal Service Fund. Net pension liability is generally liquidated by all funds in the City with salary-related expenditures/expenses.

Long-term debt maturities (including interest of \$11,904,856) are as follows:

Year Ending <u>December 31</u>	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2019	\$ 7,900,000	\$ 1,523,975	\$ 105,000	\$ 341,918	\$ 9,870,893
2020	8,095,000	1,376,044	575,000	490,307	10,536,351
2021	7,865,000	1,138,744	665,000	461,456	10,130,200
2022	6,220,000	926,682	690,000	429,782	8,266,464
2023	5,255,000	754,261	725,000	395,506	7,129,767
2024-2028	17,485,000	1,760,329	3,985,000	1,421,253	24,651,582
2029-2033	3,130,000	244,655	4,195,000	600,519	8,170,174
2034-2037	430,000	20,925	925,000	18,500	1,394,425
Total	<u>\$ 56,380,000</u>	<u>\$ 7,745,615</u>	<u>\$11,865,000</u>	<u>\$ 4,159,241</u>	<u>\$ 80,149,856</u>

On June 21, 2018, the City issued \$1,020,000 of General Obligation Charter Bonds with an effective rate of 2.63%, the proceeds of which were used to provide funding for park improvements within the City. In addition the City issued \$920,000 of Taxable General Obligation Housing Improvement Bonds with an effective rate of 3.94%, the proceeds were used to finance various improvements within the Housing Improvement Area. On December 5, 2018, the City issued \$5,270,000 of General Obligation Permanent Improvement Revolving Fund Bonds, Series 52 with an effective rate of 2.79%, the proceeds of which were used to provide funding for public improvements. In addition the City issued \$10,805,000 of General Obligation Storm Water Utility Bonds with an effective rate of 3.26%, the proceeds were used to finance storm sewer improvements within the City.

\$3,730,000 of General Obligation Permanent Improvement Fund Refunding Bonds were issued as an advanced refunding in 2017 with an effective rate of 1.92%. The actual savings to the City regarding this refunding issue was \$772,931 and the present value savings was \$625,019. The proceeds and cash on hand

refunded the 2007 PIR, Forty-One Series and the 2008 PIR, Forty-Two Series bonds and were paid on February 1, 2018.

The following is a schedule of bonds payable at December 31, 2018:

Type of Bonds	Original Amount	Maturities	Rates	Balance at 12/31/18
Governmental Activities:				
General Obligation (G.O.) Bonds:				
2010 Capital Improvement	\$ 5,900,000	2019-2021	.60 - 2.60%	\$ 1,885,000
2016 Art Center Refunding	1,610,000	2019-2021	4.00%	1,240,000
2017A Charter Bonds	1,420,000	2019-2027	2.00 - 5.00%	1,255,000
2018A Charter Bonds	1,020,000	2020-2029	3.00 - 4.00%	1,020,000
2018B Housing Improvement Bonds	920,000	2020-2034	3.00 - 4.00%	920,000
Total G.O. Bonds	<u>10,870,000</u>			<u>6,320,000</u>
General Obligation (G.O.) Improvement Bonds:				
2010 PIR, Forty-Four Series	6,235,000	2019-2021	.80 - 3.50%	1,985,000
2011 PIR, Forty-Five Series	7,545,000	2019-2031	2.00 - 3.375%	3,310,000
2012 PIR Refunding, Thirty-Nine Series	5,900,000	2019-2025	3.00%	3,615,000
2012 PIR, Forty-Six Series	5,615,000	2019-2023	2.00 - 3.00%	2,780,000
2013 PIR Refunding, Forty-Three Series	5,135,000	2019-2030	2.40 - 3.25%	2,820,000
2013 PIR, Forty-Seven Series	4,180,000	2019-2024	2.10 - 3.00%	2,640,000
2014 PIR, Forty-Eight Series	7,465,000	2019-2025	2.00 - 2.50%	4,750,000
2015 PIR, Forty-Nine Series	5,355,000	2019-2036	2.00 - 3.00%	4,470,000
2016 PIR, Fifty Series	6,115,000	2019-2037	2.00 - 3.00%	5,615,000
2016 PIR, Refunding, Forty-One and Forty-Two Series	3,730,000	2019-2029	2.00 - 3.00%	3,730,000
2017 PIR, Fifty-One Series	4,970,000	2019-2028	2.00 - 5.00%	4,970,000
2018 PIR, Fifty-Two Series	5,270,000	2020-2029	3.00-5.00%	5,270,000
Total G.O. Improvement Bonds	<u>67,515,000</u>			<u>45,955,000</u>
General Obligation (G.O.) Tax Increment Bonds:				
2011 Serial Refunding Bonds	3,095,000	2019-2032	3.00 - 4.30%	2,455,000
2016 Serial Bonds	2,045,000	2019-2022	.80 - 1.60%	1,650,000
Total G.O. Tax Increment Bonds	<u>5,140,000</u>			<u>4,105,000</u>
Total governmental activities	<u>\$ 83,525,000</u>			<u>\$ 56,380,000</u>
Business-type Activities:				
General Obligation (G.O.) Bonds:				
2017B Water Utility Bonds	\$ 1,170,000	2019-2027	2.00 - 5.00%	\$ 1,060,000
2018D Storm Water Utility Green Bonds	10,805,000	2020-2034	3.00 - 5.00%	10,805,000
Total G.O. Bonds	<u>11,975,000</u>			<u>11,865,000</u>
Total bonds payable	<u>\$ 95,500,000</u>			<u>\$ 68,245,000</u>

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital projects and facilities. General obligation bonds have been issued for both general government and business-type activities. Bonds issued for business-type activities are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Revenues pledged are as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged			Remaining Principal and Interest	Current Year	
			Percent of total debt service	Debt service as a % of net revenues	Term of Pledge		Principal and Interest paid	Pledged Revenue received
Governmental Activities:								
General Obligation (G.O.) Bonds:								
2010 Capital Improvement Bonds Nov-10	Paid Port Authority Lease Revenue Bonds	Debt Service Tax Levy	100%	n/a	2012 - 2021	\$1,956,671	\$656,963	\$656,963
2016 G.O. Arts Center Refunding Dec-16	Refund 2007 Arts Center Bonds - Crossover	Debt Service Tax Levy	100%	n/a	2018 - 2021	1,315,400	427,000	427,000
2017 G.O. Charter Bonds May-17	Park improvements	Debt Service Tax Levy	100%	n/a	2018 - 2027	1,428,250	216,848	216,848
2018 G.O. Charter Bonds Jun-18	Park improvements	Debt Service Tax Levy	100%	n/a	2020 - 2029	1,224,122	-	-
2018 G.O. Taxable Housing Improvmt Jun-18	Housing improvements	Special Assessments	100%	n/a	2020 - 2034	1,240,333	-	-
General Obligation (G.O.) Improvement Bonds:								
2010 PIR Bonds, Forty-Four Series Nov-10	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	39% 61%	n/a n/a	2012 - 2021	2,086,713	708,356	708,356
2011 PIR Bonds, Forty-Five Series Nov-11	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	28% 72%	n/a n/a	2013 - 2031	3,588,700	777,388	777,388
2012 PIR Refunding, Thirty-Nine Srs Jun-12	Refunding 2004 PIR Bonds Infrastructure Improvements	Special Assessments Debt Service Tax Levy	57% 43%	n/a n/a	2015 - 2025	3,992,925	636,250	636,250
2012 PIR Bonds, Forty-Six Srs Jun-12	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	48% 52%	n/a n/a	2014 - 2023	2,984,213	675,075	675,075
2013 PIR Refunding, Forty-Three Srs Nov-13	Refunding 2009 PIR Bonds Current Refunding	Special Assessments Debt Service Tax Levy	90% 10%	n/a n/a	2015 - 2030	3,174,017	681,759	681,759
2013 PIR Bonds, Forty-Seven Srs Nov-13	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	24% 76%	n/a n/a	2015 - 2024	2,838,131	480,067	480,067
2014 PIR Bonds, Forty-Eight Srs Dec-14	Infrastructure Improvements & Refunding 2006 PIR Bonds	Special Assessments Debt Service Tax Levy	32% 68%	n/a n/a	2016-2025	5,118,138	766,825	766,825
2015 PIR Bonds, Forty-Nine Srs Oct-15	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	43% 57%	n/a n/a	2017 - 2036	5,071,538	599,750	599,750
2016 PIR Bonds, Fifty Srs Dec-16	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	41% 59%	n/a n/a	2018 - 2037	6,491,750	651,700	651,700
2016 PIR Refunding Bonds, Forty-One and Forty-Two Srs Dec-16	Refunding 2007 PIR and 2008 PIR bonds Advanced Refunding	Special Assessments	100%	n/a	2019 - 2029	4,198,375	96,850	96,850
2017 PIR Bonds, Fifty-One Srs Dec-17	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	19% 81%	n/a n/a	2018 - 2028	5,850,256	126,598	126,598
2018 PIR Bonds, Fifty-Two Srs Dec-18	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	18% 82%	n/a n/a	2019 - 2029	6,654,978	-	-
General Obligation (G.O.) Tax Increment Bonds:								
2011 Serial G.O. TIF Refunding Bds Nov-11	Refund 2003 & 2004 TIF Bds Crossover Refunding	TIF Revenue	100%	n/a	2013 - 2032	3,213,123	231,140	231,140
2016 Serial G.O. TIF Bonds Dec-16	Housing development	TIF Revenue	100%	n/a	2018 - 2022	1,697,983	418,489	418,489
Business-type activities:								
Enterprise Bonds:								
2017B Water Utility May-17	Water system improvements	Utility revenues	100%	n/a	2018-2027	1,205,759	153,073	153,073
2018D Storm Water Utility Dec-18	Storm water utility	Special Assessments Utility revenues	10% 90%	n/a	2020-2034	14,818,481	-	-

General Obligation (G.O.) Bonds:

- 2010 Capital Improvement Bonds. The City has pledged future tax ad valorem revenue to repay the \$5,900,000 bonds issued in November 2010. Proceeds from the bonds were used to acquire certain facilities previously leased to the City by the Port Authority. User charges through the Facilities and Parks Maintenance Fund are appropriated to pay debt service payments through the life of the bonds. Total principal and interest remaining on the bonds is \$1,956,671, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$656,963 and \$656,963, respectively.
- 2016 Art Center Refunding. The City has pledged future tax ad valorem revenue to repay the \$1,610,000 bonds issued in December 2016. Proceeds from the bonds refunded the 2007 Arts Center Bonds on February 1, 2017. Tax levies were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,315,400, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$427,000 and \$427,000, respectively.
- 2017 Charter Bonds. The City has pledged future tax ad valorem revenue to repay the \$1,420,000 bonds issued in May 2017. Proceeds from the bonds were used to replace playground equipment in parks around the City. Tax levies were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,428,250, payable through February 2027. For the current year, principal and interest paid and total tax levy revenues were \$216,848 and \$216,848, respectively.
- 2018 Charter Bonds. The City has pledged future tax ad valorem revenue to repay the \$1,020,000 bonds issued in June 2018. Proceeds from the bonds were used for various improvement to parks around the City. Tax levies were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,224,122, payable through February 2029. For the current year, principal and interest paid and total tax levy revenues were \$0 and \$0, respectively.
- 2018 Taxable Housing Improvement Bonds. The City has pledged special assessment revenue to repay the \$920,000 bonds issued in June 2018. Proceeds from the bonds were used to finance various improvements within the Housing Improvement Area. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,240,333, payable through February 2034. For the current year, principal and interest paid and total tax levy revenues were \$0 and \$0, respectively.

General Obligation (G.O.) Improvement Bonds:

- 2010 PIR, Forty-Four Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$6,235,000 bonds issued in November 2010. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 61% and special assessments were projected to produce 39% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,086,713, payable through February 2021. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$708,356 and \$708,356, respectively.

- 2011 PIR, Forty-Five Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$7,545,000 bonds issued in November 2011. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 72% and special assessments were projected to produce 28% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,588,700, payable through February 2031. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$777,388 and \$777,388, respectively.
- 2012 PIR Refunding, Thirty-Nine Series. The City has pledged future tax ad valorem revenue to repay the \$5,900,000 bonds issued in June 2012. Proceeds from the bonds refunded the 2004 PIR, 39 Series Bonds on February 1, 2014. Tax levies were projected to produce 43% and special assessments were projected to produce 57% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,992,925, payable through February 2025. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$636,250 and \$636,250, respectively.
- 2012 PIR, Forty-Six Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$5,615,000 bonds issued in June 2012. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 52% and special assessments were projected to produce 48% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,984,213, payable through February 2023. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$675,075 and \$675,075, respectively.
- 2013 PIR Refunding, Forty-Three Series. The City has pledged future tax ad valorem revenue to repay the \$5,135,000 bonds issued in November 2013. Proceeds from the bonds refunded the 2009 PIR, 43 Series Bonds on February 1, 2014. Tax levies were projected to produce 10% and special assessments were projected to produce 90% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$3,174,017, payable through February 2030. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$681,759 and \$681,759, respectively.
- 2013 PIR, Forty-Seven Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$4,180,000 bonds issued in November 2013. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 76% and special assessments were projected to produce 24% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,838,131, payable through February 2024. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$480,067 and \$480,067, respectively.
- 2014 PIR, Forty-Eight Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$7,465,000 bonds issued in December 2014. Proceeds from the bonds partially refunded the 2006 PIR, 40 Series Bonds on February 1, 2015 and provided financing for various infrastructure improvements. Tax levies were projected to produce 68% and special assessments were projected to produce 32% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,118,138 payable through February 2025. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$766,825 and \$766,825, respectively.

- 2015 PIR, Forty-Nine Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$5,355,000 bonds issued in October 2015. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 57% and special assessments were projected to produce 43% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,071,538 payable through February 2036. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$599,750 and \$599,750, respectively.
- 2016 PIR, Fifty Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$6,115,000 bonds issued in December 2016. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 59% and special assessments were projected to produce 41% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$6,491,750, payable through February 2037. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$651,700 and \$651,700, respectively.
- 2016 PIR Refunding, Forty-One Series and Forty-Two Series. The City has pledged future tax ad valorem revenue to repay the \$3,730,000 bonds issued in December 2016. Available cash and proceeds from the bonds refunded the 2007 PIR, 41 Series Bonds and the 2008 PIR, 42 Series Bonds on February 1, 2018. Special assessments were projected to produce 100% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$4,198,375, payable through February 2029. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$96,850 and \$96,850, respectively.
- 2017 PIR, Fifty-One Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$4,970,000 bonds issued in December 2017. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 81% and special assessments were projected to produce 19% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,850,256, payable through February 2028. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$126,598 and \$126,598, respectively.
- 2018 PIR, Fifty-Two Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$5,270,000 bonds issued in December 2018. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 82% and special assessments were projected to produce 18% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$6,654,978 payable through February 2029. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$0 and \$0, respectively.

General Obligation (G.O.) Tax Increment Bonds:

- 2011 Serial Refunding Bonds. The City has pledged tax increment revenue to repay the \$3,095,000 bonds issued in November 2011. Proceeds from the bonds refunded the 2003 G.O. TIF Bonds and the 2004 G.O. TIF Bonds on February 1, 2013. Incremental property taxes were projected to produce 100% of the debt service requirements over the life of the bond issue. Total principal and interest remaining on the bonds is \$3,213,123, payable through February 2032. For the current year, principal and interest paid and total tax increment revenues were \$231,140 and \$231,140, respectively.

- 2016 Serial Bonds. The City has pledged tax increment revenue to repay the \$2,045,000 bonds issued in December 2016. Proceeds from the bonds provided funding for housing developments. Incremental property taxes were projected to produce 100% of the debt service requirements over the life of the bond issue. Total principal and interest remaining on the bonds is \$1,697,983, payable through February 2022. For the current year, principal and interest paid and total tax increment revenues were \$418,489 and \$418,489, respectively.

Enterprise Bonds:

- 2017B Water Utility. The City has pledged future water utility revenues to repay the \$1,170,000 bonds issued in May 2017. Utility revenues were projected to produce 100% of the debt service requirements over the life of the bond issue. Proceeds from the bonds provided financing for various water system improvements. Total principal and interest remaining on the bonds is \$1,205,759, payable through February 2027. For the current year, principal and interest paid and total water utility net revenues were \$153,073 and \$153,073, respectively.
- 2018D Storm Water Utility. The City has pledged future storm water utility revenues and special assessments to repay the \$10,805,000 bonds issued in December 2018. Utility revenues were projected to produce 90% and special assessments were projected to produce 10% of the debt service requirements over the life of the bond issue. Proceeds from the bonds provided financing for storm water system improvements. Total principal and interest remaining on the bonds is \$14,818,481, payable through February 2034. For the current year, principal and interest paid and total water utility net revenues were \$0 and \$0, respectively.

7. FUND BALANCE/NET POSITION

A. GOVERNMENTAL CLASSIFICATIONS

At December 31, 2018, a summary of the governmental fund balance classifications is as follows:

	General Fund	Improvement Bonds	Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items	\$ -	\$ -	\$ 18,500	\$ -	\$ -	\$ 18,500
Restricted for:						
Debt service	-	16,470,347	-	-	639,535	17,109,882
Abatement purposes	-	-	-	4,163,407	-	4,163,407
Tax increment purposes	-	-	26,785,291	152,876	-	26,938,167
Capital purposes	-	-	-	-	9,714	9,714
Park development	-	-	198,500	-	22,935	221,435
Public safety	-	-	-	-	1,142,049	1,142,049
Public health	-	-	-	-	138,732	138,732
Housing development	-	-	6,016	-	-	6,016
Art center	-	-	3,124	-	-	3,124
Cemetery	-	-	-	-	527,766	527,766
Street reconstruction	-	-	-	2,256,676	-	2,256,676
Total restricted	-	16,470,347	26,992,931	6,572,959	2,480,731	52,516,968
Committed:						
Encumbrances	659,186	-	-	-	-	659,186
Budget carryovers	1,409,940	-	-	-	-	1,409,940
Capital purposes	-	-	-	-	88,616	88,616
Creative placemaking	-	-	-	-	288,911	288,911
Park development	-	-	445,874	-	-	445,874
Public safety	-	-	-	-	2,717,428	2,717,428
Future projects	-	-	5,338,584	-	-	5,338,584
Community landscape	-	-	-	-	1,703	1,703
Communications	-	-	-	-	341,614	341,614
Total committed	2,069,126	-	5,784,458	-	3,438,272	11,291,856
Assigned for:						
Street reconstruction	-	-	-	30,070,485	-	30,070,485
Unassigned						
	32,599,721	-	-	-	(5,051)	32,594,670
Total fund balances	\$ 34,668,847	\$ 16,470,347	\$ 32,795,889	\$ 36,643,444	\$ 5,913,952	\$ 126,492,479

B. WORKING CAPITAL FUND BALANCE POLICY

The City Council has formally adopted a policy regarding the working capital fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes, the second largest is lodging and admission taxes.

The policy states the City will strive to maintain a fund balance in the General Fund for working capital purposes of 35-40% of the following year's General Fund total budgeted revenues or expenditures.

At December 31, 2018, the fund balance of the General Fund was \$34,668,847 which sufficiently meets the working capital goal described above.

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following is a schedule of interfund receivables and payables as of December 31, 2018:

Fund/Component Unit	Receivable	Payable
General Fund (1)	\$ 342,200	\$ -
Community Development Block Grant (1)		6,000
Improvement Construction (1)	-	162,000
Nonmajor governmental funds (1)	-	29,200
Nonmajor enterprise funds (1)	-	145,000
Total	\$ 342,200	\$ 342,200
 Primary Government:		
General Fund	\$ 176,270	\$ -
Community Development Block Grant Fund	-	83,871
Capital Projects Fund	1,458,293	5,150,000
Bonds receivable – due:		
Within one year	545,000	-
In more than one year	3,587,820	-
Accrued interest receivable	48,344	-
 Component Units:		
Port Authority	-	1,484,403
Housing and Redevelopment Authority:		
Primary government	5,233,871	150,160
Bonds payable – due:		
Within one year	-	545,000
In more than one year	-	3,587,820
Accrued interest payable	-	48,344
	\$ 11,049,598	\$ 11,049,598

Interfund receivables and payables represent (1) lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year.

The following is a schedule of interfund transfers for the year ended December 31, 2018:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Community Dev. Block Grant	\$ 43,876
	Capital Projects	2,483,988
	Nonmajor Enterprise	173,204
	Improvement Construction	<u>1,000,000</u>
Total General		<u>3,701,068</u>
Improvement Bonds	Improvement Construction	<u>678,268</u>
Capital Projects	Internal Service	200,004
	Improvement Bonds	206,350
	Nonmajor Governmental	620,000
	General Fund	<u>843,235</u>
Total Capital Projects		<u>1,869,589</u>
Improvement Construction	Improvement Bonds	<u>316,553</u>
Nonmajor Governmental	Internal Service	193,632
	General Fund	4,532
	Nonmajor Governmental	367,398
	Capital Projects	<u>1,435,000</u>
Total Nonmajor Governmental		<u>2,000,562</u>
Enterprise	Nonmajor Enterprise	309,000
	Internal Service	438,624
	Capital Projects	50,004
	General Fund	<u>297,996</u>
	Total Enterprise	<u>1,095,624</u>
Internal Service	Nonmajor Governmental	80,496
	Improvement Construction	693,958
	Internal Service	<u>174,572</u>
Total Internal Service		<u>949,026</u>
Total		<u>\$ 10,610,690</u>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them.

9. SEGMENT INFORMATION

The City maintains six enterprise funds that account for the water/wastewater utilities, storm water utilities, recreational facilities, solid waste management, contractual police services, and motor vehicle services. The City considers each of its enterprise funds to be a segment. Since the required segment information is already included in the City's proprietary funds' statement of net position and statement of revenues, expenses, and changes in net position (and combining statements thereof), this information has not been repeated in the notes to the basic financial statements.

10. CONTINGENCIES

A. LEGAL CONTINGENCIES

There are several lawsuits pending in which the City is involved. The City Attorney estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.

B. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and it is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2018.

C. TAX INCREMENT DISTRICTS

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

11. DEFINED PENSION BENEFIT PLANS

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

PLAN DESCRIPTIONS

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

BENEFITS PROVIDED

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated 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 Plan 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 Plan members is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the GERF is at least 90.0% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90.0% funded, or has fallen below 80.0%, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month, but less than 12 full months as of June 30, will receive a pro rata increase.

2. PEPFF Benefits

Benefits for PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. 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.

Benefit increases are provided to benefit recipients each January. PEPFF benefit recipients receive a future annual 1.0% increase. An annual adjustment will equal 2.5% any time the plan exceeds a 90.0% funded ratio for two consecutive years. If the adjustment is increased to 2.5% and the funded ratio falls below 80.0% for one year, or 85.0% for two consecutive years, the post-retirement benefit increase will be lowered to 1.0%. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month, but less than 12 full months as of June 30, will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

CONTRIBUTIONS

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

1. GERF Contributions

Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2018. The City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the GERF for the year ended December 31, 2018 were \$2,606,658. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2018. The City was required to contribute 16.20% of pay for PEPFF members. The City's contributions to the PEPFF for the year ended December 31, 2018 were \$2,262,547. The City's contributions were equal to the required contributions as set by state statute.

PENSION COSTS

1. GERF Pension Costs

At December 31, 2018, the City reported a liability of \$28,220,590 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .5098% at the end of the measurement period and .5297% for the beginning of the period.

The City's net pension liability reflected a reduction due to the State of Minnesota's (State) contribution of \$16 million to the fund in 2018. The State is considered a nonemployer contributing entity and the State's contribution meets the definition of a special funding situation. The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of net pension liability	\$ 28,220,590
State's proportionate share of the net pension liability associated with the City	\$ 925,710

For the year ended December 31, 2018, the City recognized pension expense of \$2,056,143 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$215,874 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.

At December 31, 2018, the City reported its proportionate share of the GERS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 776,407	\$ 847,181
Changes in actuarial assumptions	2,774,741	3,260,483
Difference between projected and actual actual investment earnings	-	2,929,975
Changes in proportion	247,645	1,203,701
Contributions paid to PERA subsequent to the measurement date	<u>1,304,988</u>	<u>-</u>
Total	<u>\$ 5,103,781</u>	<u>\$ 8,241,340</u>

Deferred outflows of resources reported \$1,304,988 related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2019	\$ 609,343
2020	(1,780,953)
2021	(2,681,925)
2022	<u>(589,012)</u>
Total	<u>\$ (4,442,547)</u>

2. PEPFF Pension Costs

At December 31, 2018, the City reported a liability of \$13,676,526 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 1.2831% at the end of the measurement period and 1.2770% for the beginning of the period.

For the year ended December 31, 2018, the City recognized pension expense of \$1,550,655 for its proportionate share of the PEPFF's pension expense. The City also recognized \$115,479 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2018, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 549,723	\$ 3,513,343
Changes in actuarial assumptions	18,088,639	20,040,084
Difference between projected and actual investment earnings	-	2,652,069
Changes in proportion	511,200	2,354,395
Contributions paid to PERA subsequent to the measurement date	<u>1,145,506</u>	<u>-</u>
Total	<u>\$ 20,295,068</u>	<u>\$ 28,559,891</u>

Deferred outflows of resources reported \$1,145,506 related to pensions resulting from City contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2019	\$ (321,617)
2020	(959,575)
2021	(2,073,220)
2022	(6,024,549)
2023	<u>(31,368)</u>
Total	<u>\$(9,410,329)</u>

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2018 actuarial valuation was determined using and individual entry-age normal actuarial cost method and the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP-2014 tables for males and females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the GERF and 1.00% per year for the PEPFF.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the GERF was completed in 2015. The most recent four-year experience study for the PEPFF was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

GERF

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

PEPFF

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statutes, 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.

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 stocks	36%	5.10%
International stocks	17	5.30
Bonds	20	0.75
Alternative assets	25	5.90
Cash	2	-
Total	<u>100%</u>	

DISCOUNT RATE

The discount rate used to measure the total pension liability in 2018 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates set in Minnesota statutes. Based on these assumptions, the fiduciary net positions of the GERF and PEPFF 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.

PENSION LIABILITY SENSITIVITY

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City’s proportionate share of the GERF net pension liability	\$ 45,862,072	\$ 28,220,590	\$ 13,658,051
	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City’s proportionate share of the PEPF net pension liability	\$ 29,323,326	\$ 13,676,526	\$ 737,269

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

B. SINGLE EMPLOYER PLAN – BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Pensions. 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 Bloomington Fire Department Relief Association (Relief Association) and additions to deductions from the Relief Association’s fiduciary net position have been determined on the same basis as they were reported by the Relief Association. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PLAN DESCRIPTION

Volunteer firefighters of the Bloomington Fire Department are covered by a defined benefit plan administered by the Relief Association. The Plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute, Chapter 69.

BENEFITS PROVIDED

The Relief Association provides retirement benefits as well as disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established in accordance with the State Statute. The defined retirement benefits are based on the most recent 3-year average salary rates of the highest paid non-officer police officer in the City. Benefit provisions can be amended by the Minnesota State Legislature.

Twenty Year Service Pension

Each member who is at least 50 years of age; has retained membership in the Relief Association for 10 years, and has served at least twenty (20) years of active service with the Bloomington Fire Department before retirement; shall be entitled to a full service monthly pension for the remainder of his or her life. Benefits are based on 33 1/3% of the average of the highest paid non-officer police officers pay over the last 3 years.

Disability Benefits

A member who becomes disabled will be eligible for a monthly disability benefit based on the most recent three year average salary rates of the highest paid non-officer police officer for the City. If the period of disability continues to the time when the member would qualify for a service pension, the member will be placed on the service pension rolls and disability benefits shall terminate.

Death Benefits

Upon the death of a Relief Association member, the Relief Association shall pay to the designated beneficiary or estate, the sum of \$500.

EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2018, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	209
Retired members entitled to benefits, but who have not received them	11
Current members:	
Fully vested (20 years or more)	8
Nonvested (less than 20 years)	<u>111</u>
Total	<u>339</u>

CONTRIBUTIONS

Minnesota Statutes Chapter 69.772 sets the minimum contribution requirement for the City and State aid on an annual basis. These statutes are established and amended by the state legislature. The Relief Association is comprised of volunteers; therefore, members have no contribution requirements. The City receives the State aid contribution and is required by state statutes to pass this through as payment to the Relief Association. The City's contributions to the Relief Association for the year ended December 31, 2018, were \$1,535,985. The City's contributions was equal to the required contribution as set by state statute. State aid contributions for the year ended December 31, 2018, were \$594,361. The actuary also compares the actual statutory contribution rate to an actuarial determined contribution rate. The actuarial determined contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability, and (c) an allowance for administrative expenses.

NET PENSION LIABILITY

The City's net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2019.

ACTUARIAL ASSUMPTIONS

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	December 31, 2018
Investment rate of return	6.00%
Projected salary increases	4.00%
Inflation	Built into other rate assumptions
Cost-of-living adjustments	4.00%
Age of service retirement	50 with 20 years of service
Post-retirement benefit increase	None

The plan has not had a formal actuarial experience study performed.

Mortality assumptions for pre-retirement, post-retirement and disability are as follows:

Pre-retirement – RP 2000 non-annuitant mortality table with white collar adjustment, generationally projected using scale AA, and set back two years for males and females.

Post-retirement – RP 2000 annuitant mortality table with white collar adjustment, generationally projected using scale AA for males and females.

Post-disabled – RP 2000 non-annuitant mortality table with white collar adjustment, set forward eight years for males and females.

The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expectant long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of January 1, 2019.

<u>Asset Class</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>
Cash	0.33%
Broad U.S. equities	3.81
Large Cap U.S. equities	3.62
Core fixed income	2.02
Developed foreign equities	4.59

DISCOUNT RATES

The discount rate used to measure the total pension liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the actual statutory contribution rate. Based on those assumptions, the Relief Association's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the plan's long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

CHANGES IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	
Balance at December 31, 2017	\$ 145,849,298	\$ 175,842,396	\$ (29,993,098)
Charges for the year:			
Service cost	3,529,986	-	3,529,986
Interest on total pension liability	8,791,865	-	8,791,865
Effect of economic/demographic gains or losses	257,010	-	257,010
Benefit payments	(5,780,618)	(5,780,618)	-
Employer contributions	-	2,130,346	(2,130,346)
Net investment income	-	(7,266,532)	7,266,532
Administrative expense	-	(100,782)	100,782
Net changes	6,798,243	(11,017,586)	(17,815,829)
Balance at December 31, 2018	\$ 152,647,541	\$ 164,824,810	\$ (12,177,269)

PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net pension liability (asset)	\$ 13,343,617	\$ (12,177,269)	\$ (32,314,624)

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Relief Association financial report. That report may be obtained by writing to Bloomington Fire Department Relief Association, 1800 West Old Shakopee Road, Bloomington, Minnesota, 55431, or by calling (952) 563-8700.

PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended December 31, 2018, the City recognized pension expense of \$404,016. The City also recognized \$594,361 for the year ended December 31, 2018, as pension expense (and grant revenue) for the State of Minnesota’s on-behalf contribution to the plan. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 444,095	\$ 72,327
Difference between projected and actual investment earnings	<u>6,044,542</u>	<u>-</u>
Total	<u>\$ 6,488,637</u>	<u>\$ 72,327</u>

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

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2019	\$ 2,234,258
2020	96,073
2021	544,744
2022	3,541,235

C. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2018 is as follows:

GERF	\$ 2,272,017
PEPFF	1,666,134
Fire Relief	<u>404,016</u>
Total	<u>\$ 4,342,167</u>

12. POST-EMPLOYMENT BENEFITS

A. PLAN DESCRIPTION

The City provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. BENEFITS PROVIDED

RETIREES

All retirees of the City upon retirement have the option under state law to continue their medical insurance coverage through the City with retirees paying the full city premium rate for their coverage.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees until the retiree reaches Medicare eligibility. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

ACTIVE DEATH BENEFITS

In the case of death of an employee whose dependents who were enrolled under the City’s plan, the City will pay 100% of the group health insurance premium for the employee’s dependents for two years after the employee’s death.

C. CONTRIBUTIONS

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City’s current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled \$344,129.

D. MEMBERSHIP

Membership in the plan consisted of the following as of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	52
Active plan members	<u>565</u>
Total	<u><u>617</u></u>

E. TOTAL OPEB LIABILITY OF THE CITY

The City’s total OPEB liability of \$9,310,197 as of year-end was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

F. ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the entry-age normal cost method and following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	4.00%
20-year municipal bond yield	4.00%
Inflation rate	3.75%
Salary increases	3.75%
Medical trend rate	9.00% grading to 5.00% over 8 years

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota city employees. The state pension plans base their assumptions on periodic experience studies. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 4.00 percent, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date. The City discount rate used in the prior measurement date was 4.00 percent.

Mortality rates were based on the RP-2014 White Collar Mortality Tables which was used in the previous study.

Future retirees electing coverage is assumed to be 75 percent.

G. CHANGES IN THE TOTAL OPEB LIABILITY

	<u>Total OPEB Liability</u>
Beginning balance – January 1, 2018	\$ 7,938,262
Changes for the year	
Service cost	591,300
Interest	335,249
Contributions - employer	(299,661)
Differences between expected and actual experience	745,047
Total net changes	<u>1,371,935</u>
Ending balance – December 31, 2018	<u>\$ 9,310,197</u>

Assumption changes since the prior measurement date include the following:

- The actuarial cost method was changed from entry age, level dollar to entry age, level percent of pay as prescribed by GASB 75.

H. TOTAL OPEB LIABILITY SENSITIVITY TO DISCOUNT AND HEALTHCARE COST TREND RATE CHANGES

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate</u>	<u>Discount Rate</u>	<u>1% Increase in Discount Rate</u>
OPEB discount rate	3.00%	4.00%	5.00%
Total OPEB liability	\$ 9,808,797	\$ 9,310,197	\$ 8,838,252

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using medical trend rates that are 1 percentage point lower or 1 percentage point higher than the current medical trend rates:

	<u>1% Decrease in Medical Trend Rate</u>	<u>Medical Trend Rate</u>	<u>1% Increase in Medical Trend Rate</u>
Medical trend rate	8.00% decreasing to 4.00% over 8 years	9.00% decreasing to 5.00% over 8 years	10.00% decreasing to 6.00% over 8 years
Total OPEB liability	\$ 8,481,487	\$ 9,310,197	\$ 10,265,993

I. OPEB EXPENSE AND RELATED DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

For the current year ended, the City recognized OPEB expense of \$2,460,527. As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,070,669
City contributions subsequent to the measurement date	344,129	-
Total	<u>\$ 344,129</u>	<u>\$ 1,070,669</u>

A total of \$344,129 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to the plan will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2019	\$ (97,511)
2020	\$ (97,511)
2021	\$ (97,511)
2022	\$ (97,511)
2023	\$ (97,511)
Thereafter	\$ (583,114)

13. RECEIVABLES AND DEFERRED INFLOWS

Receivables not expected to be collected within one year are mortgages receivable of \$9,758,978 and deferred special assessments receivable of \$17,946,324. Ten percent of the listed receivables are estimated to be collected within one year.

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

	<u>Property Taxes</u>	<u>State Aid</u>	<u>Special Assessments</u>	<u>Mortgages</u>	<u>Land Held For Resale</u>	<u>Total</u>
Major Funds:						
General Fund	\$ 439,262	\$ -	\$ 1,963,812	\$ -	\$ -	\$ 2,403,074
Community Development Block Grant	-	-	-	10,843,308	-	10,843,308
Capital Projects	-	-	1,380,309	-	9,913,047	11,293,356
Improvement Construction	-	2,315,753	282,061	-	606,477	3,204,291
Improvement Bonds	-	-	16,314,181	-	-	16,314,181
Total Deferred Inflows	<u>\$ 439,262</u>	<u>\$2,315,753</u>	<u>\$ 19,940,363</u>	<u>\$10,843,308</u>	<u>\$ 10,519,524</u>	<u>\$ 44,058,210</u>

14. SUBSEQUENT EVENTS

In May of 2019 the City sold a bond issue in the amount of \$1,645,000. These bonds are General Obligation Charter Bonds. The bond proceeds in conjunction with City funds and a grant from Kraft Hockeyville will finance locker room and other usability improvements to the Bloomington Ice Garden.

On April 17, 2019 the City Council and Port Authority board approved resolutions directing staff to execute a Development Services Agreement for a proposed waterpark project in the amount of \$7,500,000. The Development Services Agreement would mark the beginning of the City and Port’s involvement in the design of the waterpark. This approval to spend South Loop funds does not authorize the entire waterpark project to move forward.

15. CHANGE IN ACCOUNTING PRINCIPLE

During the 2018 fiscal year, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes new standards for employer recognition and measurement of liabilities, deferred outflows/inflows of resources, and expense for OPEB. This standard requires retroactive implementation. However, the cumulative net effect of this change in accounting principle was not material to these financial statements, and was therefore included in current year activity.

16. INDIVIDUAL COMPONENT UNIT DISCLOSURES

Discretely Presented Component Units - Notes 1 through 15 to the basic financial statements apply to the City and generally to its component units. The City’s two component units are reported in a separate column, or discretely presented, in the financial statements to emphasize that they are legally separate from the City. The following notes provide disclosures that are specific to each of the component units. Further detail regarding component units is provided under the Component Unit tab within the “Other Supplementary Information” section of the financial statements.

Port Authority in and for the City of Bloomington (Port Authority)

Cash, Cash Equivalents, and Investments

A. DEPOSITS

In accordance with Minnesota Statutes, the Port Authority maintains deposits at national or state banks within the state, all of which are members of the Federal Reserve System, as authorized by its Commissioners.

Custodial Credit Risk-Deposits – Custodial credit risk is the risk that in event of a bank failure, the Port Authority’s deposits may not be returned to it. Minnesota Statutes require that all Port Authority deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasury or in a financial institution other than that furnishing the collateral.

At December 31, 2018, the carrying amount of the Port Authority’s deposits with financial institutions and the bank balances totaled \$45,718. As of December 31, 2018, the bank balance of the Port’s deposits was covered by federal depository insurance or covered by collateral pledged and held in the Port Authorities name.

B. INVESTMENTS

The Port Authority invests funds, as authorized by Minnesota Statutes and its investment policy is as follows:

See Note 2 of the City for a description of qualifying depositories, collateralization, qualifying investments, and investment categorization.

At December 31, 2018, the Port Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One Year to Five Years</u>	<u>Five Years to Ten Years</u>
Money Market	\$ 9,310,258	\$ 9,310,258	\$ -	\$ -
Commercial Paper	4,992,700	4,992,700	-	-
Federal Farm Credit Bank	2,997,930	2,997,930	-	-
Federal National Mortgage Association Note	9,893,500	9,893,500	-	-
Federal Home Loan Bank	29,900,390	14,930,240	14,970,150	-
Federal Home Loan Mortgage Corporation	10,003,950	-	10,003,950	-
Municipal Bonds	12,752,115	2,771,310	9,980,805	-
Total investments	<u>79,850,843</u>	<u>\$ 44,895,938</u>	<u>\$ 34,954,905</u>	<u>\$ -</u>
Total deposits	<u>45,718</u>			
Total investments and deposits	<u>\$ 79,896,561</u>			

Port Authority in and for the City of Bloomington (Port Authority)

The Port Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy has three levels. Level 1 investments are valued using inputs that are based on quoted prices in active markets for identical assets. Level 2 investments are valued using inputs that are based on quoted prices for similar assets or inputs that are observable, either directly or indirectly. Level 3 investments are valued using inputs that are unobservable.

The Port Authority has the following recurring fair value measurements as of December 31, 2018:

Investments by fair value level	12/31/18	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Commercial Paper	\$ 4,992,700	\$ -	\$ 4,992,700	\$ -
Federal Farm Credit Bank	2,997,930	-	2,997,930	-
Federal National Mortgage Association Note	9,893,500	-	9,893,500	-
Federal Home Loan Bank	29,900,390	-	29,900,390	-
Federal Home Loan Mortgage Corporation	10,003,950	-	10,003,950	-
Municipal Bonds	12,752,115	-	12,752,115	-
Subtotal	70,540,585	\$ -	\$ 70,540,585	\$ -
Investments not categorized				
External investment pools:				
4M Fund Money Market	9,310,258			
Bank deposits	45,718			
Total	\$ 79,896,561			

Custodial Credit Risk-Investments – For investments, custodial credit risk is the risk that in the event of a failure of the counterparty, the Port Authority will not be able to recover the value of its investments that are in possession of an outside party. As of December 31, 2018, all investments of the Port Authority were insured, registered, and held by the Port Authority or its agent in the Port Authority’s name.

Interest Rate Risk - The Port Authority’s investment policy does not have limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments in commercial paper to the top rating issued by at least two of the nationally recognized statistical rating organizations; at December 31, 2018 the Port Authority held commercial paper. The Port Authority’s investments in money market funds, government securities, and the municipal investments are all rated AA or better by Standard & Poor’s and Moody’s Investors Service.

Concentration of Credit Risk - The Port Authority places no limit on the amount the Port Authority may invest in any one issuer. More than 5% of the Port Authority’s investments are in the following governmental agencies: Federal National Mortgage Association (12%), Federal Home Loan Bank (37%), Federal Home Loan Mortgage Corporation (13%), and municipals (6%).

Port Authority in and for the City of Bloomington (Port Authority)

Long-term Debt

The long-term debt obligations outstanding at year-end are summarized as follows:

Type of Bonds	<u>Original Issue</u>	<u>Maturities</u>	<u>Rates</u>	<u>Balance 12/31/18</u>
Governmental activities -				
Taxable G.O. Tax Increment Bonds	\$ 7,150,000	2019-2035	2.00 – 3.60%	\$ 7,150,000

On October 13, 2015, the Port authority issued \$7,150,000 of Taxable General Obligation Tax Increment Bonds; the effective interest is 3.32%. The proceeds of the bonds were used to finance the construction of a 662-space parking ramp located in the IndiGO Development. A private party independently financed the apartment complex that was built in conjunction with the construction of the parking ramp.

Changes in long-term liabilities during 2018 are summarized as follows:

	<u>Balance 01/01/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/18</u>	<u>Due Within One Year</u>
Governmental Activities:					
G.O. Tax Increment Bonds	\$ 7,150,000	\$ -	\$ -	\$ 7,150,000	\$ 380,000
Due to Primary Government -					
Loan from City	<u>2,109,266</u>	<u>23,598</u>	<u>(648,461)</u>	<u>1,484,403</u>	<u>693,551</u>
Total	<u>\$ 9,259,266</u>	<u>\$ 23,598</u>	<u>\$ (648,461)</u>	<u>\$ 8,634,403</u>	<u>\$ 1,073,551</u>

Long-term debt maturities (including interest of \$2,172,558) are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 380,000	\$ 214,445	\$ 594,445
2020	385,000	206,795	591,795
2021	395,000	198,995	593,995
2022	405,000	190,793	595,793
2023	410,000	181,722	591,722
2024-2028	1,905,000	751,228	2,656,228
2029-2033	2,250,000	391,500	2,641,500
2034-2035	<u>1,020,000</u>	<u>37,080</u>	<u>1,057,080</u>
Total	<u>\$ 7,150,000</u>	<u>\$ 2,172,558</u>	<u>\$ 9,322,558</u>

Port Authority in and for the City of Bloomington (Port Authority)

Due to City

At December 31, 2018, the Port Authority owed the City \$44,907 for services, facilities provided and payments made by the City that are Port Authority related. The Port Authority also has a loan due to the City of \$1,439,496, the proceeds of which were used to catch up special assessments owed and for future special assessments that will be levied for public improvements. The expected repayment to the City in 2019 is \$693,551.

Payments to City

During 2018 the Port contributed \$273,188 to the Old Cedar Avenue Bridge project.

Loan Receivable

In 2014 the Port Authority loaned a developer \$2 million at an interest rate of four percent. Semi-annual principal payments began in 2016 with the last payment scheduled in 2021. The balance at December 31, 2018, including interest, was \$1,105,196.

Tax Abatements-Pay-As-You-Go Tax Increment

The Port Authority provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

The Port Authority has one tax increment pay-as-you-go agreement relating to Bloomington Central Station District 1-I. Under the terms of the agreement, the developer was assessed \$8,853,505 (\$13,792,570 with interest). As the developer makes assessment payments to the City, the Port Authority reimburses the developer via the counted value formula.

The agreement is not a general obligation of the Port Authority and is payable solely from available tax increment derived from the redevelopment property during the prior six months, less a 10% administrative fee. The Port Authority shall have no obligation to pay any unpaid balance that may remain after decertification of the district on December 31, 2031. Accordingly, the obligation is not reflected in the financial statements of the Port Authority.

Current year abatement (TIF payments) totaled \$250,000. At December 31, 2018, the total amount outstanding on the contract, including interest, was \$5,540,484.

Port Authority in and for the City of Bloomington (Port Authority)

Governmental Classifications

At December 31, 2018, a summary of the governmental fund balance classifications is as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Restricted for:				
Debt service	\$ -	\$ 646,496	\$ -	\$ 646,496
Tax increment purposes	-	-	76,792,941	76,792,941
Committed –				
Capital purposes	-	-	156,262	156,262
Unassigned	<u>140,911</u>	<u>-</u>	<u>-</u>	<u>140,911</u>
Total fund balances	<u>\$ 140,911</u>	<u>\$ 646,496</u>	<u>\$ 76,949,203</u>	<u>\$ 77,736,610</u>

Conduit Debt Obligations

From time to time, the Port Authority has issued Recovery Zone Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial, housing, and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. A bank or financing institution finances this transaction, and the terms and conditions are contracted between the lender and the borrower. Neither the Port Authority, nor the City, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there was one series of Recovery Zone Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$36.5 million.

Housing and Redevelopment Authority of the City of Bloomington (HRA)

Cash, Cash Equivalents, and Investments

See Note 2 for a description of qualifying depositories, collateralization, qualifying investments, and investment categorization.

Minnesota Statutes require that all HRA deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasury or in a financial institution other than that furnishing the collateral.

Authorized collateral includes the legal investments described as follows, as well as certain first mortgage notes, and certain other state or local government obligations.

Cash balances at December 31, 2018 were:

<u>Credit Risk Category</u>	<u>Bank Balances</u>	<u>Carrying Amount</u>
Insured or collateralized by securities held by the HRA or its agent in the HRA's name	\$ 115,998	\$ 88,827

Investment balances at December 31, 2018 were:

<u>Investment</u>	<u>Maturities</u>	<u>Value</u>	<u>Percentage of Total</u>
4M Money market	N/A	\$ 9,378,078	<u>100%</u>
Total deposits		<u>88,827</u>	
Net cash, cash equivalents, and investments		<u>\$ 9,466,905</u>	

Housing and Redevelopment Authority of the City of Bloomington (HRA)

Capital Assets and Land Held for Resale

Changes in general capital assets during 2018 are summarized as follows:

	Balance 01/01/18	Additions	Retirements	Balance 12/31/18
Governmental activities:				
Capital assets not being depreciated - Land	\$ 130,300	\$ -	\$ -	\$ 130,300
Capital assets being depreciated - Machinery and equipment	30,764	-	(12,563)	18,201
Less accumulated depreciation for - Machinery and equipment	(30,764)	-	12,563	(18,201)
Total capital assets being depreciated, net	-	-	-	-
Governmental activities capital assets, net	<u>\$ 130,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,300</u>
Business-type activities:				
Capital assets not being depreciated - Land	\$1,470,000	\$ -	\$ -	\$ 1,470,000
Capital assets being depreciated - Buildings and structures	3,285,617	-	-	3,285,617
Less accumulated depreciation for - Buildings and structures	(2,181,778)	(98,170)	-	(2,279,948)
Total capital assets being depreciated, net	1,103,839	(98,170)	-	1,005,669
Business-type activities capital assets, net	<u>\$2,573,839</u>	<u>\$ (98,170)</u>	<u>\$ -</u>	<u>\$ 2,475,669</u>

Land held for resale activity for the year ended December 31, 2018 was as follows:

	Balance 01/01/18	Additions	Retirements	Balance 12/31/18
Land Held for Resale (Inventory)	<u>\$ 4,321,321</u>	<u>\$ -</u>	<u>\$ (119,900)</u>	<u>\$ 4,201,421</u>

Housing and Redevelopment Authority of the City of Bloomington (HRA)

Long-Term Debt and Obligations Due to Primary Government

The long-term debt obligations outstanding at year-end are summarized as follows:

	<u>Original Issue</u>	<u>Maturities</u>	<u>Rates</u>	<u>Balance 12/31/18</u>
Governmental activities -				
Due to primary government:				
2011B Crossover Refunding Bonds	\$ 3,095,000	2019-2032	3.00-4.35%	\$ 2,455,000
2016A GO Tax Increment Bonds	<u>2,045,000</u>	2019-2022	0.80-1.60%	<u>1,650,000</u>
	5,140,000			4,105,000
Due in more than one year:				
2018C Taxable Lease Revenue Bonds	<u>5,150,000</u>	2023	3.00%	<u>5,150,000</u>
Total	<u>\$10,290,000</u>			<u>\$ 9,255,000</u>
Business-type activities:				
Family Housing Fund	\$ 175,000	2023	0.0%	\$ 175,000
Hennepin County-HOME Funds	419,450	2023	0.0%	419,450
Hennepin County-HOME Funds	730,270	2024	0.0%	730,270
Hennepin County-HOME Funds	<u>250,000</u>	2030	0.0%	<u>250,000</u>
Total	<u>\$ 1,574,720</u>			<u>\$ 1,574,720</u>

The long-term debt outstanding related to business-type activities bears no interest rate. The HRA has not imputed interest on these obligations.

Changes in long-term debt during 2018 are summarized as follows:

	<u>Balance 01/01/18</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/18</u>	<u>Due Within One Year</u>
Governmental Activities:					
Due to Primary Government-					
Bonds Payable	\$4,635,000	\$ -	\$ (530,000)	\$ 4,105,000	\$ 545,000
Unamortized Bond Premium	29,947	-	(2,127)	27,820	-
Bonds Payable	-	5,150,000	-	5,150,000	-
Unamortized Bond Discount	-	(23,226)	1,201	(22,025)	-
Business-type Activities -					
Enterprise Fund Loan Agreements	1,574,720	-	-	1,574,720	-
Total	<u>\$ 6,239,667</u>	<u>\$ 5,126,774</u>	<u>\$ (530,926)</u>	<u>\$10,835,515</u>	<u>\$ 545,000</u>

Housing and Redevelopment Authority of the City of Bloomington (HRA)

Debt Service Payments

The following is a schedule of the total future debt service and tax increment payment requirements for the HRA:

Years ending <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 545,000	\$ 246,188	\$ -	\$ -	\$ 791,188
2020	540,000	257,619	-	-	797,619
2021	560,000	247,965	-	-	807,965
2022	570,000	237,088	-	-	807,088
2023	5,310,000	228,490	-	-	5,538,490
2024-2028	900,000	272,043	1,324,720	-	2,496,763
2029-2032	830,000	69,043	250,000	-	1,149,043
Total	<u>\$ 9,255,000</u>	<u>\$ 1,558,436</u>	<u>\$ 1,574,720</u>	<u>\$ -</u>	<u>\$ 12,388,156</u>

Fund Balance Classifications

At December 31, 2018 a summary of the governmental fund balance classifications is as follows:

	General Fund	Housing Develop	Section 8 Vouchers	Housing Rehab	TIF Special Revenue	Debt Service	Capital Projects	Totals
Nonspendable:								
Long term receivables	\$ -	\$ 417,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 417,236
Restricted for:								
Debt service	-	-	-	-	-	158,737	-	158,737
Tax increment purposes	-	-	-	-	2,099,622	-	-	2,099,622
HUD rehab loans	-	-	-	79,073	-	-	-	79,073
HUD section 8 vouchers	-	-	10,577	-	-	-	-	10,577
Committed to:								
Development activities	-	6,586,720	-	-	-	-	-	6,586,720
Rehabilitation loans	-	-	-	1,015,512	-	-	-	1,015,512
Assigned	-	-	118,601	-	-	-	96,691	215,292
Unassigned	656,423	-	-	-	(2,404,361)	-	-	(1,747,938)
Total fund balances	<u>\$ 656,423</u>	<u>\$ 7,003,956</u>	<u>\$ 129,178</u>	<u>\$ 1,094,585</u>	<u>\$ (304,739)</u>	<u>\$ 158,737</u>	<u>\$ 96,691</u>	<u>\$ 8,834,831</u>

Due to the City

At December 31, 2018, the HRA owed the City \$150,160 for services and facilities provided to the HRA, \$48,344 for accrued interest, \$545,000 for the current portion, and \$3,587,820 for the long-term portion of the debt obligation.

Due to HRA

At December 31, 2018, the City owed \$83,871 to the HRA for HRA rehabilitation loan program activities. In addition, \$5,150,000 is due from the City in 2023 for a lease receivable related to the Days Inn project. The City purchased the land at 7851 Normandale Boulevard in 2018 with bond proceeds and leased it to the City. The City is subleasing the property to a developer who plans on redeveloping the property.

Deficit Fund Balance

The HRA TIF Special Revenue fund had a negative balance of \$304,739 as of December 31, 2018. This fund accounts for Tax Increment Financing (TIF) districts' activity. The negative balance will be covered in the future, primarily by TIF funding.

Housing and Redevelopment Authority of the City of Bloomington (HRA)

Conduit Debt Obligations

From time to time, the HRA has issued Housing Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The HRA, the State, or any other political subdivision thereof is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2018, there is one series of Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$1.4 million.

The following table shows the balance of the conduit debt obligations as of December 31, 2018:

	<u>Original Balance</u>	<u>Beginning Balance 01/01/18</u>	<u>Additions</u>	<u>Less Payments/ Refinance</u>	<u>Ending Balance 12/31/18</u>
Masonic Homes	\$ 4,000,000	\$ 1,600,000	\$ -	\$ (200,000)	\$ 1,400,000

Mortgages Receivable

The Neighborhood Home Improvement Loan (Neighborhood) program is funded primarily by the HRA tax levy, loan repayments and occasionally from Strategic Initiative funds granted to the HRA by the City. The Neighborhood loans are to be repaid at such time as the related properties are transferred or sold. A lien is placed against the property by the HRA to ensure principal and interest is repaid. Proceeds for the Neighborhood loan principle and interest repayments will be recognized as revenue by the HRA when received. The Neighborhood loan balances outstanding, including interest, total \$7,204,040 as of December 31, 2018. The Neighborhood loans have been recognized on the balance sheet as mortgage receivable and deferred inflow.

The HRA entered into an agreement with Hennepin County to match funds for a rehabilitation program specifically focusing on foreclosed single family homes in 2009. Each entity provided \$200,000 in funds for a program total of \$400,000 with a maximum \$20,000 per property. The HRA reapplied in 2010 and entered into another agreement with Hennepin County for an additional \$200,000 to continue this successful program. Half of the amount provided to the homeowner from Hennepin County will become a grant if the homeowner remains in the home for a minimum of five years. The other half of the amount provided to the homeowner from the HRA is a five percent interest rate loan with the accrual of interest ceasing after ten years. Therefore, the proceeds from repayments for the amount loaned from the HRA is recognized as revenue when received. The foreclosure home (FHIP) loan balances outstanding, including interest, total \$336,542 as of December 31, 2018. The outstanding balances are recognized on the balance sheet as mortgage receivable and deferred inflow.

Housing and Redevelopment Authority of the City of Bloomington (HRA)

In 2012, the HRA entered into another agreement with Hennepin County to match funds for the Community Enhancement Program II (CEPII). This program also provides funding for rehabilitation loans. The first round of funding in early 2012 provided \$250,000 each from the HRA and the County for loans. In late 2012, another agreement was entered into with \$200,000 being pledged from each entity. The third round of funding was committed in 2013 providing an additional \$233,934 from the HRA and the County. The HRA and County alternated the loans which were committed in terms of who is the mortgage holder. The CEPII loan balances outstanding, including interest, total \$747,781 as of December 31, 2018. The HRA loans are recognized as mortgage receivable and deferred inflow on the balance sheet.

In 2016, a new Curb Appeal Loan Program (CALP) was initiated by the HRA. This program provides up to a \$10,000 loan for income eligible homeowners to use towards exterior home improvements. These loans are 0% deferred loans that are required to be repaid when the properties are transferred or sold. The CALP loan balances outstanding, including interest, total \$403,358 as of December 31, 2018. These loans are recognized as mortgage receivable and deferred inflow on the balance sheet.

In 2005, the HRA entered into four mortgage note agreements for the Essex Knoll property. The funds were loaned to low-income families to allow them the ability to purchase a home at an affordable price. Each mortgage note receivable was for \$80,000, for a total of \$320,000. The interest rate on each loan is 0% and the term is 30 years. The mortgage note has been recognized on the balance sheet as mortgage receivable and deferred inflow.

The HRA has a \$406,000 mortgage note receivable dated December 17, 1990, from the sale of land to a developer, Bloomington Family Townhomes LP. The funds were loaned to the developer for the purpose of constructing townhouse projects. The note accrues interest at 3% simple interest per year until the adjustment date, as defined in the note. The accumulated interest and principal was amended in 2008 to be due in the year 2025, or upon sale of the property. In 2018, the mortgage note and interest totaling \$747,507 was recognized on the balance sheet as a mortgage note receivable and deferred inflow. Proceeds will be recognized as revenue by the HRA when received. If the townhomes are no longer used as affordable units, the note will bear an interest rate of 9% on the adjusted balance from the adjustment date to the year 2025, or upon sale of the property.

In 2002, the HRA entered into two loan agreements with Bloomington Southview Limited Partnership (BSLP). The funds were used to facilitate the development of affordable housing, site demolition, and abatement of environmental hazards. Under the terms of the loan agreements, the HRA provided BSLP with \$165,000 and \$150,000 loans, recognized on the balance sheet as notes receivable. There are no interim payments due; the compounded interest on the \$165,000 loan is calculated at 3% and is recognized as revenue by the HRA as it accrues. The \$150,000 loan has no interim payments due, the interest rate is 0%, and the term is 30 years. The HRA has not imputed interest on this loan.

The HRA entered into two loan agreements with Bloomington Leased Housing Associates III Limited Partnership in 2007. The funds were used solely to assist with the payment of the purchase price of real property located at 10140 Lyndale Avenue also known as Blooming Glen and to rehabilitate a fifty-unit residential rental facility for low-income housing located on that property. The amounts of the loans are \$200,000 accruing interest at 3% simple interest per year payable at maturity and \$290,000 with a 0% interest rate. The principal and accumulated interest is due at maturity, August 18, 2037, or upon sale of the property for each loan. The mortgage notes and interest has been recognized on the balance sheet as mortgage receivable and deferred inflow.

In 2008, the HRA entered into a loan agreement with Crossings at Valley View Limited Partnership (Crossings). Crossings received a \$600,000 loan from the HRA to assist with the cost of acquiring property located in the northeast quadrant of Portland Avenue and 88th Street in Bloomington. This land was used to construct fifty low income housing units. The interest rate on the \$600,000 loan is 0% and the term is 30 years.

Housing and Redevelopment Authority of the City of Bloomington (HRA)

The following table shows the balance of the mortgage loans receivable as of December 31, 2018:

	Balance 01/01/18	Additions	Interest	Payoffs	Balance 12/31/18
Neighborhood Loans	\$ 6,200,109	\$1,184,658	\$ 80,618	\$ (261,346)	\$ 7,204,040
Foreclosure Loans	389,737	-	12,947	(66,143)	336,542
CEP II Loans	820,208	-	27,206	(99,633)	747,781
CALP Loans	353,542	67,277	-	(17,461)	403,358
Essex Knoll	320,000	-	-	-	320,000
Bloomington Family					
Townhomes	735,327	-	12,180	-	747,507
Bloomington Southview LP	150,000	-	-	-	150,000
Bloomington Southview LP	259,453	-	7,783	-	267,236
Blooming Glen	261,758	-	6,000	-	267,758
Blooming Glen	290,000	-	-	-	290,000
Crossings at Valley View	600,000	-	-	-	600,000
VEPP	1	-	-	-	1
Total	<u>\$10,380,135</u>	<u>\$1,251,935</u>	<u>\$ 146,734</u>	<u>\$ (444,583)</u>	<u>\$11,334,223</u>

Equity Participation/Contingent Repayment Agreements

The HRA has ten equity participation agreements with various developers of development sites in Bloomington. The developers are L.W. Fraser Independent Living Project II, Henry Court Inc., AHEPA/Penelope, NHHI/ASI Bloomington Inc. (Garfield Commons and the Meadows), NHHI/Catalpa, non-profit entities of the Presbyterian Homes of Bloomington Inc. (Newton Manor, Ridgeview Terrace, and Summer House), and Cornerstone Advocacy Services. The agreements contain equity-share provisions giving the HRA portions of certain proceeds upon subsequent sales of the development sites. Such proceeds, if any, will be recognized as revenue by the HRA when received. In 2008, the City increased its equity participation agreement with AHEPA/Penelope by contributing an additional \$50,000 to assist with construction of additional units of low income senior housing.

On April 11, 2001, the HRA entered into a contingent repayment agreement with Lyndale Avenue Townhomes, Limited Partnership for the purpose of constructing townhomes for low-income tenants. The townhomes are operated by a management company on behalf of the HRA.

Housing and Redevelopment Authority of the City of Bloomington (HRA)

Value in Excess of Purchase Price (VEPP) Agreements

The HRA owns one VEPP agreement with face values totaling \$5,000. The agreements defer payment for portions of property values that were underwritten by the HRA under various homeownership programs. Each agreement is secured by a promissory note and a second mortgage against the individual property. The notes are repaid when a property is sold, leased, or upon maturity of the note (31 years), whichever comes first. There are no interim installment payments required by the note. Proceeds will be recognized as revenue by the HRA when received.

Tax Abatements-Pay-As-You-Go Tax Increment

The HRA provides tax abatements pursuant to Minnesota Statutes 469.174 to 469.1794 (Tax Increment Financing) through a pay-as-you-go note program. Tax increment financing (TIF) can be used to encourage private development, redevelopment, renovation and renewal, growth in low-to-moderate-income housing, and economic development within the City. TIF captures the increase in tax capacity and property taxes from development or redevelopment to provide funding for the related project.

The HRA has one tax increment pay-as-you-go agreement. The agreement is not a general obligation of the HRA and is payable solely from available tax increment. Accordingly, this agreement is not reflected in the financial statements of the HRA. Oxboro O-4 TIF District issued a pay-as-you-go note in 2008 in the principal sum of \$231,000 with an interest rate of 6% per annum. Principal and interest shall be paid on each February 1 and August 1, commencing February 1, 2009 and paid through August 1, 2035. Payments are payable solely from available tax increment derived from the redeveloped property and paid to the HRA. The pay-as-you-go note provides for payment to the developer equal to 100% of tax increment received in the prior six months less the administrative fees charged by the County. The HRA shall have no obligation to pay any unpaid balance of principal or accrued interest that may remain after the final payment on August 1, 2035. The current year abatement (TIF note payments) totaled \$20,294. At December 31, 2018, the principal amount outstanding on the note was \$231,000.

Committed Contracts

The HRA purchased 8000 Knox Avenue South in February 2016 with cash. City-issued bonds payable by the HRA financed the purchase of 1901 American Boulevard West in December 2016. The HRA signed a pre-development agreement with Knox & American I, LLC (the “developer”) in 2016. The developer also purchased two parcels of land adjacent to the parcels the HRA obtained. The anticipated development includes a certified housing TIF district and approved redevelopment TIF district which is yet to be certified. This site will include a mixed-use project that will include both market rate and affordable multi-family rental housing along a commercial development that may include a hotel. As of December 31, 2018 the development is scheduled to begin in August 2019.



CITY OF
BLOOMINGTON
MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT A-1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 Year Ended December 31, 2018

	Budget		Actual	Variance
	Original	Final		With Final Budget
REVENUES				
Property taxes	\$ 45,815,256	\$ 45,815,256	\$ 45,566,902	\$ (248,354)
Fiscal disparities	3,000,000	3,000,000	3,099,268	99,268
Special assessments	-	-	30,166	30,166
Lodging and admissions tax	8,800,463	8,800,463	10,462,313	1,661,850
Business licenses	5,176,070	5,176,070	6,354,508	1,178,438
Fines and forfeitures	850,000	850,000	719,742	(130,258)
Intergovernmental	2,347,656	2,567,250	2,719,342	152,092
Program income	2,061,404	2,061,404	1,856,904	(204,500)
Interest	82,786	82,786	345,322	262,536
Net change in fair value of investments	-	-	52,182	52,182
Other	1,042,029	1,057,680	1,174,365	116,685
Total revenues	<u>69,175,664</u>	<u>69,410,909</u>	<u>72,381,014</u>	<u>2,970,105</u>
EXPENDITURES				
General Government	586,629	593,352	553,720	39,632
City Manager	712,701	682,701	635,241	47,460
Legal	1,535,321	1,580,810	1,463,384	117,426
Human Resources	866,463	959,763	959,584	179
Finance	1,138,565	1,136,772	1,056,869	79,903
Public Safety	30,586,348	30,713,946	30,573,028	140,918
Community Development	7,317,711	7,186,601	7,140,604	45,997
Community Services	14,326,627	14,273,927	13,497,941	775,986
Public Works	12,224,728	12,306,946	12,262,007	44,939
Technical Services	3,084,530	3,023,998	2,978,694	45,304
Contingency/estimated unspent	(124,385)	(124,385)	89,240	(213,625)
Total expenditures	<u>72,255,238</u>	<u>72,334,431</u>	<u>71,210,312</u>	<u>1,124,119</u>
Excess (deficiency) of revenues over (under) expenditures	(3,079,574)	(2,923,522)	1,170,702	4,094,224
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,377,574	3,483,994	3,701,068	217,074
Transfers to other funds	(298,000)	(1,145,767)	(1,145,763)	4
Total other financing sources (uses)	<u>3,079,574</u>	<u>2,338,227</u>	<u>2,555,305</u>	<u>217,078</u>
Net change in fund balance	-	(585,295)	3,726,007	4,311,302
Fund balance - January 1	<u>30,942,840</u>	<u>30,942,840</u>	<u>30,942,840</u>	<u>-</u>
Fund balance - December 31	<u>\$ 30,942,840</u>	<u>\$ 30,357,545</u>	<u>\$ 34,668,847</u>	<u>\$ 4,311,302</u>

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT A-2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Community Development Block Grant Fund
 Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,355,267	\$ 1,622,209	\$ 1,506,406	\$ (115,803)
Interest	-	-	117	117
Net change in fair value of investments	-	-	(117)	(117)
Total revenues	<u>1,355,267</u>	<u>1,622,209</u>	<u>1,506,406</u>	<u>(115,803)</u>
EXPENDITURES				
Current -				
Development services	<u>1,330,267</u>	<u>1,597,209</u>	<u>1,462,530</u>	<u>134,679</u>
Excess (deficiency) of revenues over (under) expenditures	25,000	25,000	43,876	18,876
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	<u>(25,000)</u>	<u>(25,000)</u>	<u>(43,876)</u>	<u>(18,876)</u>
Net change in fund balance	-	-	-	-
Fund balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
Other Post-Employment Benefits Plan
Schedule of Changes in the City's Total
OPEB Liability and Related Ratios
Year Ended December 31, 2018

EXHIBIT A-3

	2018
Total OPEB liability	
Service cost	\$ 591,300
Interest	335,249
Contributions - employer	(299,661)
Differences between expected and actual experience	745,047
Net change in total OPEB liability	1,371,935
Total OPEB liability - beginning of year	7,938,262
Total OPEB liability - end of year	\$ 9,310,197
Covered payroll	\$ 43,914,741
Total OPEB liability as a percentage of covered payroll	21%

The City implemented GASB Statement No. 75 in fiscal 2018. This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Note: There are no assets in a trust to pay related benefits.

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of Net Pension Liability -
General Employees Retirement Fund
Year Ended December 31, 2018

EXHIBIT A-4

<u>Measurement Date</u>	<u>Fiscal Year Ending</u>	<u>Proportion (Percentage) of the Net Pension Liability</u>	<u>Proportionate Share (Amount) of the Net Pension Liability (a)</u>	<u>City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll (b)</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
Jun. 30, 2015	Dec. 31, 2015	0.5389%	\$27,928,595	\$ -	\$31,663,355	88.2%	78.2%
Jun. 30, 2016	Dec. 31, 2016	0.5236%	\$42,513,723	\$555,205	\$32,489,268	130.9%	68.9%
Jun. 30, 2017	Dec. 31, 2017	0.5297%	\$33,815,698	\$425,166	\$34,121,425	99.1%	75.9%
Jun. 30, 2018	Dec. 31, 2018	0.5098%	\$28,220,590	\$925,710	\$34,192,349	82.5%	79.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Pension Contributions -
 General Employees Retirement Fund
 Year Ended December 31, 2018

EXHIBIT A-5

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Dec. 31, 2015	\$2,414,889	\$2,414,889	\$0	\$32,198,520	7.5%
Dec. 31, 2016	\$2,499,700	\$2,499,700	\$0	\$33,329,333	7.5%
Dec. 31, 2017	\$2,553,026	\$2,553,026	\$0	\$34,040,335	7.5%
Dec. 31, 2018	\$2,606,658	\$2,606,658	\$0	\$34,755,384	7.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of Net Pension Liability -
Public Employees Police and Fire Fund
Year Ended December 31, 2018

EXHIBIT A-6

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Jun. 30, 2015	Dec. 31, 2015	1.2890%	\$14,646,056	\$11,806,022	124.1%	86.6%
Jun. 30, 2016	Dec. 31, 2016	1.3650%	\$54,779,825	\$13,147,924	416.6%	63.9%
Jun. 30, 2017	Dec. 31, 2017	1.2770%	\$17,241,020	\$13,109,393	131.5%	85.4%
Jun. 30, 2018	Dec. 31, 2018	1.2831%	\$13,676,526	\$13,522,504	101.1%	88.8%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Pension Contributions -
 Public Employees Police and Fire Fund
 Year Ended December 31, 2018

EXHIBIT A-7

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
Dec. 31, 2015	\$1,995,234	\$1,995,234	\$ -	\$12,316,259	16.2%
Dec. 31, 2016	\$2,164,062	\$2,164,062	\$ -	\$13,147,924	16.5%
Dec. 31, 2017	\$2,131,306	\$2,131,306	\$ -	\$13,156,231	16.2%
Dec. 31, 2018	\$2,262,547	\$2,262,547	\$ -	\$13,966,353	16.2%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios -
Bloomington Fire Department Relief Association
Year Ended December 31, 2018

EXHIBIT A-8

Fiscal Year Ending Measurement Date	Dec. 31, 2018 <u>Dec. 31, 2018</u>	Dec. 31, 2017 <u>Dec. 31, 2017</u>	Dec. 31, 2016 <u>Dec. 31, 2016</u>	Dec. 31, 2015 <u>Dec. 31, 2015</u>	Dec. 31, 2014 <u>Dec. 31, 2014</u>
Total pension liability:					
Service cost	\$3,529,986	\$3,482,212	\$2,955,252	\$3,141,630	\$3,047,649
Interest cost	8,791,865	8,421,504	7,998,295	8,072,050	7,443,533
Effect of economic/demographic gains or losses	257,010	(152,691)	831,346	-	-
Difference between expected and actual experience	-	-	(5,046,951)	(7,292,468)	(1,567,433)
Benefit payments, including refunds of employee contributions	<u>(5,780,618)</u>	<u>(5,476,046)</u>	<u>-</u>	<u>(4,883,583)</u>	<u>(4,566,912)</u>
Net change in total pension liability	6,798,243	6,274,979	6,737,942	(962,371)	4,356,837
Total pension liability - beginning	145,849,298	139,574,319	132,836,377	133,798,748	129,441,911
Total pension liability - ending (a)	<u>\$152,647,541</u>	<u>\$145,849,298</u>	<u>\$139,574,319</u>	<u>\$132,836,377</u>	<u>\$133,798,748</u>
Plan fiduciary net position:					
Contributions - employer	\$1,535,985	\$1,057,759	\$905,855	\$1,175,095	\$2,548,091
Contributions - State of Minnesota	594,361	576,114	563,627	540,186	622,164
Net investment income	(7,266,532)	24,503,859	11,133,373	(1,023,994)	9,982,524
Benefit payments, including refunds of employee contributions	(5,780,618)	(5,476,046)	(5,046,951)	(4,883,583)	(4,566,912)
Administrative expense	<u>(100,782)</u>	<u>(94,692)</u>	<u>(109,128)</u>	<u>(93,226)</u>	<u>(83,410)</u>
Net change in plan fiduciary net position	(11,017,586)	20,566,994	7,446,776	(4,285,522)	8,502,457
Plan fiduciary net position - beginning	175,842,396	155,275,402	147,828,626	152,114,148	143,611,691
Plan fiduciary net position - ending (b)	<u>\$164,824,810</u>	<u>\$175,842,396</u>	<u>\$155,275,402</u>	<u>\$147,828,626</u>	<u>\$152,114,148</u>
Net pension liability / (asset) - ending (a) - (b)	<u>(\$12,177,269)</u>	<u>(\$29,993,098)</u>	<u>(\$15,701,083)</u>	<u>(\$14,992,249)</u>	<u>(\$18,315,400)</u>
Plan fiduciary net position as a percentage of the total pension liability	107.98%	120.56%	111.25%	111.29%	113.69%
Covered payroll*	\$11,486,832	\$10,513,294	\$11,003,580	\$10,773,375	\$10,110,384
Net pension liability (asset) as a percentage of covered payroll	-106.01%	-285.29%	-142.69%	-139.16%	-181.15%

GASB 68 was implemented in 2015. Information prior to 2014 is not available.

* The Fire Relief Association is comprised of volunteers; therefore, there are no actual payroll expenditures. Covered payroll is based on the assumption that each active plan member earns the most recent salary rate of the highest paid non-office police officer in the City of Bloomington.

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Pension Contributions -
 Bloomington Fire Department Relief Association
 Year Ended December 31, 2018

EXHIBIT A-9

Fiscal Year Ending	Actuarial Determined Contribution (a)	Contributions in Relation to the Actuarial Determined Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll* (b/c)
Dec. 31, 2015	\$1,396,485	\$1,715,281	(\$318,796)	\$10,773,375	15.9%
Dec. 31, 2016	\$1,552,692	\$1,469,482	\$83,210	\$11,003,580	13.4%
Dec. 31, 2017	\$2,024,948	\$1,633,873	\$391,075	\$10,513,294	15.5%
Dec. 31, 2018	\$2,416,691	\$2,130,346	\$286,345	\$11,486,832	18.5%

The schedule is provided prospectively beginning with the City's fiscal year ended December 31, 2015 and is intended to show a ten year trend. Additional years will be reported as they become available.

* The Fire Relief Association is comprised of volunteers; therefore, there are no actual payroll expenditures. Covered payroll is based on the assumption that each active plan member earns the most recent salary rate of the highest paid non-office police officer in the City of Bloomington.

CITY OF BLOOMINGTON, MINNESOTA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2018

1. BUDGETARY INFORMATION

Budgetary comparisons for the City's General Fund and the annually budgeted Community Development Block Grant are required supplementary information.

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

The legal level of budgetary control for the General Fund is at the department level (such as General Government, City Manager's Office, Legal, and Human Resources) and at the fund level for the Community Development Block Grant Fund. Neither the General Fund nor the Community Development Block Grant Fund expenditures exceeded the legal level of budgetary control for fiscal year ended December 31, 2018.

2. PENSION INFORMATION

A. PERA – GENERAL EMPLOYEES RETIREMENT FUND

2018 CHANGES

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044, and 2.5% per year thereafter, to 1.25% per year.

2017 CHANGES

Changes in Plan Provisions:

- The state's special funding contribution increased from \$6 million to \$16 million.

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60.0% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044, and 2.5% per year thereafter.

2016 CHANGES

Changes in Actuarial Assumptions:

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

2015 CHANGES

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Retirement 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.

Changes in Actuarial Assumptions:

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

B. PERA – PUBLIC EMPLOYEES POLICE AND FIRE FUND

2018 CHANGES

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064, and 2.5% per year thereafter, to 1.0% for all years with no trigger.

2017 CHANGES

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30.0% for vested and nonvested deferred members. The CSA has been changed to 33.0% for vested members and 2% for nonvested 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% 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 65.0% to 60.0%.

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

2016 CHANGES

Changes in Actuarial Assumptions:

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

2015 CHANGES

Changes in Plan Provisions:

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

Changes in Actuarial Assumptions:

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

C. OPEB Information

In 2018 the actuarial cost method was changed from entry age, level dollar to entry age, level percent of pay as prescribed by GASB 75.

SUPPLEMENTARY INFORMATION



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are established to account for taxes and other revenues set aside for a particular purpose.

Public Health Fund - This fund was established to account for grant funds received for the operation of public health programs such as the Sage Clinic, which operates cancer screening programs for low income and underinsured women.

Public Safety Fund - This fund is used to account for the seized cash and/or forfeited property, enhanced 911 services, public safety and fire grant funds, the balance of police pension reimbursement proceeds, and designated fire pension obligation funds.

Communications Fund - This fund was established to account for funds received from the franchise fee of the local cable television service.

Park Grants Fund - This fund was established to account for grant funds received from the State's Natural Resources Fund to be used for operational and maintenance costs associated with the Hyland-Bush-Anderson Lakes Regional Park Reserve.

Community Landscape Fund - This fund was established to account for fees collected and designated for landscape planting on public land in lieu of planting on constrained, private development sites.

South Loop Revolving Development Services Fund - This fund was established to account for City funds for the Met Center Environmental Impact Statement (EIS) and Alternative Urban Areawide Review (AUAR) for Airport South development.

Creative Placemaking Fund – This fund was established to account for the use of funds designated for the purpose of building a vibrant, distinctive, and sustainable community through the use of arts. Initially focused on the South Loop District, creative placemaking efforts will expand to other areas in the future.

Cemetery Trust Fund - This fund was established to provide for the perpetual care, maintenance, and improvement of the City cemetery. A portion of the monies received from the sale of lots shall be used for acquisition of additional cemetery lands with the balance placed in a perpetual care account.

DEBT SERVICE FUNDS

Debt service funds account for the accumulation of resources for and payment of general long-term debt principal and interest.

G.O. Tax Increment Bonds Fund – This fund is used to account for the accumulation of resources for payment of tax increment general obligation bonds and interest thereon.

General Obligation Bonds Fund – This fund is used to account for the accumulation of resources for payment of general obligation bonds and interest thereon.

CAPITAL PROJECTS FUNDS

Developer Escrow Fund - This fund is used to account for various deposits (mainly contractors' deposits for park development and to guarantee payment of special assessments for water, sewer, streets, and other improvements) required by the City.

CITY OF BLOOMINGTON, MINNESOTA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue					
	Public Health	Public Safety	Communications	Parks Grants	Community Landscape	South Loop Revolving Dev
ASSETS						
Cash, cash equivalents and investments	\$ 379	\$ 3,929,917	\$ 161,404	\$ 270,900	\$ 1,703	\$ 88,973
Accrued interest receivable	(58)	11,408	566	773	-	256
Taxes receivable	-	-	-	-	-	-
Accounts receivable	14,977	-	358,470	-	-	-
Due from other governments	168,103	88,375	-	-	-	-
Total assets	<u>\$ 183,401</u>	<u>\$ 4,029,700</u>	<u>\$ 520,440</u>	<u>\$ 271,673</u>	<u>\$ 1,703</u>	<u>\$ 89,229</u>
LIABILITIES						
Accounts payable	\$ 29,118	\$ 100,416	\$ 178,826	\$ 4,391	\$ -	\$ 613
Due to other funds	4,000	25,000	-	-	-	-
Unearned revenue	11,551	49,858	-	244,347	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	<u>44,669</u>	<u>175,274</u>	<u>178,826</u>	<u>248,738</u>	<u>-</u>	<u>613</u>
FUND BALANCES						
Restricted	138,732	1,142,049	-	22,935	-	-
Committed	-	2,717,428	341,614	-	1,703	88,616
Unassigned	-	(5,051)	-	-	-	-
Total fund balances	<u>138,732</u>	<u>3,854,426</u>	<u>341,614</u>	<u>22,935</u>	<u>1,703</u>	<u>88,616</u>
Total liabilities and fund balances	<u>\$ 183,401</u>	<u>\$ 4,029,700</u>	<u>\$ 520,440</u>	<u>\$ 271,673</u>	<u>\$ 1,703</u>	<u>\$ 89,229</u>

EXHIBIT B-1

Creative Placemaking	Cemetery Trust	Total	Debt Service			Capital Projects Developer Escrow	Total Nonmajor Governmental Funds
			G.O. Tax Increment	General Obligation Bonds	Total		
\$ 290,096	\$ 526,212	\$ 5,269,584	\$ 9,556	\$ 626,046	\$ 635,602	\$ 446,938	\$ 6,352,124
758	1,554	15,257	27	1,752	1,779	-	17,036
-	-	-	-	2,355	2,355	-	2,355
-	-	373,447	-	-	-	-	373,447
-	-	256,478	-	-	-	-	256,478
<u>\$ 290,854</u>	<u>\$ 527,766</u>	<u>\$ 5,914,766</u>	<u>\$ 9,583</u>	<u>\$ 630,153</u>	<u>\$ 639,736</u>	<u>\$ 446,938</u>	<u>\$ 7,001,440</u>
\$ 1,943	\$ -	\$ 315,307	\$ 1	\$ -	\$ 1	\$ 3,740	\$ 319,048
-	-	29,000	200	-	200.00	-	29,200
-	-	305,756	-	-	-	-	305,756
-	-	-	-	-	-	433,484	433,484
<u>1,943</u>	<u>-</u>	<u>650,063</u>	<u>201</u>	<u>-</u>	<u>201</u>	<u>437,224</u>	<u>1,087,488</u>
-	527,766	1,831,482	9,382	630,153	639,535	9,714	2,480,731
288,911	-	3,438,272	-	-	-	-	3,438,272
-	-	(5,051)	-	-	-	-	(5,051)
<u>288,911</u>	<u>527,766</u>	<u>5,264,703</u>	<u>9,382</u>	<u>630,153</u>	<u>639,535</u>	<u>9,714</u>	<u>5,913,952</u>
<u>\$ 290,854</u>	<u>\$ 527,766</u>	<u>\$ 5,914,766</u>	<u>\$ 9,583</u>	<u>\$ 630,153</u>	<u>\$ 639,736</u>	<u>\$ 446,938</u>	<u>\$ 7,001,440</u>

CITY OF BLOOMINGTON, MINNESOTA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2018

	Special Revenue					
	Public Health	Public Safety	Communications	Parks Grants	Community Landscape	South Loop Revolving Dev
REVENUES						
Property taxes	\$ -	\$ 954,339	\$ -	\$ -	\$ -	\$ -
Fiscal disparities	-	45,661	-	-	-	-
Fines and forfeitures	-	165,520	-	-	-	-
Intergovernmental	929,655	972,472	-	84,094	-	-
Program income	100,758	-	1,455	-	-	72,011
Interest	(513)	55,071	2,402	4,036	-	853
Net change in fair value of investments	(498)	4,908	2,486	627	-	(502)
Other	108	2,175	83,782	-	-	-
Franchise fees	-	-	1,417,042	-	-	-
Total revenues	<u>1,029,510</u>	<u>2,200,146</u>	<u>1,507,167</u>	<u>88,757</u>	<u>-</u>	<u>72,362</u>
EXPENDITURES						
Current:						
General services	-	-	-	-	-	-
Development services	-	-	-	-	-	28,040
Public safety	-	2,509,930	-	-	-	-
Community services	1,026,218	-	1,937,949	88,485	-	-
Debt service:						
Interest	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-
Capital outlay:						
Public works	-	-	-	-	-	-
Public safety	-	161,781	-	-	-	-
Community services	-	-	130,663	-	-	-
Total expenditures	<u>1,026,218</u>	<u>2,671,711</u>	<u>2,068,612</u>	<u>88,485</u>	<u>-</u>	<u>28,040</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,292</u>	<u>(471,565)</u>	<u>(561,445)</u>	<u>272</u>	<u>-</u>	<u>44,322</u>
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	1,371,931	193,635	-	-	-
Transfers to other funds	-	(447,894)	-	-	-	-
Refunded bonds paid from escrow	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>924,037</u>	<u>193,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	3,292	452,472	(367,810)	272	-	44,322
Fund balance - January 1	<u>135,440</u>	<u>3,401,954</u>	<u>709,424</u>	<u>22,663</u>	<u>1,703</u>	<u>44,294</u>
Fund balance - December 31	<u>\$ 138,732</u>	<u>\$ 3,854,426</u>	<u>\$ 341,614</u>	<u>\$ 22,935</u>	<u>\$ 1,703</u>	<u>\$ 88,616</u>

EXHIBIT B-2

Creative Placemaking	Cemetery Trust	Total	Debt Service			Capital Projects Developer Escrow	Total Nonmajor Governmental Funds
			G.O. Tax Increment	General Obligation Bonds	Total		
\$ -	\$ -	\$ 954,339	\$ -	\$ 436,847	\$ 436,847	\$ -	\$ 1,391,186
-	-	45,661	-	28,786	28,786	-	74,447
-	-	165,520	-	-	-	-	165,520
-	-	1,986,221	-	-	-	-	1,986,221
-	130,370	304,594	-	-	-	-	304,594
3,400	8,981	74,230	136	5,142	5,278	5,094	84,602
(340)	1,989	8,670	20	789	809	8,911	18,390
150	-	86,215	650,029	-	650,029	-	736,244
-	-	1,417,042	-	-	-	-	1,417,042
<u>3,210</u>	<u>141,340</u>	<u>5,042,492</u>	<u>650,185</u>	<u>471,564</u>	<u>1,121,749</u>	<u>14,005</u>	<u>6,178,246</u>
-	163,492	163,492	400	3,300	3,700	-	167,192
267,542	-	295,582	-	-	-	-	295,582
-	-	2,509,930	-	-	-	-	2,509,930
-	-	3,052,652	-	-	-	-	3,052,652
-	-	-	119,629	32,200	151,829	-	151,829
-	-	-	530,000	370,000	900,000	-	900,000
-	108,584	108,584	-	-	-	-	108,584
-	-	161,781	-	-	-	-	161,781
-	-	130,663	-	-	-	-	130,663
<u>267,542</u>	<u>272,076</u>	<u>6,422,684</u>	<u>650,029</u>	<u>405,500</u>	<u>1,055,529</u>	<u>-</u>	<u>7,478,213</u>
<u>(264,332)</u>	<u>(130,736)</u>	<u>(1,380,192)</u>	<u>156</u>	<u>66,064</u>	<u>66,220</u>	<u>14,005</u>	<u>(1,299,967)</u>
434,996	-	2,000,562	-	-	-	-	2,000,562
-	-	(447,894)	-	-	-	(620,000)	(1,067,894)
-	-	-	-	-	-	-	-
<u>434,996</u>	<u>-</u>	<u>1,552,668</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(620,000)</u>	<u>932,668</u>
170,664	(130,736)	172,476	156	66,064	66,220	(605,995)	(367,299)
<u>118,247</u>	<u>658,502</u>	<u>5,092,227</u>	<u>9,226</u>	<u>564,089</u>	<u>573,315</u>	<u>615,709</u>	<u>6,281,251</u>
<u>\$ 288,911</u>	<u>\$ 527,766</u>	<u>\$ 5,264,703</u>	<u>\$ 9,382</u>	<u>\$ 630,153</u>	<u>\$ 639,535</u>	<u>\$ 9,714</u>	<u>\$ 5,913,952</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Public Health Special Revenue Fund

Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,064,887	\$ 1,073,211	\$ 929,655	\$ (143,556)
Program income	81,937	83,916	100,758	16,842
Interest	-	-	(513)	(513)
Net change in fair value of investments	-	-	(498)	(498)
Other	-	-	108	108
Total revenues	<u>1,146,824</u>	<u>1,157,127</u>	<u>1,029,510</u>	<u>(127,617)</u>
EXPENDITURES				
Current -				
Community services	<u>1,152,413</u>	<u>1,162,716</u>	<u>1,026,218</u>	<u>136,498</u>
Net change in fund balance	(5,589)	(5,589)	3,292	8,881
Fund balance - January 1	<u>135,440</u>	<u>135,440</u>	<u>135,440</u>	<u>-</u>
Fund balance - December 31	<u>\$ 129,851</u>	<u>\$ 129,851</u>	<u>\$ 138,732</u>	<u>\$ 8,881</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-2

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Public Safety Special Revenue Fund

Year Ended December 31, 2018

	Budget		Actual	Variance
	Original	Final		With Final Budget
REVENUES				
Property taxes	\$ 1,000,000	\$ 1,000,000	\$ 954,339	\$ (45,661)
Fiscal disparities	-	-	45,661	45,661
Fines and forfeitures	150,000	150,000	165,520	15,520
Intergovernmental	687,803	1,004,830	972,472	(32,358)
Interest	24,217	24,217	55,071	30,854
Net change in fair value of investments	-	-	4,908	4,908
Other	-	428	2,175	1,747
Total revenues	1,862,020	2,179,475	2,200,146	20,671
EXPENDITURES				
Current -				
Public safety	2,337,834	2,578,974	2,509,930	69,044
Capital outlay -				
Public safety	-	185,016	161,781	23,235
Total expenditures	2,337,834	2,763,990	2,671,711	92,279
Excess (deficiency) of revenues over (under) expenditures	(475,814)	(584,515)	(471,565)	112,950
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,000,000	1,371,931	1,371,931	-
Transfers to other funds	(80,500)	(447,898)	(447,894)	4
Total other financing sources (uses)	919,500	924,033	924,037	4
Net change in fund balance	443,686	339,518	452,472	112,954
Fund balance - January 1	3,401,954	3,401,954	3,401,954	-
Fund balance - December 31	\$ 3,845,640	\$ 3,741,472	\$ 3,854,426	\$ 112,954

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Communications Special Revenue Fund
 Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Program income	\$ 2,100	\$ 2,100	\$ 1,455	\$ (645)
Interest	5,000	5,000	2,402	(2,598)
Net change in fair value of investments	-	-	2,486	2,486
Other	84,200	84,200	83,782	(418)
Franchise fees	1,538,000	1,538,000	1,417,042	(120,958)
Total revenues	<u>1,629,300</u>	<u>1,629,300</u>	<u>1,507,167</u>	<u>(122,133)</u>
EXPENDITURES				
Current -				
Community services	1,883,436	1,774,369	1,937,949	(163,580)
Capital outlay -				
Community services	78,200	354,270	130,663	223,607
Total expenditures	<u>1,961,636</u>	<u>2,128,639</u>	<u>2,068,612</u>	<u>60,027</u>
Excess (deficiency) of revenues over (under) expenditures	(332,336)	(499,339)	(561,445)	(62,106)
OTHER FINANCING SOURCES				
Transfers from other funds	<u>194,006</u>	<u>194,006</u>	<u>193,635</u>	<u>(371)</u>
Net change in fund balance	(138,330)	(305,333)	(367,810)	(62,477)
Fund balance - January 1	<u>709,424</u>	<u>709,424</u>	<u>709,424</u>	<u>-</u>
Fund balance - December 31	<u>\$ 571,094</u>	<u>\$ 404,091</u>	<u>\$ 341,614</u>	<u>\$ (62,477)</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-4

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Park Grants Special Revenue Fund

Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 72,402	\$ 116,434	\$ 84,094	\$ (32,340)
Interest	-	-	4,036	4,036
Net change in fair value of investments	-	-	627	627
Total revenues	<u>72,402</u>	<u>116,434</u>	<u>88,757</u>	<u>(27,677)</u>
EXPENDITURES				
Current -				
Community services	<u>72,000</u>	<u>145,321</u>	<u>88,485</u>	<u>56,836</u>
Net change in fund balance	402	(28,887)	272	29,159
Fund balance - January 1	<u>22,663</u>	<u>22,663</u>	<u>22,663</u>	<u>-</u>
Fund balance - December 31	<u>\$ 23,065</u>	<u>\$ (6,224)</u>	<u>\$ 22,935</u>	<u>\$ 29,159</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-5

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 South Loop Revolving Development Services Special Revenue Fund
 Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Program income	\$ 175,000	\$ 175,000	\$ 72,011	\$ (102,989)
Interest	300	300	853	553
Net change in fair value of investments	-	-	(502)	(502)
Total revenues	<u>175,300</u>	<u>175,300</u>	<u>72,362</u>	<u>(102,938)</u>
EXPENDITURES				
Current -				
Development services	<u>120,000</u>	<u>120,000</u>	<u>28,040</u>	<u>91,960</u>
Net change in fund balance	55,300	55,300	44,322	(10,978)
Fund balance - January 1	<u>44,294</u>	<u>44,294</u>	<u>44,294</u>	<u>-</u>
Fund balance - December 31	<u>\$ 99,594</u>	<u>\$ 99,594</u>	<u>\$ 88,616</u>	<u>\$ (10,978)</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-6

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Creative Placemaking Special Revenue Fund
 Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Interest	\$ 1,857	\$ 1,857	\$ 3,400	\$ 1,543
Net change in fair value of investments	-	-	(340)	(340)
Other	-	-	150	150
Total revenues	<u>1,857</u>	<u>1,857</u>	<u>3,210</u>	<u>1,353</u>
EXPENDITURES				
Current -				
Development services	250,000	269,188	267,542	1,646
Capital outlay -				
Development services	150,000	-	-	-
Total expenditures	<u>400,000</u>	<u>269,188</u>	<u>267,542</u>	<u>1,646</u>
Excess (deficiency) of revenues over (under) expenditures	(398,143)	(267,331)	(264,332)	2,999
OTHER FINANCING SOURCES				
Transfers from other funds	<u>400,000</u>	<u>435,000</u>	<u>434,996</u>	<u>(4)</u>
Net change in fund balance	1,857	167,669	170,664	2,995
Fund balance - January 1	<u>118,247</u>	<u>118,247</u>	<u>118,247</u>	<u>-</u>
Fund balance - December 31	<u>\$ 120,104</u>	<u>\$ 285,916</u>	<u>\$ 288,911</u>	<u>\$ 2,995</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-7

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Cemetery Trust Special Revenue Fund
 Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Program income	\$ 192,835	\$ 192,835	\$ 130,370	\$ (62,465)
Interest	7,738	7,738	8,981	1,243
Net change in fair value of investments	-	-	1,989	1,989
Total revenues	<u>200,573</u>	<u>200,573</u>	<u>141,340</u>	<u>(59,233)</u>
EXPENDITURES				
Current -				
General services	163,801	163,801	163,492	309
Capital outlay -				
General services	160,000	320,000	108,584	211,416
Total expenditures	<u>323,801</u>	<u>483,801</u>	<u>272,076</u>	<u>211,725</u>
Net change in fund balance	(123,228)	(283,228)	(130,736)	152,492
Fund balance - January 1	<u>658,502</u>	<u>658,502</u>	<u>658,502</u>	-
Fund balance - December 31	<u>\$ 535,274</u>	<u>\$ 375,274</u>	<u>\$ 527,766</u>	<u>\$ 152,492</u>

CITY OF BLOOMINGTON, MINNESOTA

NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs are to be recovered primarily through user charges.

Solid Waste Management Fund - This fund accounts for the operations of the City's recycling program.

Contractual Police Fund - This fund accounts for the operations of police contractual services acquired by various establishments.

Motor Vehicle Fund - This fund accounts for the operations of the City's motor vehicle registration and licensing program.

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Fund Net Position
Nonmajor Enterprise Funds
December 31, 2018

EXHIBIT D-1

	<u>Solid Waste Management</u>	<u>Contractual Police</u>	<u>Motor Vehicle</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 852,582	\$ 247	\$ 266,860	\$ 1,119,689
Accrued interest receivable	3,880	-	4,442	8,322
Taxes receivable	34,108	-	-	34,108
Accounts receivable	1,655,076	250,970	-	1,906,046
Due from other governments	53,183	-	-	53,183
Total current assets	<u>2,598,829</u>	<u>251,217</u>	<u>271,302</u>	<u>3,121,348</u>
Noncurrent assets:				
Machinery and equipment	24,229	-	-	24,229
Accumulated depreciation	<u>(24,229)</u>	<u>-</u>	<u>-</u>	<u>(24,229)</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>2,598,829</u>	<u>251,217</u>	<u>271,302</u>	<u>3,121,348</u>
 LIABILITIES				
Current liabilities:				
Accounts payable	450,934	105,505	114,969	671,408
Due to other funds	-	145,000	-	145,000
Deposits payable	-	1,200	-	1,200
Total current liabilities	<u>450,934</u>	<u>251,705</u>	<u>114,969</u>	<u>817,608</u>
Total liabilities	<u>450,934</u>	<u>251,705</u>	<u>114,969</u>	<u>817,608</u>
 NET POSITION				
Unrestricted	<u>\$ 2,147,895</u>	<u>\$ (488)</u>	<u>\$ 156,333</u>	<u>\$ 2,303,740</u>

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2018

EXHIBIT D-2

	Solid Waste Management	Contractual Police	Motor Vehicle	Total
Operating revenues -				
Charges for services	\$ 7,112,197	\$ 1,349,945	\$ 633,542	\$ 9,095,684
Other	16,709	-	-	16,709
Total operating revenues	7,128,906	1,349,945	633,542	9,112,393
Operating expenses:				
Salaries and benefits	185,581	1,026,061	585,072	1,796,714
Materials, supplies and service	7,112,639	151,168	139,706	7,403,513
Total operating expenses	7,298,220	1,177,229	724,778	9,200,227
Operating income (loss)	(169,314)	172,716	(91,236)	(87,834)
Nonoperating revenues:				
Intergovernmental	166,669	-	-	166,669
Interest income	26,597	-	13,556	40,153
Net change in fair value of investments	3,214	-	(6,764)	(3,550)
Total nonoperating revenues	196,480	-	6,792	203,272
Income (loss) before capital contributions and transfers	27,166	172,716	(84,444)	115,438
Transfers and capital contributions:				
Capital contributions from private sources	38,530	-	-	38,530
Transfers from other funds	297,996	-	-	297,996
Transfers to other funds	(309,000)	(173,204)	-	(482,204)
Change in net position	54,692	(488)	(84,444)	(30,240)
Total net position - January 1	2,093,203	-	240,777	2,333,980
Total net position - December 31	\$ 2,147,895	\$ (488)	\$ 156,333	\$ 2,303,740

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2018

EXHIBIT D-3

	Solid Waste Management	Contractual Police	Motor Vehicle	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 6,925,686	\$ 1,283,364	\$ 630,047	\$ 8,839,097
Cash payments to other funds	(216,809)	(16,653)	(105,942)	(339,404)
Payments to employees	(187,756)	(1,006,471)	(559,398)	(1,753,625)
Payments to suppliers	(7,274,856)	(139,815)	-	(7,414,671)
Net cash provided by (used in) operating activities	(753,735)	120,425	(35,293)	(668,603)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants	231,049	50,000	-	281,049
Transfers from other funds	297,996	-	-	297,996
Transfers to other funds	(309,000)	(173,204)	-	(482,204)
Net cash provided by noncapital financing activities	220,045	(123,204)	-	96,841
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants and contributions from private sources	38,530	-	-	38,530
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	29,811	-	6,793	36,604
Net increase (decrease) in cash and cash equivalents	(465,349)	(2,779)	(28,500)	(496,628)
Cash and cash equivalents - January 1	1,317,931	3,026	295,360	1,616,317
Cash and cash equivalents - December 31	\$ 852,582	\$ 247	\$ 266,860	\$ 1,119,689
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (169,314)	\$ 172,716	\$ (91,236)	\$ (87,834)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -				
Changes in assets and liabilities:				
Customer receivables	(203,887)	(66,581)	-	(270,468)
Other current assets	668	-	(3,494)	(2,826)
Accounts payable	(381,202)	14,290	59,437	(307,475)
Net cash provided by (used in) operating activities	\$ (753,735)	\$ 120,425	\$ (35,293)	\$ (668,603)

CITY OF BLOOMINGTON, MINNESOTA

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.

Information Technology Fund - This fund accounts for the acquisition and maintenance of computer software and hardware.

Fleet Fund - This fund accounts for costs related to the operations, maintenance, repair, and replacement of City vehicles. Departments are charged for vehicles used by their staff.

Support Services Fund - This fund accounts for printing, mailroom, and phone system activities. User charges are billed to various City departments.

Public Safety Radio Fund - This fund accounts for the purchase and maintenance of public safety radios. User charges are billed to various City departments.

Self-Insurance Fund - This fund accounts for payments of insurance premiums and claims and allocation of such costs to user departments.

Benefit Accrual Fund - This fund accounts for payment of unused vacation, personal leave and compensatory time, and allocation of such costs to respective departments.

Insured Benefits Fund – This fund accounts for the administration of employee benefits for insurance programs.

Facilities and Parks Maintenance Fund - This fund accounts for costs related to replacement and maintenance of the main City buildings and park structures.

PERA Pension – This fund accounts for payment of pension related benefits and allocation of such costs to respective departments.

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2018

	Information Technology	Fleet	Support Services	Public Safety Radio
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,750,186	\$ 7,507,312	\$ 162,825	\$ 188,106
Accrued interest receivable	4,428	20,498	358	589
Accounts receivable	285	378	494	-
Prepaid items	617,173	-	-	-
Inventory	-	182,530	3,429	-
Total current assets	<u>2,372,072</u>	<u>7,710,718</u>	<u>167,106</u>	<u>188,695</u>
Noncurrent assets:				
Land	-	-	-	-
Buildings and structures	-	-	-	305,383
Machinery and equipment	1,878,694	32,732,600	30,539	1,447,877
Improvements	-	26,827	-	-
Construction in progress	239,897	-	-	-
Accumulated depreciation	<u>(1,186,687)</u>	<u>(23,201,038)</u>	<u>(18,259)</u>	<u>(1,310,858)</u>
Total noncurrent assets	<u>931,904</u>	<u>9,558,389</u>	<u>12,280</u>	<u>442,402</u>
Total assets	<u>3,303,976</u>	<u>17,269,107</u>	<u>179,386</u>	<u>631,097</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - related to pensions	-	-	-	-
LIABILITIES				
Current liabilities:				
Accounts payable	198,862	779,101	13,706	46,976
Estimated claims payable	-	-	-	-
Benefits payable	-	-	-	-
Unearned revenue	-	-	-	-
Current bonds payable	-	-	-	-
Accrued interest payable	-	-	-	-
Deposits payable	-	-	-	-
Total current liabilities	<u>198,862</u>	<u>779,101</u>	<u>13,706</u>	<u>46,976</u>
Noncurrent liabilities:				
Benefits payable	-	-	-	-
Bonds payable	-	-	-	-
Estimated claims payable	-	-	-	-
Net pension liability	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>198,862</u>	<u>779,101</u>	<u>13,706</u>	<u>46,976</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - related to pensions	-	-	-	-
NET POSITION				
Net investment in capital assets	931,904	9,558,389	12,280	442,402
Unrestricted	<u>2,173,210</u>	<u>6,931,617</u>	<u>153,400</u>	<u>141,719</u>
Total net position	<u>\$ 3,105,114</u>	<u>\$ 16,490,006</u>	<u>\$ 165,680</u>	<u>\$ 584,121</u>

Self-Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	PERA Pension	Total
\$ 5,743,524	\$ 13,456,506	\$ 2,050,771	\$ 13,322,001	\$ -	\$ 44,181,231
15,929	38,508	4,273	36,447	-	121,030
-	-	1,364	2,650	-	5,171
242,233	-	-	-	-	859,406
-	-	-	-	-	185,959
<u>6,001,686</u>	<u>13,495,014</u>	<u>2,056,408</u>	<u>13,361,098</u>	<u>-</u>	<u>45,352,797</u>
-	-	-	11,432,262	-	11,432,262
-	-	-	39,846,156	-	40,151,539
-	-	-	4,658,218	-	40,747,928
-	-	-	2,907,311	-	2,934,138
-	-	-	-	-	239,897
-	-	-	(21,966,826)	-	(47,683,668)
-	-	-	36,877,121	-	47,822,096
<u>6,001,686</u>	<u>13,495,014</u>	<u>2,056,408</u>	<u>50,238,219</u>	<u>-</u>	<u>93,174,893</u>
-	-	-	-	25,398,849	25,398,849
24,745	34,333	24,812	508,872	-	1,631,407
427,230	-	-	-	-	427,230
-	765,177	-	-	-	765,177
-	-	-	75,000	-	75,000
-	-	-	615,000	-	615,000
-	-	-	19,130	-	19,130
-	-	79	-	-	79
<u>451,975</u>	<u>799,510</u>	<u>24,891</u>	<u>1,218,002</u>	<u>-</u>	<u>3,533,023</u>
-	14,538,369	-	-	-	14,538,369
-	-	-	1,270,000	-	1,270,000
1,187,443	-	-	-	-	1,187,443
-	-	-	-	41,897,116	41,897,116
<u>1,187,443</u>	<u>14,538,369</u>	<u>-</u>	<u>1,270,000</u>	<u>41,897,116</u>	<u>58,892,928</u>
<u>1,639,418</u>	<u>15,337,879</u>	<u>24,891</u>	<u>2,488,002</u>	<u>41,897,116</u>	<u>62,425,951</u>
-	-	-	-	36,801,231	36,801,231
-	-	-	34,992,121	-	45,937,096
4,362,268	(1,842,865)	2,031,517	12,758,096	(53,299,498)	(26,590,536)
<u>\$ 4,362,268</u>	<u>\$ (1,842,865)</u>	<u>\$ 2,031,517</u>	<u>\$ 47,750,217</u>	<u>\$ (53,299,498)</u>	<u>\$ 19,346,560</u>

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended December 31, 2018

	Information Technology	Fleet	Support Services	Public Safety Radio
Operating revenues:				
Charges for services	\$ 5,180,256	\$ 7,937,008	\$ 479,668	\$ 698,988
Other	5,365	37,330	-	-
Total operating revenues	<u>5,185,621</u>	<u>7,974,338</u>	<u>479,668</u>	<u>698,988</u>
Operating expenses:				
Salaries and benefits	1,706,217	1,418,073	224,556	122,122
Materials, supplies and service	3,169,032	3,697,220	224,124	593,866
Depreciation	<u>173,752</u>	<u>2,419,121</u>	<u>6,108</u>	<u>94,045</u>
Total operating expenses	<u>5,049,001</u>	<u>7,534,414</u>	<u>454,788</u>	<u>810,033</u>
Operating income (loss)	<u>136,620</u>	<u>439,924</u>	<u>24,880</u>	<u>(111,045)</u>
Nonoperating revenues (expenses):				
Interest income	18,991	102,814	1,881	4,709
Net change in fair value of investments	5,289	8,284	174	1,297
Gain (loss) on sale of capital assets	(18,638)	52,669	-	-
Interest expense	-	-	-	-
Total nonoperating revenues (expenses)	<u>5,642</u>	<u>163,767</u>	<u>2,055</u>	<u>6,006</u>
Income (loss) before transfers	142,262	603,691	26,935	(105,039)
Transfers:				
Transfers from other funds	174,572	49,992	-	-
Transfers to other funds	<u>(393,636)</u>	<u>-</u>	<u>-</u>	<u>(174,572)</u>
Change in net position	(76,802)	653,683	26,935	(279,611)
Total net position - January 1	<u>3,181,916</u>	<u>15,836,323</u>	<u>138,745</u>	<u>863,732</u>
Total net position - December 31	<u>\$ 3,105,114</u>	<u>\$ 16,490,006</u>	<u>\$ 165,680</u>	<u>\$ 584,121</u>

EXHIBIT E-2

Self-Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	PERA Pension	Total
\$ 2,391,149	\$ 1,624,896	\$ 10,084,196	\$ 12,567,504	\$ 331,353	\$ 41,295,018
-	-	41,261	7,054	-	91,010
<u>2,391,149</u>	<u>1,624,896</u>	<u>10,125,457</u>	<u>12,574,558</u>	<u>331,353</u>	<u>41,386,028</u>
-	2,098,757	10,103,153	3,613,011	(1,050,766)	18,235,123
1,355,222	-	213,917	5,681,667	-	14,935,048
-	-	-	1,538,645	-	4,231,671
<u>1,355,222</u>	<u>2,098,757</u>	<u>10,317,070</u>	<u>10,833,323</u>	<u>(1,050,766)</u>	<u>37,401,842</u>
<u>1,035,927</u>	<u>(473,861)</u>	<u>(191,613)</u>	<u>1,741,235</u>	<u>1,382,119</u>	<u>3,984,186</u>
83,621	206,495	22,736	185,079	-	626,326
1,925	23,179	3,820	8,334	-	52,302
-	-	-	-	-	34,031
-	-	-	(46,921)	-	(46,921)
<u>85,546</u>	<u>229,674</u>	<u>26,556</u>	<u>146,492</u>	<u>-</u>	<u>665,738</u>
1,121,473	(244,187)	(165,057)	1,887,727	1,382,119	4,649,924
-	-	30,504	693,958	-	949,026
-	-	-	(438,624)	-	(1,006,832)
<u>1,121,473</u>	<u>(244,187)</u>	<u>(134,553)</u>	<u>2,143,061</u>	<u>1,382,119</u>	<u>4,592,118</u>
<u>3,240,795</u>	<u>(1,598,678)</u>	<u>2,166,070</u>	<u>45,607,156</u>	<u>(54,681,617)</u>	<u>14,754,442</u>
<u>\$ 4,362,268</u>	<u>\$ (1,842,865)</u>	<u>\$ 2,031,517</u>	<u>\$ 47,750,217</u>	<u>\$ (53,299,498)</u>	<u>\$ 19,346,560</u>

CITY OF BLOOMINGTON, MINNESOTA

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2018

	Information Technology	Fleet	Support Services
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from interfund services provided	\$ 5,140,970	\$ 8,001,257	\$ 479,795
Cash payments to other funds	(316,832)	(1,345,467)	(163,756)
Payments to employees	(1,697,266)	(1,415,498)	(223,809)
Payments to suppliers	(3,008,893)	(1,955,353)	(60,393)
Net cash provided by (used in) operating activities	<u>117,979</u>	<u>3,284,939</u>	<u>31,837</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	174,572	49,992	-
Transfers to other funds	(393,636)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(219,064)</u>	<u>49,992</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bond payments	-	-	-
Interest and other payments	-	-	-
Proceeds from sale of capital assets	-	286,167	-
Purchase of capital assets	(107,241)	(3,064,356)	-
Net cash provided by (used in) capital and related financing activities	<u>(107,241)</u>	<u>(2,778,189)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	24,280	111,098	2,055
Net increase (decrease) in cash and cash equivalents	<u>(184,046)</u>	<u>667,840</u>	<u>33,892</u>
Cash and cash equivalents - January 1	<u>1,934,232</u>	<u>6,839,472</u>	<u>128,933</u>
Cash and cash equivalents - December 31	<u>\$ 1,750,186</u>	<u>\$ 7,507,312</u>	<u>\$ 162,825</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 136,620	\$ 439,924	\$ 24,880
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities -			
Depreciation	173,752	2,419,121	6,108
Changes in assets and liabilities:			
Accounts receivable	(46,074)	26,937	116
Other current assets	1,424	(18)	12
Inventory	-	(7,782)	(1,890)
Accounts payable - other	47	(718)	-
Accounts payable - supplier	(156,957)	404,899	1,865
Interfund payables	-	-	-
Net pension liability	-	-	-
Benefits payable	9,167	2,576	746
Deferred outflows of resources	-	-	-
Deferred inflows of resources	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 117,979</u>	<u>\$ 3,284,939</u>	<u>\$ 31,837</u>

Public Safety Radio	Self- Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	PERA Pension	Total
\$ 699,419	\$ 2,373,069	\$ 1,627,970	\$ 10,125,844	\$ 12,570,171	\$ 331,353	\$ 41,349,848
(14,652)	(931,199)	-	-	(2,784,809)	-	(5,556,715)
(122,566)	-	(1,590,275)	(10,103,153)	(3,615,749)	(331,353)	(19,099,669)
(549,958)	(487,254)	-	(293,502)	(3,422,621)	-	(9,777,974)
<u>12,243</u>	<u>954,616</u>	<u>37,695</u>	<u>(270,811)</u>	<u>2,746,992</u>	<u>-</u>	<u>6,915,490</u>
-	-	-	30,504	693,958	-	949,026
(174,572)	-	-	-	(438,624)	-	(1,006,832)
<u>(174,572)</u>	<u>-</u>	<u>-</u>	<u>30,504</u>	<u>255,334</u>	<u>-</u>	<u>(57,806)</u>
-	-	-	-	(605,000)	-	(605,000)
-	-	-	-	(46,921)	-	(46,921)
-	-	-	-	-	-	286,167
-	-	-	-	(493,082)	-	(3,664,679)
-	-	-	-	(1,145,003)	-	(4,030,433)
6,007	85,545	229,674	26,556	193,412	-	678,627
(156,322)	1,040,161	267,369	(213,751)	2,050,735	-	3,505,878
344,428	4,703,363	13,189,137	2,264,522	11,271,266	-	40,675,353
<u>\$ 188,106</u>	<u>\$ 5,743,524</u>	<u>\$ 13,456,506</u>	<u>\$ 2,050,771</u>	<u>\$ 13,322,001</u>	<u>\$ -</u>	<u>\$ 44,181,231</u>
\$ (111,045)	\$ 1,035,927	\$ (473,861)	\$ (191,613)	\$ 1,741,235	\$ 1,382,119	\$ 3,984,186
94,045	-	-	-	1,538,645	-	4,231,671
-	(16,228)	-	(463)	(1,750)	-	(37,462)
431	(1,851)	3,074	850	(2,636)	-	1,286
-	-	-	-	-	-	(9,672)
-	(106,692)	-	(79,557)	(9,422)	-	(196,342)
29,242	43,460	480,282	(28)	(156,946)	-	645,817
-	-	-	-	(359,530)	-	(359,530)
-	-	-	-	-	(9,159,602)	(9,159,602)
(430)	-	28,200	-	(2,604)	-	37,655
-	-	-	-	-	9,822,038	9,822,038
-	-	-	-	-	(2,044,555)	(2,044,555)
<u>\$ 12,243</u>	<u>\$ 954,616</u>	<u>\$ 37,695</u>	<u>\$ (270,811)</u>	<u>\$ 2,746,992</u>	<u>\$ -</u>	<u>\$ 6,915,490</u>

CITY OF BLOOMINGTON, MINNESOTA

FIDUCIARY FUNDS - AGENCY

Agency funds are used to account for resources held by the City as agent for the benefit of parties outside of the government.

Convention Bureau Fund – This agency fund accounts for the collection of lodging taxes for the Bloomington Visitors and Convention Bureau.

State Pass-Through Loans Fund – This agency fund accounts for loans between the Minnesota Department of Employment and Economic Development (DEED) and local Bloomington businesses.

City Fiduciary Fund – This agency fund accounts for the collection and disbursement of funds received for other parties and governmental units including the police property room, Metro Mobility, AARP, Farmers Market, Creekside agreements, and youth summer programs.

City of Bloomington
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2018

EXHIBIT F-1

	Convention Bureau	State Pass-Through Loans	City Fiduciary	Total
ASSETS				
Cash and cash equivalents	\$ 356,798	\$ 6,013	\$ 332,030	\$ 694,841
Accounts receivable	384,528	-	-	384,528
Total assets	\$ 741,326	\$ 6,013	\$ 332,030	\$ 1,079,369
 LIABILITIES				
Current liabilities -				
Accounts payable	\$ 741,326	\$ 6,013	\$ 332,030	\$ 1,079,369

City of Bloomington
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year ended December 31, 2018

EXHIBIT F-2

	Balance 1/1/2018	Additions	Deductions	Balance 12/31/2018
<u>CONVENTION BUREAU</u>				
ASSETS				
Cash and cash equivalents	\$ 360,740	\$ 5,855,237	\$ 5,859,179	\$ 356,798
Accounts receivable	357,668	392,799	365,939	384,528
Total assets	\$ 718,408	\$ 6,248,036	\$ 6,225,118	\$ 741,326
LIABILITIES				
Due to Convention Bureau	\$ 718,408	\$ 6,248,036	\$ 6,225,118	\$ 741,326
 <u>STATE PASS-THROUGH LOANS</u>				
ASSETS				
Cash and cash equivalents	\$ 6,013	\$ 146,513	\$ 146,513	\$ 6,013
Accounts receivable	3,006	24,048	27,054	-
Total assets	\$ 9,019	\$ 170,561	\$ 173,567	\$ 6,013
LIABILITIES				
Due to Loan Recipients	\$ 9,019	\$ 170,561	\$ 173,567	\$ 6,013
 <u>CITY FIDUCIARY</u>				
ASSETS				
Cash and cash equivalents	\$ 431,500	\$ 292,204	\$ 391,674	\$ 332,030
Accounts receivable	15,406	-	15,406	-
Total assets	\$ 446,906	\$ 292,204	\$ 407,080	\$ 332,030
LIABILITIES				
Due to Other Parties	\$ 446,906	\$ 292,204	\$ 407,080	\$ 332,030
 <u>TOTAL - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and cash equivalents	\$ 798,253	\$ 6,293,954	\$ 6,397,366	\$ 694,841
Accounts receivable	376,080	416,847	408,399	384,528
Total assets	\$ 1,174,333	\$ 6,710,801	\$ 6,805,765	\$ 1,079,369
LIABILITIES				
Due to Convention Bureau	\$ 718,408	\$ 6,248,036	\$ 6,225,118	\$ 741,326
Due to Loan Recipients	9,019	170,561	173,567	6,013
Due to Other Parties	446,906	292,204	407,080	332,030
Total liabilities	\$ 1,174,333	\$ 6,710,801	\$ 6,805,765	\$ 1,079,369

**OTHER
SUPPLEMENTARY
INFORMATION –

COMPONENT
UNITS**

**PORT AUTHORITY OF THE
CITY OF BLOOMINGTON, MINNESOTA**
Schedule of Assets, Liabilities, and Fund Balances
December 31, 2018

EXHIBIT G-1

	Governmental Fund Types			Totals	
	General	Debt Service	Capital Projects	2018	2017
ASSETS					
Cash, cash equivalents, and investments	\$ 199,782	\$ 643,960	\$ 79,052,819	\$ 79,896,561	\$ 67,914,595
Accounts receivable	-	-	-	-	200,000
Taxes receivable	-	-	8,841	8,841	-
Accrued interest receivable	-	2,536	321,185	323,721	213,530
Due from primary government	-	-	-	-	60,826
Loans receivable	-	-	1,105,196	1,105,196	1,525,036
Land held for resale	-	-	17,150,000	17,150,000	17,150,000
Total assets	<u>199,782</u>	<u>646,496</u>	<u>97,638,041</u>	<u>98,484,319</u>	<u>87,063,987</u>
LIABILITIES					
Accounts payable	35,794	-	2,077,512	2,113,306	526,852
Due to primary government	23,077	-	1,461,326	1,484,403	2,109,266
Total liabilities	<u>58,871</u>	<u>-</u>	<u>3,538,838</u>	<u>3,597,709</u>	<u>2,636,118</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow - land held for resale	-	-	17,150,000	17,150,000	17,150,000
FUND BALANCES					
Restricted	-	646,496	76,792,941	77,439,437	67,083,942
Committed	-	-	156,262	156,262	153,590
Unassigned	140,911	-	-	140,911	40,337
Total fund balances	<u>140,911</u>	<u>646,496</u>	<u>76,949,203</u>	<u>77,736,610</u>	<u>67,277,869</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 199,782</u>	<u>\$ 646,496</u>	<u>\$ 97,638,041</u>	<u>\$ 98,484,319</u>	<u>\$ 87,063,987</u>
Reconciliation of Governmental Funds to the Statement of Net Position					
Total Fund Balances-Port Authority				\$ 77,736,610	\$ 67,277,869
Interest Payable				(90,935)	(90,934)
Bonds Payable				(7,150,000)	(7,150,000)
Deferred Inflows				17,150,000	17,150,000
Total Net Position-Port Authority				<u>\$ 87,645,675</u>	<u>\$ 77,186,935</u>

**PORT AUTHORITY OF THE
CITY OF BLOOMINGTON, MINNESOTA**
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2018

EXHIBIT G-2

	Governmental Fund Types			Totals	
	General	Debt Service	Capital Projects	2018	2017
REVENUES					
Property tax increment	\$ -	\$ 576,182	\$ 15,030,135	\$ 15,606,317	\$ 15,044,844
Interest	-	11,101	1,351,085	1,362,186	648,158
Net change in fair value of investments	-	364	78,136	78,500	60,300
City contribution	500,000	-	-	500,000	350,000
Total revenues	<u>500,000</u>	<u>587,647</u>	<u>16,459,356</u>	<u>17,547,003</u>	<u>16,103,302</u>
EXPENDITURES					
Current:					
General services	399,426	200	423,289	822,915	679,337
Development services	-	-	5,981,161	5,981,161	1,934,474
Debt service:					
Interest	-	218,245	65,941	284,186	307,596
Total expenditures	<u>399,426</u>	<u>218,445</u>	<u>6,470,391</u>	<u>7,088,262</u>	<u>2,921,407</u>
Excess (deficiency) of revenues over (under) expenditures	<u>100,574</u>	<u>369,202</u>	<u>9,988,965</u>	<u>10,458,741</u>	<u>13,181,895</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	170,706
Transfers out	-	-	-	-	(170,706)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	100,574	369,202	9,988,965	10,458,741	13,181,895
Fund balance - January 1	<u>40,337</u>	<u>277,294</u>	<u>66,960,238</u>	<u>67,277,869</u>	<u>54,095,974</u>
Fund balance - December 31	<u>\$ 140,911</u>	<u>\$ 646,496</u>	<u>\$ 76,949,203</u>	<u>\$ 77,736,610</u>	<u>\$ 67,277,869</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Net Position
December 31, 2018

EXHIBIT H-1

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 8,529,830	\$ 937,075	\$ 9,466,905
Accounts receivable	11,377,625	-	11,377,625
Due from primary government	5,233,871	-	5,233,871
Inventory - land held for resale	4,201,421	-	4,201,421
Capital assets:			
Capital assets - nondepreciable	130,300	1,470,000	1,600,300
Capital assets - net of accumulated depreciation	-	1,005,669	1,005,669
Net capital assets	<u>130,300</u>	<u>2,475,669</u>	<u>2,605,969</u>
Total assets	<u>29,473,047</u>	<u>3,412,744</u>	<u>32,885,791</u>
LIABILITIES			
Accounts payable	99,778	62,049	161,827
Accrued interest payable	44,395	-	44,395
Due to primary government	122,920	27,240	150,160
Due to primary government - bonds	545,000	-	545,000
Noncurrent liabilities:			
Due to primary government -			
Bonds payable due in more than one year	3,587,820	-	3,587,820
Accrued interest payable	48,344	-	48,344
Due in more than one year	<u>5,127,975</u>	<u>1,574,720</u>	<u>6,702,695</u>
Total liabilities	<u>9,576,232</u>	<u>1,664,009</u>	<u>11,240,241</u>
NET POSITION			
Net investment in capital assets	124,505	900,949	1,025,454
Restricted for:			
Debt service	65,998	-	65,998
Tax increment purposes	2,099,622	-	2,099,622
HUD rehab loans	79,073	-	79,073
HUD section 8 vouchers	10,577	-	10,577
Unrestricted	<u>17,517,040</u>	<u>847,786</u>	<u>18,364,826</u>
Total net position	<u>\$ 19,896,815</u>	<u>\$ 1,748,735</u>	<u>\$ 21,645,550</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Activities
For the Year Ended December 31, 2018

EXHIBIT H-2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General services	\$ 4,870,416	\$ 31,882	\$ 4,465,668	\$ -	\$ (372,866)	\$ -	\$ (372,866)
Development services	8,687,470	7,071,203	1,284,196	121,861	(210,210)	-	(210,210)
Interest on long-term debt and amounts due to primary government - bonds payable	160,094	-	-	-	(160,094)	-	(160,094)
Total governmental activities	<u>13,717,980</u>	<u>7,103,085</u>	<u>5,749,864</u>	<u>121,861</u>	<u>(743,170)</u>	<u>-</u>	<u>(743,170)</u>
Business-type activities:							
Property management	264,893	214,300	-	-	-	(50,593)	(50,593)
Assisted rental	335,078	293,858	-	-	-	(41,220)	(41,220)
Total business-type activities	<u>599,971</u>	<u>508,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,813)</u>	<u>(91,813)</u>
Total	<u>\$ 14,317,951</u>	<u>\$ 7,611,243</u>	<u>\$ 5,749,864</u>	<u>\$ 121,861</u>	<u>(743,170)</u>	<u>(91,813)</u>	<u>(834,983)</u>
General revenues:							
Property taxes					3,839,099	-	3,839,099
Interest and investment earnings					113,114	-	113,114
Transfers					(250,000)	250,000	-
Total general revenues and transfers					<u>3,702,213</u>	<u>250,000</u>	<u>3,952,213</u>
Change in net position					2,959,043	158,187	3,117,230
Net position - January 1					<u>16,937,772</u>	<u>1,590,548</u>	<u>18,528,320</u>
Net position - December 31					<u>\$ 19,896,815</u>	<u>\$ 1,748,735</u>	<u>\$ 21,645,550</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Assets, Liabilities, and Fund Balances
Governmental Funds
December 31, 2018

	General Fund	Housing Development	Section 8 Vouchers
ASSETS			
Cash and cash equivalents	\$ 672,417	\$ 3,945,565	\$ 198,648
Taxes receivable	27,946	-	-
Accounts receivable	-	6,225	2,411
Mortgage receivable	-	1,484,744	-
Due from other funds	-	2,700,000	-
Due from primary government	-	-	-
Due from other govts	-	-	6,364
Inventory - land for resale	-	1,413,500	-
Total assets	\$ 700,363	\$ 9,550,034	\$ 207,423
LIABILITIES			
Accounts payable	\$ 599	\$ 49,141	\$ 23,033
Due to other funds	-	-	-
Due to primary government	26,531	15,929	55,212
Total liabilities	27,130	65,070	78,245
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow-taxes	16,810	-	-
Deferred inflow-notes	-	-	-
Deferred inflow-mortgages	-	1,067,508	-
Deferred inflow-land held for resale	-	1,413,500	-
Total deferred inflows of resources	16,810	2,481,008	-
FUND BALANCES (DEFICITS)			
Nonspendable	-	417,236	-
Restricted	-	-	10,577
Committed	-	6,586,720	-
Assigned	-	-	118,601
Unassigned	656,423	-	-
Total fund balances (deficits)	656,423	7,003,956	129,178
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 700,363	\$ 9,550,034	\$ 207,423

EXHIBIT H-3

Housing Rehabilitation	TIF Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
\$ 1,043,358	\$ 2,410,860	\$ 158,737	\$ 100,245	\$ 8,529,830
-	456	-	-	28,402
-	-	-	-	8,636
8,691,721	-	-	1,157,758	11,334,223
-	-	-	-	2,700,000
83,871	-	-	5,150,000	5,233,871
-	-	-	-	6,364
-	2,331,000	-	456,921	4,201,421
<u>\$ 9,818,950</u>	<u>\$ 4,742,316</u>	<u>\$ 158,737</u>	<u>\$ 6,864,924</u>	<u>\$ 32,042,747</u>
\$ 7,396	\$ 16,055	\$ -	\$ 3,554	\$ 99,778
-	2,700,000	-	-	2,700,000
25,248	-	-	-	122,920
<u>32,644</u>	<u>2,716,055</u>	<u>-</u>	<u>3,554</u>	<u>2,922,698</u>
-	-	-	-	16,810
-	-	-	5,150,000	5,150,000
8,691,721	-	-	1,157,758	10,916,987
-	2,331,000	-	456,921	4,201,421
<u>8,691,721</u>	<u>2,331,000</u>	<u>-</u>	<u>6,764,679</u>	<u>20,285,218</u>
-	-	-	-	417,236
79,073	2,099,622	158,737	-	2,348,009
1,015,512	-	-	-	7,602,232
-	-	-	96,691	215,292
-	(2,404,361)	-	-	(1,747,938)
<u>1,094,585</u>	<u>(304,739)</u>	<u>158,737</u>	<u>96,691</u>	<u>8,834,831</u>
<u>\$ 9,818,950</u>	<u>\$ 4,742,316</u>	<u>\$ 158,737</u>	<u>\$ 6,864,924</u>	<u>\$ 32,042,747</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

EXHIBIT H-4

Reconciliation of the Governmental Funds
Schedule of Assets, Liabilities, and Fund Balances
To the Schedule of Net Position
December 31, 2018

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 8,834,831

Amounts reported for governmental activities in the Schedule of Net Position are different because:

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

Cost of capital assets	\$	148,501	
Less accumulated depreciation		(18,201)	130,300

Some receivables that are not currently available are reported as deferred inflow in the fund financial schedules but are recognized as revenue when earned in the government-wide schedules.

20,285,218

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(9,255,000)

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the government-wide schedules.

(5,795)

Accrued interest is not due and payable in the current period and, therefore, not reported in the fund schedules.

(92,739)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 19,896,815



CITY OF
BLOOMINGTON
MINNESOTA

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2018

	<u>General Fund</u>	<u>Housing Development</u>	<u>Section 8 Vouchers</u>
REVENUES			
Taxes:			
Regular	\$ 301,178	\$ 1,510,383	\$ -
Tax increment	-	23,622	-
Intergovernmental	-	80,417	4,465,668
Sale of real property	-	-	-
Program	-	39,782	-
Interest	113,114	-	-
Other	400	6,225	31,482
Total revenues	<u>414,692</u>	<u>1,660,429</u>	<u>4,497,150</u>
EXPENDITURES			
Current:			
General services	304,709	-	4,565,707
Development services	-	852,628	-
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>304,709</u>	<u>852,628</u>	<u>4,565,707</u>
Excess (deficiency) of revenues over expenditures	109,983	807,801	(68,557)
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(450,000)	-
Transfers from other funds	-	-	100,000
Issuance of debt	-	-	-
Discount on bonds issued	-	-	-
Total other financing sources (uses)	-	(450,000)	100,000
Net change in fund balance	109,983	357,801	31,443
Fund balance (deficit) - January 1	<u>546,440</u>	<u>6,646,155</u>	<u>97,735</u>
Fund balance (deficit) - December 31	<u>\$ 656,423</u>	<u>\$ 7,003,956</u>	<u>\$ 129,178</u>

EXHIBIT H-5

<u>Housing Rehabilitation</u>	<u>TIF Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ 395,109	\$ -	\$ -	\$ -	\$ 2,206,670
-	1,602,608	-	-	1,626,230
1,284,196	41,444	-	-	5,871,725
-	-	-	117,324	117,324
928,891	-	-	-	968,673
-	-	-	-	113,114
-	-	-	-	38,107
<u>2,608,196</u>	<u>1,644,052</u>	<u>-</u>	<u>117,324</u>	<u>10,941,843</u>
-	-	-	-	4,870,416
2,626,671	116,638	143,574	4,945,183	8,684,694
-	200	-	-	200
-	119,629	-	-	119,629
-	530,000	-	-	530,000
<u>2,626,671</u>	<u>766,467</u>	<u>143,574</u>	<u>4,945,183</u>	<u>14,204,939</u>
(18,475)	877,585	(143,574)	(4,827,859)	(3,263,096)
-	-	-	-	(450,000)
-	-	-	100,000	200,000
-	-	302,311	4,847,689	5,150,000
-	-	-	(23,226)	(23,226)
-	-	302,311	4,924,463	4,876,774
(18,475)	877,585	158,737	96,604	1,613,678
<u>1,113,060</u>	<u>(1,182,324)</u>	<u>-</u>	<u>87</u>	<u>7,221,153</u>
<u>\$ 1,094,585</u>	<u>\$ (304,739)</u>	<u>\$ 158,737</u>	<u>\$ 96,691</u>	<u>\$ 8,834,831</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Reconciliation of the Schedule of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Schedule of Activities
For The Year Ended December 31, 2018

EXHIBIT H-6

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 1,613,678**

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

Revenues in the Schedule of Activities related to delinquent property taxes that do not provide current financial resources are not reported as revenues in the funds.	6,199
Revenues in the Schedule of Activities related to charges for services that do not provide current financial resources are not reported as revenues in the funds.	5,150,000
Revenues in the Schedule of Activities related to mortgages receivable that do not provide current financial resources are not reported as revenues in the funds.	946,305
Revenues in the Schedule of Activities related to Inventory - land held for resale that do not provide current financial resources are not reported as revenues in the funds.	(119,900)
Repayment of principal on long-term debt (e.g., bonds, leases) is an expenditure in the governmental funds but does not affect the Schedule of Activities.	530,000
Proceeds of bonds issued are treated as other financing sources in the governmental funds but reported as a increase in bonds payable in the Schedule of Net Position.	(5,150,000)
Governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Schedule of Activities.	24,152
Change in accrued interest on general long-term debt is reported in the Schedule of Activities but does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.	<u>(41,391)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 2,959,043**

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

EXHIBIT H-7

Schedule of Fund Net Position
Proprietary Funds
December 31, 2018

	<u>Assisted Rental</u>	<u>Property Management</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 530,801	\$ 406,274	\$ 937,075
Noncurrent assets:			
Land	700,000	770,000	1,470,000
Buildings and structures	1,698,090	1,587,527	3,285,617
Accumulated depreciation	<u>(1,172,294)</u>	<u>(1,107,654)</u>	<u>(2,279,948)</u>
Total noncurrent assets	<u>1,225,796</u>	<u>1,249,873</u>	<u>2,475,669</u>
Total assets	<u>1,756,597</u>	<u>1,656,147</u>	<u>3,412,744</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,881	6,031	9,912
Due to primary government	18,126	9,114	27,240
Deposits payable	<u>7,496</u>	<u>44,641</u>	<u>52,137</u>
Total current liabilities	<u>29,503</u>	<u>59,786</u>	<u>89,289</u>
Noncurrent liabilities -			
Long-term debt	<u>-</u>	<u>1,574,720</u>	<u>1,574,720</u>
Total liabilities	<u>29,503</u>	<u>1,634,506</u>	<u>1,664,009</u>
NET POSITION			
Net investment in capital assets	1,225,796	(324,847)	900,949
Unrestricted	<u>501,298</u>	<u>346,488</u>	<u>847,786</u>
Total net position	<u>\$ 1,727,094</u>	<u>\$ 21,641</u>	<u>\$ 1,748,735</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2018

EXHIBIT H-8

	Assisted Rental	Property Management	Total
OPERATING REVENUES			
Program income	\$ 287,634	\$ 207,422	\$ 495,056
Other	6,224	6,878	13,102
Total operating revenues	<u>293,858</u>	<u>214,300</u>	<u>508,158</u>
OPERATING EXPENSES			
Salaries and benefits	131,308	81,657	212,965
Professional services	1,163	1,927	3,090
City support services	3,745	-	3,745
Purchased services	52,394	40,351	92,745
Home rehabilitation	96,531	92,725	189,256
Depreciation	49,937	48,233	98,170
Total operating expenses	<u>335,078</u>	<u>264,893</u>	<u>599,971</u>
Operating income (loss)	(41,220)	(50,593)	(91,813)
Transfers from other funds	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Change in net position	(41,220)	199,407	158,187
Total net position - January 1	<u>1,768,314</u>	<u>(177,766)</u>	<u>1,590,548</u>
Total net position - December 31	<u>\$ 1,727,094</u>	<u>\$ 21,641</u>	<u>\$ 1,748,735</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Cash Flows
Proprietary Funds
Year Ended December 31, 2018

EXHIBIT H-9

	<u>Assisted Rental</u>	<u>Property Management</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 293,858	\$ 214,300	\$ 508,158
Payments to primary government	1,150	1,680	2,830
Payments to employees	(131,308)	(81,657)	(212,965)
Payments to suppliers	<u>(150,292)</u>	<u>(131,303)</u>	<u>(281,595)</u>
Net cash provided by operating activities	<u>13,408</u>	<u>3,020</u>	<u>16,428</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Net increase in cash and cash equivalents	13,408	253,020	266,428
Cash and cash equivalents - January 1	<u>517,393</u>	<u>153,254</u>	<u>670,647</u>
Cash and cash equivalents - December 31	<u>\$ 530,801</u>	<u>\$ 406,274</u>	<u>\$ 937,075</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (41,220)	\$ (50,593)	\$ (91,813)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	49,937	48,233	98,170
Changes in assets and liabilities:			
Accounts payable	(522)	474	(48)
Deposits payable	318	3,226	3,544
Due to primary government	4,895	1,680	6,575
Net cash provided by operating activities	<u>\$ 13,408</u>	<u>\$ 3,020</u>	<u>\$ 16,428</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

EXHIBIT H-10

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes -				
Regular	\$ 305,746	\$ 290,746	\$ 301,178	\$ 10,432
Interest	-	100,000	113,114	13,114
Other	-	-	400	400
Total revenues	<u>305,746</u>	<u>390,746</u>	<u>414,692</u>	<u>23,946</u>
EXPENDITURES				
Current -				
General services	<u>305,746</u>	<u>325,746</u>	<u>304,709</u>	<u>21,037</u>
Net change in fund balance	-	65,000	109,983	44,983
Fund balance - January 1	<u>546,440</u>	<u>546,440</u>	<u>546,440</u>	-
Fund balance - December 31	<u>\$ 546,440</u>	<u>\$ 611,440</u>	<u>\$ 656,423</u>	<u>\$ 44,983</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

EXHIBIT H-11

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Housing Development Special Revenue Fund
Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Regular	\$ 1,529,079	\$ 1,514,079	\$ 1,510,383	\$ (3,696)
Tax increment	20,000	20,000	23,622	3,622
Intergovernmental	-	80,000	80,417	417
Sale of real property	120,000	-	-	-
Program	7,780	37,780	39,782	2,002
Other	6,225	6,225	6,225	-
Total revenues	<u>1,683,084</u>	<u>1,658,084</u>	<u>1,660,429</u>	<u>2,345</u>
EXPENDITURES				
Current -				
Development services	412,181	927,181	852,628	74,553
Capital outlay -				
Development services	1,270,903	-	-	-
Total expenditures	<u>1,683,084</u>	<u>927,181</u>	<u>852,628</u>	<u>74,553</u>
Excess of revenues over expenditures	-	730,903	807,801	76,898
OTHER FINANCING USES				
Transfers to other funds	-	(450,000)	(450,000)	-
Net change in fund balance	-	280,903	357,801	76,898
Fund balance - January 1	<u>6,646,155</u>	<u>6,646,155</u>	<u>6,646,155</u>	-
Fund balance - December 31	<u>\$ 6,646,155</u>	<u>\$ 6,927,058</u>	<u>\$ 7,003,956</u>	<u>\$ 76,898</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

EXHIBIT H-12

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Section 8 Vouchers Special Revenue Fund
Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,407,646	\$ 4,457,646	\$ 4,465,668	\$ 8,022
Other	26,645	36,645	31,482	(5,163)
Total revenues	4,434,291	4,494,291	4,497,150	2,859
EXPENDITURES				
Current -				
General services	4,434,291	4,564,291	4,565,707	(1,416)
Excess (deficiency) of revenues over (under) expenditures	-	(70,000)	(68,557)	1,443
OTHER FINANCING SOURCES				
Transfers from other funds	-	100,000	100,000	-
Net change in fund balance	-	30,000	31,443	1,443
Fund balance - January 1	97,735	97,735	97,735	-
Fund balance - December 31	\$ 97,735	\$ 127,735	\$ 129,178	\$ 1,443

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

EXHIBIT H-13

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Housing Rehabilitation Special Revenue Fund
Year Ended December 31, 2018

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes -				
Regular	\$ 400,000	\$ 400,000	\$ 395,109	\$ (4,891)
Intergovernmental	1,654,596	1,389,596	1,284,196	(105,400)
Program	220,000	970,000	928,891	(41,109)
Total revenues	<u>2,274,596</u>	<u>2,759,596</u>	<u>2,608,196</u>	<u>(151,400)</u>
EXPENDITURES				
Current -				
Development services	<u>2,274,596</u>	<u>2,749,596</u>	<u>2,626,671</u>	<u>122,925</u>
Net change in fund balance	-	10,000	(18,475)	(28,475)
Fund balance - January 1	<u>1,113,060</u>	<u>1,113,060</u>	<u>1,113,060</u>	-
Fund balance - December 31	<u><u>\$ 1,113,060</u></u>	<u><u>\$ 1,123,060</u></u>	<u><u>\$ 1,094,585</u></u>	<u><u>\$ (28,475)</u></u>

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON
Combining Schedule of Assets, Liabilities, and Fund Balances
TIF Special Revenue Fund
December 31, 2018

	<u>Oxboro O-4</u>	<u>France & Old Shakopee</u>	<u>Penn & American</u>
ASSETS			
Cash and cash equivalents	\$ 10,432	\$ 143,112	\$ 128,106
Taxes receivable	-	-	-
Inventory - land for resale	-	331,700	-
Total assets	<u>\$ 10,432</u>	<u>\$ 474,812</u>	<u>\$ 128,106</u>
 LIABILITIES AND FUND BALANCES			
Current liabilities -			
Accounts payable	\$ 10,432	\$ 719	\$ 1,719
Due to other funds	-	1,000,000	1,200,000
Total liabilities	<u>10,432</u>	<u>1,000,719</u>	<u>1,201,719</u>
 DEFERRED INFLOWS OF RESOURCES			
Deferred inflow-land held for resale	-	331,700	-
 FUND BALANCES (DEFICITS)			
Restricted	-	-	-
Unassigned	-	(857,607)	(1,073,613)
Total fund balances	<u>-</u>	<u>(857,607)</u>	<u>(1,073,613)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 10,432</u>	<u>\$ 474,812</u>	<u>\$ 128,106</u>

EXHIBIT H-14

Lyndale Green GO Tax Increment Bonds 2004A	Oxboro H-1 GO Tax Increment Bonds 2003A	Knox & American GO Tax Increment Bonds 2016A	Total
\$ 1,639,269	\$ 462,541	\$ 27,400	\$ 2,410,860
456	-	-	456
-	-	1,999,300	2,331,000
<u>\$ 1,639,725</u>	<u>\$ 462,541</u>	<u>\$ 2,026,700</u>	<u>\$ 4,742,316</u>
\$ 1,628	\$ 1,016	\$ 541	\$ 16,055
-	-	500,000	2,700,000
<u>1,628</u>	<u>1,016</u>	<u>500,541</u>	<u>2,716,055</u>
-	-	1,999,300	2,331,000
1,638,097	461,525	-	2,099,622
-	-	(473,141)	(2,404,361)
<u>1,638,097</u>	<u>461,525</u>	<u>(473,141)</u>	<u>(304,739)</u>
<u>\$ 1,639,725</u>	<u>\$ 462,541</u>	<u>\$ 2,026,700</u>	<u>\$ 4,742,316</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
TIF Special Revenue Fund
Year Ended December 31, 2018

	<u>Oxboro O-4</u>	<u>France & Old Shakopee</u>	<u>Penn & American</u>
REVENUES			
Taxes -			
Tax increment	\$ 20,865	\$ 72,669	\$ 917,969
Intergovernmental	-	-	-
Total revenues	<u>20,865</u>	<u>72,669</u>	<u>917,969</u>
EXPENDITURES			
Current -			
Development services	20,865	3,188	9,531
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>20,865</u>	<u>3,188</u>	<u>9,531</u>
Net change in fund balance	-	69,481	908,438
Fund balance (deficit) - January 1	<u>-</u>	<u>(927,088)</u>	<u>(1,982,051)</u>
Fund balance (deficit) - December 31	<u>\$ -</u>	<u>\$ (857,607)</u>	<u>\$ (1,073,613)</u>

EXHIBIT H-15

Lyndale Green GO Tax Increment Bonds 2004A	Oxboro H-1 GO Tax Increment Bonds 2003A	Knox & American GO Tax Increment Bonds 2016A	Total
\$ 470,547	\$ 120,558	\$ -	\$ 1,602,608
-	-	41,444	41,444
<u>470,547</u>	<u>120,558</u>	<u>41,444</u>	<u>1,644,052</u>
1,630	1,017	80,407	116,638
100	100	-	200
70,965	25,175	23,489	119,629
100,000	35,000	395,000	530,000
<u>172,695</u>	<u>61,292</u>	<u>498,896</u>	<u>766,467</u>
297,852	59,266	(457,452)	877,585
<u>1,340,245</u>	<u>402,259</u>	<u>(15,689)</u>	<u>(1,182,324)</u>
<u>\$ 1,638,097</u>	<u>\$ 461,525</u>	<u>\$ (473,141)</u>	<u>\$ (304,739)</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Financial Data Schedule - Housing Choice Vouchers
Balance Sheet
December 31, 2018

EXHIBIT I-1

ASSETS

111	Cash - Unrestricted	\$ 188,071
113	Cash - Other Restricted	10,577
121	Accounts Receivable - PHA Projects	6,364
126	Accounts Receivable - Tenants	2,411
290	Total Assets	<u>207,423</u>

LIABILITIES

312	Accounts Payable <= 90 Days	23,033
333	Accounts Payable - Other Government	55,212
300	Total Liabilities	<u>78,245</u>

NET POSITION

509.3	Restricted Fund Balance	10,577
511.3	Assigned Fund Balance	118,601
513	Total Equity - Net Assets / Position	<u>129,178</u>
600	Total Liabilities, Deferred Inflows of Resources and Equity	<u>\$ 207,423</u>

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

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Financial Data Schedule - Housing Choice Vouchers
Income Statement
Year Ended December 31, 2018

EXHIBIT I-2

REVENUES

70600	HUD PHA Operating Grants	\$ 4,465,668
71400	Fraud Recovery	2,299
71500	Other Revenue	558,718
70000	Total Revenue	5,026,685

EXPENDITURES

91100	Administrative Salaries	294,060
91200	Auditing Fees	2,500
91500	Employee Benefit contributions - Administrative	129,676
91700	Legal Expense	1,485
91900	Other	109,621
96140	All Other Insurance	3,624
97300	Housing Assistance Payments	4,024,741
97350	HAP Portability-In	429,535
90000	Total Expenses	4,995,242

Excess (deficiency) of Revenues over (under) Expenses	31,443
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Net Position-Beginning	97,735
------------------------	--------

Net Position-Ending	\$ 129,178
---------------------	------------

Memo Account Information

11170	Administrative Fee Equity	\$ 118,601
11180	Housing Assistance Payments Equity	\$ 10,577
11190	Unit Months Available	6,612
11210	Number of Unit Months Leased	6,263

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

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON
Financial Data Schedule - Business Activities
Balance Sheet
December 31, 2018

EXHIBIT I-3

ASSETS

111	Cash - Unrestricted	\$ 523,305
114	Cash - Tenant Security Deposits	7,496
161	Land	700,000
162	Buildings	1,698,090
166	Accumulated Depreciation	(1,172,294)
290	Total Assets	<u>1,756,597</u>

LIABILITIES

312	Accounts Payable <= 90 Days	3,881
333	Accounts Payable - Other Government	18,126
341	Tenant Security Deposits	7,496
300	Total Liabilities	<u>29,503</u>

NET POSITION

508.3	Nonspendable Fund Balance	1,225,796
511.3	Assigned Fund Balance	501,298
513	Total Equity - Net Assets / Position	<u>1,727,094</u>
600	Total Liabilities, Deferred Inflows of Resources and Equity	<u>\$ 1,756,597</u>

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

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Financial Data Schedule - Business Activities
Income Statement
Year Ended December 31, 2018

EXHIBIT I-4

REVENUES

70300	Net Tenant Rental Revenue	\$ 114,294
70400	Tenant Revenue - Other	6,224
70600	HUD PHA Operating Grants	173,340
70000	Total Revenue	<u>293,858</u>

EXPENDITURES

91100	Administrative Salaries	91,976
91500	Employee Benefit contributions - Administrative	39,332
91700	Legal	210
91900	Other	3,044
93100	Water	20,864
94300	Ordinary Maintenance and Operations Contracts	23,488
96140	All Other Insurance	19,956
96200	Other General Expenses	3,799
96300	Payments in Lieu of Taxes	9,429
97100	Extraordinary Maintenance	73,043
97400	Depreciation Expense	49,937
90000	Total Expenses	<u>335,078</u>

Excess (deficiency) of Revenues over (under) Expenses (41,220)

Net Position-Beginning 1,768,314

Net Position-Ending \$ 1,727,094

Memo Account Information

11190	Unit Months Available	240
11210	Number of Unit Months Leased	230

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

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**

**NOTES TO THE FINANCIAL DATA SCHEDULES
FOR THE YEAR ENDED DECEMBER 31, 2018**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial data schedules are presented on a modified accrual or accrual basis of accounting as applicable. The information in these schedules is presented in accordance with the U.S. Department of Housing and Urban Development (HUD), Office of Public and Indian Housing Real Estate Assessment Center and the Financial Assessment Subsystem-Public Housing (FASS-PH). Therefore, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For the Year Ended December 31, 2018

SECTION III

STATISTICAL INFORMATION



CITY OF
BLOOMINGTON
MINNESOTA

**CITY OF BLOOMINGTON, MINNESOTA
STATISTICAL SECTION**

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

CONTENTS	PAGE
Financial Trends	198
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	206
These tables contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	
Debt Capacity	211
These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	218
These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	220
These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these tables is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF BLOOMINGTON, MINNESOTA**NET POSITION BY COMPONENT**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:				
Net investment in capital assets	\$235,909,200	\$237,427,493	\$239,452,569	\$247,436,963
Restricted	32,235,051	32,602,549	78,893,688	82,269,101
Unrestricted	123,811,008	127,671,490	84,444,842	80,282,505
Total governmental activities net position	<u>\$391,955,259</u>	<u>\$397,701,532</u>	<u>\$402,791,099</u>	<u>\$409,988,569</u>
Business-type activities:				
Net investment in capital assets	\$82,916,273	\$83,743,321	\$84,427,251	\$84,300,863
Restricted	183,500	183,500	183,500	183,500
Unrestricted	14,605,681	13,691,701	13,264,850	14,968,340
Total business-type activities net position	<u>\$97,705,454</u>	<u>\$97,618,522</u>	<u>\$97,875,601</u>	<u>\$99,452,703</u>
Primary government:				
Net investment in capital assets	\$318,825,473	\$321,170,814	\$323,879,820	\$331,737,826
Restricted	32,418,551	32,786,049	79,077,188	82,452,601
Unrestricted	138,416,689	141,363,191	97,709,692	95,250,845
Total primary government net position	<u>\$489,660,713</u>	<u>\$495,320,054</u>	<u>\$500,666,700</u>	<u>\$509,441,272</u>

Table 1

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$269,230,824	\$283,643,717	\$300,117,784	\$310,750,929	\$332,133,255	\$352,048,328
91,045,904	67,294,971	68,599,352	73,405,143	69,744,412	86,444,757
73,886,361	87,228,094	69,232,697	67,390,335	77,768,834	69,705,544
<u>\$434,163,089</u>	<u>\$438,166,782</u>	<u>\$437,949,833</u>	<u>\$451,546,407</u>	<u>\$479,646,501</u>	<u>\$508,198,629</u>
\$84,457,359	\$86,185,438	\$85,388,894	\$85,359,140	\$85,330,605	\$85,607,307
-	-	-	-	-	-
14,056,641	11,782,412	12,401,673	12,352,137	14,919,169	22,148,610
<u>\$98,514,000</u>	<u>\$97,967,850</u>	<u>\$97,790,567</u>	<u>\$97,711,277</u>	<u>\$100,249,774</u>	<u>\$107,755,917</u>
\$353,688,183	\$369,829,155	\$385,506,678	\$396,110,069	\$417,463,860	\$437,655,635
91,045,904	67,294,971	68,599,352	73,405,143	69,744,412	86,444,757
87,943,002	99,010,506	81,634,370	79,742,472	92,688,003	91,854,154
<u>\$532,677,089</u>	<u>\$536,134,632</u>	<u>\$535,740,400</u>	<u>\$549,257,684</u>	<u>\$579,896,275</u>	<u>\$615,954,546</u>

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

	2009	2010	2011	2012
Expenses				
Governmental activities:				
General services	\$7,749,164	\$6,755,313	\$7,255,182	\$7,185,895
Development services	10,440,313	10,201,540	9,993,980	9,686,546
Public works	16,483,155	16,918,065	16,787,405	14,229,217
Public safety	23,123,311	26,208,360	26,751,391	26,245,526
Community services	11,501,567	12,593,495	12,532,613	14,787,079
Interest on long-term debt	2,254,770	2,312,818	2,140,825	2,236,062
Total governmental activities expenses	<u>71,552,280</u>	<u>74,989,591</u>	<u>75,461,396</u>	<u>74,370,325</u>
Business-type activities:				
Water/wastewater	21,095,746	21,186,738	21,876,605	21,927,951
Storm water	2,940,357	3,207,573	3,205,055	3,181,680
Recreational facilities	5,180,193	5,193,546	5,290,940	5,372,380
Other activities	2,190,527	2,097,085	2,272,292	2,294,436
Total business-type activities expenses	<u>31,406,823</u>	<u>31,684,942</u>	<u>32,644,892</u>	<u>32,776,447</u>
Total primary government expenses	<u>\$102,959,103</u>	<u>\$106,674,533</u>	<u>\$108,106,288</u>	<u>\$107,146,772</u>
Program revenues				
Governmental activities:				
Charges for services:				
General services	\$2,716,248	\$3,034,137	\$3,002,960	\$2,999,283
Development services	2,833,463	2,844,876	3,482,579	3,601,313
Public works	1,275,586	795,439	926,935	433,640
Public safety	759,798	916,777	623,482	564,118
Community services	2,165,263	2,298,546	2,141,239	2,378,476
Operating grants and contributions	5,532,596	7,765,315	7,250,512	5,407,043
Capital grants and contributions	16,448,770	11,273,508	13,390,833	14,166,562
Total governmental activities program revs	<u>31,731,724</u>	<u>28,928,598</u>	<u>30,818,540</u>	<u>29,550,435</u>
Business-type activities:				
Charges for services:				
Water/wastewater	21,262,140	19,974,684	19,800,214	20,954,786
Storm water	4,463,832	4,491,970	4,373,221	4,519,242
Recreational facilities	3,694,046	3,695,146	3,485,848	3,445,419
Other activities	1,991,306	1,949,741	2,119,848	2,349,498
Operating grants and contributions	39,369	16,768	78,763	267,591
Capital grants and contributions	-	-	179	36
Total business-type activities program revs	<u>31,450,693</u>	<u>30,128,309</u>	<u>29,858,073</u>	<u>31,536,572</u>
Total primary government program revs	<u>\$63,182,417</u>	<u>\$59,056,907</u>	<u>\$60,676,613</u>	<u>\$61,087,007</u>
Net (expense) revenue:				
Governmental activities	(39,820,556)	(46,060,993)	(44,642,856)	(44,819,890)
Business-type activities	43,870	(1,556,633)	(2,786,819)	(1,239,875)
Total primary gov't net (expense) revenue	<u>(\$39,776,686)</u>	<u>(\$47,617,626)</u>	<u>(\$47,429,675)</u>	<u>(\$46,059,765)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	\$41,263,207	\$41,994,611	\$40,962,947	\$43,284,520
Business taxes	5,808,668	6,200,706	6,874,548	7,010,018
Unrestricted grants and contributions	1,179,388	1,167,739	1,593,424	1,232,810
Gain on sale of capital assets	7,491	99,283	82,023	58,760
Investment earnings	2,649,119	2,562,594	2,002,925	1,551,127
Transfers	(265,927)	(217,667)	(1,783,444)	(1,535,643)
Total governmental activities	<u>50,641,946</u>	<u>51,807,266</u>	<u>49,732,423</u>	<u>51,601,592</u>
Business-type activities:				
Taxes	872,387	1,001,875	1,092,948	1,253,288
Gain on sale of capital assets	809	7,481	6,367	-
Investment earnings	272,539	242,678	161,139	28,046
Transfers	265,927	217,667	1,783,444	1,535,643
Total business-type activities	<u>1,411,662</u>	<u>1,469,701</u>	<u>3,043,898</u>	<u>2,816,977</u>
Total primary government	<u>\$52,053,608</u>	<u>\$53,276,967</u>	<u>\$52,776,321</u>	<u>\$54,418,569</u>
Change in net position:				
Governmental activities	\$10,821,390	\$5,746,273	\$5,089,567	\$6,781,702
Business-type activities	1,455,532	(86,932)	257,079	1,577,102
Total primary government	<u>\$12,276,922</u>	<u>\$5,659,341</u>	<u>\$5,346,646</u>	<u>\$8,358,804</u>

Table 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$7,527,901	\$7,702,188	\$7,574,572	\$9,615,471	\$8,683,447	\$9,659,744
12,006,241	23,261,857	11,120,055	18,533,117	16,976,729	15,245,431
15,162,908	15,620,844	15,922,887	19,389,393	16,680,711	18,613,129
28,124,185	29,695,195	30,927,415	35,429,025	29,006,295	32,937,726
15,894,544	15,720,340	15,987,952	18,455,451	17,298,796	16,800,345
3,145,420	1,767,122	1,587,935	1,537,926	1,553,254	1,183,925
81,861,199	93,767,546	83,120,816	102,960,383	90,199,232	94,440,300
22,804,577	23,004,075	23,091,127	24,967,519	25,078,431	24,838,208
3,229,686	3,446,390	3,453,095	3,693,302	3,691,245	3,867,530
5,459,451	5,781,663	5,620,253	6,269,405	6,178,658	5,811,867
2,479,382	2,851,567	4,285,676	5,788,056	8,419,877	9,167,363
33,973,096	35,083,695	36,450,151	40,718,282	43,368,211	43,684,968
\$115,834,295	\$128,851,241	\$119,570,967	\$143,678,665	\$133,567,443	\$138,125,268
\$3,117,163	\$3,500,551	\$3,906,587	\$3,084,579	\$3,441,225	\$3,849,226
3,692,808	5,166,271	5,788,420	4,551,060	4,675,889	6,570,742
352,955	385,274	85,841	216,346	149,818	142,735
664,015	511,613	559,691	578,786	636,330	455,900
2,294,859	2,150,551	2,084,066	2,178,829	2,018,744	2,016,578
6,277,517	6,524,865	7,103,296	7,838,532	7,405,866	6,016,557
32,781,014	16,172,833	17,377,334	27,077,936	24,802,770	26,869,409
49,180,331	34,411,958	36,905,235	45,526,068	43,130,642	45,921,147
20,575,176	20,578,287	21,412,966	23,562,178	25,149,599	27,907,362
4,736,151	4,873,273	5,269,105	5,528,944	5,854,164	6,292,929
3,412,602	3,448,585	3,710,670	3,749,856	3,707,859	3,544,045
2,137,718	2,264,970	3,617,012	5,242,313	8,247,810	9,112,391
592,432	854,174	519,824	335,884	371,202	213,200
-	-	245,654	584,363	306,382	768,452
31,454,079	32,019,289	34,775,231	39,003,538	43,637,016	47,838,379
\$80,634,410	\$66,431,247	\$71,680,466	\$84,529,606	\$86,767,658	\$93,759,526
(32,680,868)	(59,355,588)	(46,215,581)	(57,434,315)	(47,068,590)	(48,519,153)
(2,519,017)	(3,064,406)	(1,674,920)	(1,714,744)	268,805	4,153,411
(\$35,199,885)	(\$62,419,994)	(\$47,890,501)	(\$59,149,059)	(\$46,799,785)	(\$44,365,742)
\$44,775,678	\$46,752,023	\$48,881,455	\$51,260,264	\$53,080,612	\$55,864,418
8,906,394	14,222,910	14,412,263	16,936,341	16,274,658	18,042,869
1,202,154	1,850,619	2,877,947	1,977,371	3,825,860	1,188,665
70,765	4,275	163,564	87,942	195,169	39,997
513,017	1,508,213	1,061,308	901,701	1,815,321	2,548,752
(189,469)	(978,759)	(5,267)	(132,730)	(21,936)	(613,420)
55,278,539	63,359,281	67,391,270	71,030,889	75,169,684	77,071,281
1,366,798	1,451,140	1,414,133	1,427,984	2,112,584	2,489,325
-	-	-	21,000	-	-
24,047	88,357	78,237	53,740	135,172	249,987
189,469	978,759	5,267	132,730	21,936	613,420
1,580,314	2,518,256	1,497,637	1,635,454	2,269,692	3,352,732
\$56,858,853	\$65,877,537	\$68,888,907	\$72,666,343	\$77,439,376	\$80,424,013
\$22,597,671	\$4,003,693	\$21,175,689	\$13,596,574	\$28,101,094	\$28,552,128
(938,703)	(546,150)	(177,283)	(79,290)	2,538,497	7,506,143
\$21,658,968	\$3,457,543	\$20,998,406	\$13,517,284	\$30,639,591	\$36,058,271

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

	2009	2010	2011	2012
General Fund:				
Reserved	\$261,546	\$328,007	\$ -	\$ -
Unreserved	19,650,614	19,122,276	-	-
Fund balance:				
Nonspendable	-	-	-	-
Committed	-	-	1,007,844	712,554
Unassigned	-	-	18,997,494	19,979,183
Total general fund	<u>\$19,912,160</u>	<u>\$19,450,283</u>	<u>\$20,005,338</u>	<u>\$20,691,737</u>
All other governmental funds:				
Reserved	\$12,561,450	\$13,047,049	\$ -	\$ -
Unreserved, designated, reported in:				
Special revenue funds	4,615,480	8,152,553	-	-
Capital projects funds	71,551,551	65,668,487	-	-
Fund balance:				
Nonspendable	-	-	-	-
Restricted	-	-	58,933,054	63,348,535
Committed	-	-	13,096,599	12,621,177
Assigned	-	-	21,312,731	17,996,032
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$88,728,481</u>	<u>\$86,868,089</u>	<u>\$93,342,384</u>	<u>\$93,965,744</u>

Note: The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011.
 Information for years prior to 2011 is presented in accordance with fund balance classifications in effect at the time.

Table 3

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	3,952	-	4,337	222	-
571,066	1,250,496	1,259,003	1,179,421	1,799,132	2,069,126
20,344,235	23,388,858	26,700,761	27,625,954	29,143,486	32,599,721
<u>\$20,915,301</u>	<u>\$24,643,306</u>	<u>\$27,959,764</u>	<u>\$28,809,712</u>	<u>\$30,942,840</u>	<u>\$34,668,847</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	20,585	17,000	18,000	18,500
73,455,034	49,590,387	51,864,823	56,454,794	54,067,300	52,516,968
11,155,740	6,375,212	6,494,362	7,376,666	8,676,191	9,222,730
16,211,514	19,649,729	21,353,926	25,620,010	29,103,813	30,070,485
-	-	-	-	(63,731)	(5,051)
<u>\$100,822,288</u>	<u>\$75,615,328</u>	<u>\$79,733,696</u>	<u>\$89,468,470</u>	<u>\$91,801,573</u>	<u>\$91,823,632</u>

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

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Taxes	\$41,277,481	\$42,020,340	\$41,365,118	\$43,092,371
Lodging and admissions taxes	5,808,668	6,200,709	6,874,548	7,010,018
Licenses, fees and permits	3,732,882	3,623,605	4,474,072	4,648,260
Fines and penalties	1,185,711	1,515,366	1,376,797	1,283,725
Charges for services	2,726,102	2,894,200	2,744,425	2,961,413
Special assessments	2,873,470	3,210,522	3,809,554	4,438,899
Intergovernmental	9,120,682	9,041,238	9,804,326	10,125,744
Investment earnings	2,100,221	2,054,891	1,645,392	1,239,085
Other revenues	9,691,594	8,132,865	8,961,650	8,077,401
Total revenues	78,516,811	78,693,736	81,055,882	82,876,916
Expenditures:				
Current:				
General services	6,024,864	5,368,743	5,332,137	5,741,888
Development services	7,996,300	15,408,814	7,454,595	11,742,179
Public works	11,756,830	11,909,318	11,613,863	9,362,745
Public safety	22,617,035	25,500,113	26,191,631	25,733,989
Community services	10,754,056	11,658,659	11,683,752	13,979,633
Debt service:				
Paying agent fees	76,932	88,308	227,284	281,170
Interest	1,936,789	1,961,215	2,203,535	2,074,532
Principal retirement	4,610,000	4,335,000	5,020,000	7,765,000
Capital outlay:				
General services	-	-	-	-
Development services	3,182,677	2,797,431	1,800,019	2,735,526
Public works	9,787,120	8,553,896	11,780,955	11,225,868
Public safety	125,671	759,463	640,353	269,002
Community services	912,968	865,036	1,310,704	964,706
Total expenditures	79,781,242	89,205,996	85,258,828	91,876,238
Revenues over (under) expenditures	(1,264,431)	(10,512,260)	(4,202,946)	(8,999,322)
Other financing sources (uses):				
Bonds issued	7,835,000	8,445,000	12,720,000	11,515,000
Refunded bonds paid from escrow	-	-	-	-
Bond premiums	(59,155)	15,426	202,010	882,240
Bond discounts	-	(18,998)	-	-
Transfers in	7,860,345	14,113,607	7,509,683	5,748,790
Transfers out	(10,804,337)	(14,365,044)	(9,199,397)	(7,836,949)
Total other financing sources (uses)	4,831,853	8,189,991	11,232,296	10,309,081
Net change in fund balance	\$3,567,422	(\$2,322,269)	\$7,029,350	\$1,309,759
Debt service as a percentage of noncapital expenditures	9.9%	8.2%	10.3%	12.8%
Debt service as percentage of total expenditures	8.2%	7.1%	8.5%	10.7%

Table 4

2013	2014	2015	2016	2017	2018
\$45,485,284	\$46,756,493	\$48,852,186	\$51,277,151	\$53,202,530	\$55,702,232
8,906,395	14,222,909	14,412,263	16,936,352	16,274,658	18,042,869
4,679,509	5,864,807	6,241,921	4,743,748	5,191,270	6,354,508
1,493,871	1,216,254	1,251,693	1,057,518	1,243,454	885,262
2,771,138	3,021,925	3,116,814	2,908,551	2,385,511	2,161,498
3,738,367	3,645,884	4,469,106	3,943,212	3,820,155	4,166,801
14,575,098	14,745,267	17,553,679	14,435,816	21,480,304	20,939,959
448,813	1,250,209	833,337	701,235	1,396,754	1,872,255
21,432,708	8,612,823	9,870,031	16,056,456	10,369,189	9,809,885
<u>103,531,183</u>	<u>99,336,571</u>	<u>106,601,030</u>	<u>112,060,039</u>	<u>115,363,825</u>	<u>119,935,269</u>
6,301,804	6,804,893	6,741,110	7,431,274	7,487,434	8,103,825
9,548,984	19,400,112	8,479,242	14,926,374	10,987,159	11,952,854
10,007,731	10,464,616	9,989,225	10,778,986	11,333,270	12,222,664
27,490,143	28,984,753	29,692,500	32,045,686	31,496,674	33,071,958
14,983,442	14,709,288	15,396,539	16,131,465	16,410,862	16,749,515
136,333	43,887	-	-	-	-
2,342,029	1,973,965	1,697,056	1,680,180	1,746,775	1,518,071
8,720,000	17,645,000	7,895,000	6,975,000	8,950,000	7,705,000
-	238,249	-	278,450	-	-
17,709,054	12,057,284	14,577,484	10,555,736	4,365,969	2,147,303
8,076,371	11,681,648	9,044,239	12,314,905	21,983,079	23,366,023
607,105	80,704	510,613	90,429	125,739	521,315
750,975	1,779,496	979,392	496,599	3,305,609	1,382,549
<u>106,673,971</u>	<u>125,863,895</u>	<u>105,002,400</u>	<u>113,705,084</u>	<u>118,192,570</u>	<u>118,741,077</u>
<u>(3,142,788)</u>	<u>(26,527,324)</u>	<u>1,598,630</u>	<u>(1,645,045)</u>	<u>(2,828,745)</u>	<u>1,194,192</u>
9,315,000	7,465,000	5,355,000	11,455,000	6,390,000	7,210,000
-	-	-	-	-	(4,615,000)
476,462	177,674	400,749	637,349	528,292	514,488
-	-	-	-	-	-
6,205,652	4,213,697	7,268,816	8,063,372	9,075,643	8,566,040
<u>(7,351,067)</u>	<u>(6,808,000)</u>	<u>(7,188,369)</u>	<u>(7,925,954)</u>	<u>(8,698,959)</u>	<u>(9,121,654)</u>
<u>8,646,047</u>	<u>5,048,371</u>	<u>5,836,196</u>	<u>12,229,767</u>	<u>7,294,976</u>	<u>2,553,874</u>
<u>\$5,503,259</u>	<u>(\$21,478,953)</u>	<u>\$7,434,826</u>	<u>\$10,584,722</u>	<u>\$4,466,231</u>	<u>\$3,748,066</u>
13.8%	19.4%	12.0%	9.6%	12.1%	10.1%
10.4%	15.6%	9.1%	7.6%	9.1%	7.8%

CITY OF BLOOMINGTON, MINNESOTA

TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year Ended December 31	Residential Property ^(a)	Commercial/ Industrial Property	All Other ^(b)	Total Tax Capacity ^(c)	Less: Fiscal Disparity Contribution ^(d)
2009	\$ 79,090,466	\$ 78,899,492	\$ 1,603,754	\$ 159,593,712	\$ 22,292,418
2010	74,813,460	73,876,662	1,541,063	150,231,185	23,270,711
2011	70,275,703	66,648,996	1,642,367	138,567,066	21,615,548
2012	63,662,004	66,632,744	1,616,795	131,911,543	19,235,462
2013	60,099,901	69,646,814	1,792,190	131,538,905	18,610,390
2014	59,132,614	70,232,985	2,004,039	131,369,638	15,255,532
2015	64,894,848	70,943,301	2,072,962	137,911,111	11,956,404
2016	70,536,480	81,279,393	2,113,468	153,929,341	12,505,688
2017	75,259,992	85,280,733	2,165,600	162,706,325	14,137,440
2018	81,653,574	87,864,419	2,316,715	171,834,708	14,293,380

Source: City of Bloomington Assessing Division

By State Statute, property taxes are calculated and collected based on the prior year's assessor market value. For example, the tax capacity and market value figures for payable 2018 above relate to the January 2, 2017 assessment.

- ^(a) Includes single-family homes, condominiums, townhouses, cooperatives, apartments and residential vacant land.
- ^(b) Includes personal property accounts and utilities/machinery classification.
- ^(c) Includes properties in tax increment financing (TIF) districts, the majority of which are commercial/industrial.
- ^(d) Figure represents fiscal disparities contribution net of fiscal disparities distribution.
- ^(e) Figure represents total tax capacity less net fiscal disparities. Note that total direct tax rate in the next column is calculated based on total tax capacity less fiscal disparities contribution and less tax capacity in TIF districts.

Table 5

<u>Adjusted Tax Capacity Value ^(e)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value (EMV)</u>	<u>Tax Capacity as a Percent of EMV</u>
\$ 137,301,294	34.34	\$ 11,792,231,200	1.16%
126,960,474	38.10	11,121,834,800	1.14%
116,951,518	41.27	10,318,566,800	1.13%
112,676,081	42.94	10,111,784,800	1.11%
112,928,515	45.48	9,927,891,400	1.14%
116,114,106	48.68	9,874,797,100	1.18%
125,954,707	45.67	10,435,859,700	1.21%
141,423,653	44.29	11,463,977,000	1.23%
148,568,885	40.93	12,080,139,600	1.23%
157,541,328	40.57	12,802,264,000	1.23%

CITY OF BLOOMINGTON, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years

Table 6

Fiscal Year	Direct Rate - City of Bloomington			Overlapping Rates*			Total
	Operating	Debt	Total	School District	County	Other Districts	
2009	31.65	2.69	34.34	17.42	40.41	9.93	102.10
2010	35.41	2.69	38.10	19.31	42.64	11.10	111.15
2011	37.96	3.31	41.27	21.90	45.84	12.30	121.31
2012	39.48	3.46	42.94	22.46	48.23	12.75	126.38
2013	41.68	3.80	45.48	26.76	49.46	13.21	134.91
2014	44.42	4.26	48.68	28.18	49.96	13.92	140.74
2015	41.98	3.69	45.67	25.74	46.40	12.76	130.57
2016	40.95	3.34	44.29	24.25	45.36	12.38	126.28
2017	37.88	3.05	40.93	20.63	44.09	12.13	117.77
2018	37.70	2.87	40.57	20.76	42.81	11.73	115.87

Sources: Hennepin County and City of Bloomington Assessing Division

*Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all City property owners. Although County property tax rates apply to all City property owners, the Other Districts rates apply only to property owners whose property is located within certain geographic boundaries.

For example, a small percentage of Bloomington taxpayers pay school district taxes to schools in neighboring communities. Also, the Other Districts rates include Watershed taxing districts, of which there are four different rates depending on location of parcels in Bloomington.

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

Table 7

Taxpayer	Payable 2018			Payable 2009		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Mall of America	\$19,445,640 ^(a)	1	11.32%	\$13,925,046 ^(a)	1	8.73%
Metropolitan Life Insurance	6,244,000 ^(b)	2	3.63%	-	-	-
Kraus-Anderson	2,291,046	3	1.33%	2,260,860	4	1.42%
Carlson Companies	1,669,260	4	0.97%	-	-	-
Workspace Property Trust	1,458,456 ^(c)	5	0.85%	-	-	-
Frauenshuh	1,120,805	6	0.65%	-	-	-
Mdewakanton Sioux	1,114,000	7	0.65%	-	-	-
KBS Capital Advisors	1,023,400	8	0.60%	-	-	-
Boyd Bloomington II GSA	1,005,320	9	0.59%	-	-	-
Artis REIT	941,714	10	0.55%	-	-	-
Teachers Insurance and Annuity	-	-	-	4,482,944 ^(b)	2	2.81%
United Properties	-	-	-	3,430,970	3	2.15%
Duke Realty LP	-	-	-	2,111,526	5	1.32%
Liberty Property LP	-	-	-	1,697,308 ^(c)	6	1.06%
Gateway Lake Properties	-	-	-	1,129,590	7	0.71%
Bloomington Central Station	-	-	-	1,112,637	8	0.70%
Bloomgate Holdings	-	-	-	1,006,754	9	0.63%
International Plaza Partners	-	-	-	908,658	10	0.57%
Total	<u>\$36,313,641</u>		<u>21.14%</u>	<u>\$32,066,293</u>		<u>20.09%</u>
Total All Property	<u>\$171,834,708</u>			<u>\$159,593,712</u>		

Source: City of Bloomington Assessing Division

Note: Tax capacity values above relate to the prior year's assessment.

^(a) Market value in the Mall of America Phase I TIF district became part of local tax base starting in 2017. Mall of America Phase II TIF District will become part of local tax base starting in 2019.

^(b) Normandale Lake Office Park sold by Teachers Insurance to Equity Group in August 2012, who then sold to Metropolitan Life in October 2014.

^(c) Liberty Property Trust properties sold to Workspace Property Trust in October 2016.

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

Table 8

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Delinquent Collections in Subsequent Years ^(a)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 41,936,879	\$ 41,636,622	99.28%	\$ 138,949	\$ 41,775,571	99.62%
2010	43,230,933	42,603,925	98.55%	52,061	42,655,986	98.67%
2011	43,002,753	42,520,657	98.88%	(438,381)	42,082,276	97.86%
2012	44,441,371	44,134,422	99.31%	(224,425)	43,909,997	98.80%
2013	46,641,219	46,450,282	99.59%	(86,072)	46,364,210	99.41%
2014	48,049,784	47,836,890	99.56%	(156,495)	47,680,395	99.23%
2015	49,971,775	49,888,157	99.83%	(25,883)	49,862,274	99.78%
2016	52,845,452	52,561,489	99.46%	(336,619)	52,224,870	98.83%
2017	55,883,748	55,477,456	99.27%	(562,215)	54,915,241	98.27%
2018	58,398,517	58,069,379	99.44%	(341,739)	57,727,640	98.85%

Source: City of Bloomington Finance Department

^(a) Negative amounts in the "Collection in Subsequent Years" column reflect reductions of assessed property values.

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

Table 9

Fiscal Year	Governmental Activities			Total Governmental Activities	Business-Type Activities	Total Primary Government	Percentage of Personal Income ^(b)	Per Capita ^(b)
	General Obligation Bonds	Improvement Bonds ^(a)	Tax Increment Bonds		Revenue Bonds			
2009	\$ 5,285,000	\$ 41,580,000	\$ 5,340,000	\$52,205,000	\$ 615,000	\$ 52,820,000	1.5%	\$ 629
2010	13,050,000	44,630,000	4,535,000	62,215,000	455,000	62,670,000	1.8%	755
2011	12,680,000	50,440,000	6,795,000	69,915,000	300,000	70,215,000	1.9%	837
2012	11,335,000	56,668,281	6,175,000	74,178,281	150,000	74,328,281	1.9%	864
2013	9,940,000	61,570,377	3,095,000	74,605,377	-	74,605,377	1.8%	864
2014	8,515,000	52,451,706	2,970,000	63,936,706	-	63,936,706	1.5%	741
2015	7,055,000	51,139,974	2,850,000	61,044,974	-	61,044,974	1.4%	707
2016	7,180,000	55,489,159	4,770,000	67,439,159	-	67,439,159	1.5%	790
2017	5,520,000	54,392,867	4,635,000	64,547,867	1,170,000	65,717,867	1.4%	765
2018	6,320,000	48,597,893	4,105,000	59,022,893	12,656,987	71,679,880	1.5%	838

Source: City of Bloomington Finance Department

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

^(a) The unamortized bond premiums are included in the Improvement Bond totals, beginning in 2012.

^(b) See Table 14 for personal income and population data.

CITY OF BLOOMINGTON, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Table 10

Fiscal Year	General Obligation Debt			Total	Less Debt Service Fund Balance	Net Bonded Debt	Percentage of Estimated Market Value of Property ^(b)	Net Bonded Debt Per Capita ^(c)
	General Obligation Bonds	Improvement Bonds ^(a)	Tax Increment Bonds					
2009	\$ 5,285,000	\$ 41,580,000	\$ 5,340,000	\$52,205,000	\$ 11,586,697	\$ 40,618,303	0.34%	\$ 483
2010	13,050,000	44,630,000	4,535,000	62,215,000	12,016,405	50,198,595	0.45%	605
2011	12,680,000	50,440,000	6,795,000	69,915,000	17,950,997	51,964,003	0.50%	619
2012	11,335,000	56,668,281	6,175,000	74,178,281	23,572,558	50,605,723	0.50%	588
2013	9,940,000	61,570,377	3,095,000	74,605,377	27,682,370	46,923,007	0.47%	544
2014	8,515,000	52,451,706	2,970,000	63,936,706	17,590,028	46,346,678	0.47%	537
2015	7,055,000	51,139,974	2,850,000	61,044,974	18,208,674	42,836,300	0.41%	496
2016	7,180,000	55,489,159	4,770,000	67,439,159	23,725,327	43,713,832	0.38%	512
2018	5,520,000	54,392,867	4,635,000	64,547,867	21,701,505	42,846,362	0.35%	499
2018	6,320,000	48,597,893	4,105,000	59,022,893	17,109,882	41,913,011	0.33%	490

Source: City of Bloomington Finance Department

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

^(a) The unamortized bond premiums are included in the Improvement Bond totals, beginning in 2012.

^(b) See Table 5 for estimated market value data.

^(c) See Table 14 for population data.

CITY OF BLOOMINGTON, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2018

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^(a)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
School Districts:			
ISD No. 271	\$77,925,000	99.98%	\$77,909,415
ISD No. 272	69,055,000	0.43%	296,936
ISD No. 273	175,050,000	1.33%	2,328,165
Other debt:			
Hennepin County	925,550,000	8.57%	79,319,635
Hennepin County Park District	60,560,000	11.96%	7,242,976
Hennepin Regional RR Authority	31,535,000	11.96%	3,771,586
Metropolitan Council	188,620,614	4.07%	7,676,859
Subtotal - overlapping debt			178,545,572
City direct debt ^(b)	59,022,893	100.00%	59,022,893
Total direct and overlapping debt			\$237,568,465

Source: Hennepin County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

^(a) The percentage of overlapping debt applicable is estimated using the taxable market values. Applicable percentages were estimated by determining the portion of the county's and school district's taxable market value that is within the City's boundaries.

^(b) Excludes revenue bonded indebtedness.

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$353,157,039	\$333,655,044	\$309,557,004	\$303,353,544
Total net debt applicable to limit	<u>4,638,800</u>	<u>6,457,546</u>	<u>10,924,513</u>	<u>9,493,644</u>
Legal debt margin	<u>\$348,518,239</u>	<u>\$327,197,498</u>	<u>\$298,632,491</u>	<u>\$293,859,900</u>
Total net debt applicable to the limit as a percentage of debt limit	1.31%	1.94%	3.53%	3.13%

Source: City of Bloomington Finance Department

Note: Under State finance law, Minnesota Statute 475.53, the City's outstanding general obligation debt should not exceed 3% of total assessed market value. The general obligation debt subject to the limitation is offset by amounts set aside for repaying general obligation bonds.

For example, in 2018 the debt limit was \$384,067,920, the total net debt applicable to the limit was \$4,895,008, and the City could issue up to an additional \$379,172,912 of general obligation debt and still be in compliance with the above statute.

Table 12

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$297,836,742	\$296,243,913	\$313,075,791	\$343,919,310	\$362,404,188	\$384,067,920
<u>8,047,547</u>	<u>6,557,605</u>	<u>5,039,777</u>	<u>3,884,062</u>	<u>4,114,836</u>	<u>4,895,008</u>
<u>\$289,789,195</u>	<u>\$289,686,308</u>	<u>\$308,036,014</u>	<u>\$340,035,248</u>	<u>\$358,289,352</u>	<u>\$379,172,912</u>
2.70%	2.21%	1.61%	1.13%	1.14%	1.27%

Legal Debt Margin Calculation for Fiscal Year 2018

Market value	<u>\$12,802,264,000</u>
Debt limit (3% of market value)	<u>384,067,920</u>
Debt applicable to limit:	
General obligation bonds	6,320,000
Less: Amount set aside for repayment of general obligation debt	<u>(1,424,992)</u>
Total net debt applicable to limit	<u>4,895,008</u>
Legal debt margin	<u>\$379,172,912</u>

CITY OF BLOOMINGTON, MINNESOTA

PLEDGED-REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	Enterprise Revenue Bonds ^(a)					Coverage
	Pledged Service Charges	Less Operating Expenses ^(c)	Net Available Revenue	Debt Service		
				Principal	Interest	
2009	\$8,117,878	\$6,444,332	\$1,673,546	\$250,000	\$30,260	5.97
2010	1,432,860	1,085,440	347,420	160,000	21,998	1.91
2011	1,420,357	1,136,811	283,546	155,000	15,739	1.66
2012	1,344,365	1,135,713	208,652	150,000	3,188	1.36
2013	-	-	-	-	-	0.00
2014	-	-	-	-	-	0.00
2015	-	-	-	-	-	0.00
2016	-	-	-	-	-	0.00
2017	25,149,599	22,781,314	2,368,285	-	23,746	99.73
2018	34,227,654	25,444,879	8,782,775	110,000	43,073	57.38

Source: City of Bloomington Finance Department

^(a) From 2010 to 2012, the remaining enterprise bonds had pledged revenues from the Ice Garden activity in the Recreational Facilities Fund. From 2017 to present, the enterprise bonds have pledged revenues from the water utility, storm water utility, and special assessments.

^(b) Both improvement bonds and tax increment bonds are general obligation bonds and have tax levy authority to cover all debt requirements.

^(c) Operating expenses do not include depreciation.

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

Table 13

Special Assessment Collections	Improvement Bonds ^(b)			Tax Increment Bonds ^(b)			
	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
	Principal	Interest		Principal	Interest		
\$2,836,610	\$3,465,000	\$1,356,869	0.59	\$1,282,134	\$840,000	\$311,380	1.11
3,176,372	3,185,000	1,453,531	0.68	1,189,685	805,000	266,984	1.11
3,693,237	3,815,000	1,539,217	0.69	1,004,967	835,000	222,090	0.95
4,420,188	6,335,000	1,562,573	0.56	827,103	620,000	181,475	1.03
3,718,701	4,810,000	1,805,825	0.56	455,351	165,000	139,573	1.50
3,440,152	16,660,000	1,576,016	0.19	723,577	125,000	111,440	3.06
4,278,664	6,890,000	1,329,972	0.52	885,766	120,000	107,765	3.89
3,752,488	5,940,000	1,320,498	0.52	1,179,405	125,000	104,090	5.15
3,617,854	6,330,000	1,355,018	0.47	1,486,003	135,000	116,415	5.91
3,978,335	11,420,000	1,360,135	0.31	1,626,230	530,000	119,629	2.50

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

Table 14

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	
					Metropolitan Area	Bloomington
2009	84,034	\$3,491,780,768	\$41,552	10,170	7.2%	7.0%
2010	83,038	\$3,557,597,034	42,843	10,242	6.5	6.2
2011	83,896	\$3,747,802,112	44,672	10,240	5.5	5.2
2012	86,033	\$3,977,047,491	46,227	10,228	5.1	4.9
2013	86,319	\$4,130,882,064	47,856	10,030	4.3	4.1
2014	86,314	\$4,204,441,254	48,711	10,005	3.2	3.0
2015	86,435	\$4,368,511,335	50,541	9,980	3.2	2.9
2016	85,319	\$4,446,570,323	52,117	10,273	3.6	3.4
2017	85,866	\$4,554,590,238	53,043	10,136	2.9	2.8
2018	85,578	\$4,824,374,172	56,374	10,171	2.8	2.7

Sources: (1) U.S. Census estimates were used for 2010 through 2018 and Metropolitan Council estimates were used for prior years. Of note, the 2018 Metropolitan Council population estimate was considerably higher at 89,654 and it is used to calculate distributions from the Fiscal Disparities tax base sharing pool as well as per capita based state aids.
 (2) Minnesota per capita income, as published by Bureau of Economic Analysis
 (3) Bloomington School Districts #271
 (4) Minnesota Department of Employment and Economic Development, based on December rates

CITY OF BLOOMINGTON, MINNESOTA

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 15

Employer	2018			2009		
	Employees (1)	Rank	Percentage of Total City Employment (2)	Employees (1)	Rank	Percentage of Total City Employment (2)
Mall of America Tenants	13,000	1	14%	13,000	1	15%
HealthPartners	3,800	2	4%	2,429	2	3%
Bloomington School District #271	1,948	3	2%	1,792	3	2%
Seagate Technology	1,400	4	2%	1,600	4	2%
Donaldson Company	1,020	5	1%	1,000	7	1%
NCS Pearson	1,013	6	1%	-	-	-
Toro Company	996	7	1%	906	8	1%
General Dynamics	678	8	1%	-	-	-
Normandale Community College	649	9	1%	592	9	1%
Polar Semiconductor, Inc	630	10	1%	-	-	-
Express Scripts	-	-	-	1,353	5	2%
Wells Fargo Bank	-	-	-	1,142	6	1%
Ceridian	-	-	-	575	10	1%
Total	25,134		27%	24,389		29%
Total City Employment	92,491			84,988		

Sources: (1) City of Bloomington Finance Department
 (2) Minnesota Department of Employment and Economic Development (average annual City employment)

CITY OF BLOOMINGTON, MINNESOTA

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012
Governmental activities:				
General services	80	80	80	80
Development services	71	71	71	72
Public works	117	116	117	118
Public safety	153	153	152	152
Community services	58	60	61	62
Total governmental activities	479	480	481	484
Business-type activities:				
Water/wastewater	54	54	54	54
Storm water	12	11	12	11
Recreational facilities	16	16	16	16
Solid waste management	1	1	1	1
Motor vehicle	5	6	5	5
Total business-type activities	88	88	88	87
Total	567	568	569	571

Source: City of Bloomington Finance Department

Table 16

Full-Time Equivalent Employees as of December 31					
2013	2014	2015	2016	2017	2018
80	80	80	82	84	82
74	74	69	69	71	71
117	117	117	118	121	122
155	155	160	165	165	165
60	60	60	59	55	52
486	486	486	493	496	492
54	54	54	54	54	54
12	12	12	12	12	12
18	18	18	18	18	18
1	1	1	1	1	1
5	5	6	6	6	6
90	90	91	91	91	91
576	576	577	584	587	583

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Governmental activities:				
General services:				
New full-time employees hired	19	15	33	43
Criminal case appearances	13,400	12,200	14,200	16,000
Purchase orders issued	1,912	1,788	1,696	1,875
Development services:				
Permits issued	10,061	11,179	11,254	11,362
Estimated value of permits	\$173,870,423	\$128,201,819	\$263,305,005	\$198,432,583
Fire inspections	2,121	1,909	1,730	2,111
Fire investigations	72	61	105	152
Public works:				
Street resurfacing (miles)	46	41	36	43
Street sweeping (tons of material)	4,558	4,552	3,784	4,263
Public safety:				
Bookings	2,469	2,420	2,153	2,262
DWI's	624	624	593	512
Part 1 crimes ^(a)	3,459	3,309	3,358	3,443
Fire dispatch to scene average response time	4:24	4:31	4:36	4:31
Fire emergency responses	1,089	1,168	1,184	1,161
Fires extinguished	178	153	142	177
Community services:				
City website pageviews	*	*	1,776,135	1,814,332
Number of E-Subscribers	3,050	4,100	5,673	7,565
Human services volunteers	321	405	284	309
Influenza immunizations	9,630 ^(c)	6,780 ^(c)	4,101 ^(c)	3,506
Business-type activities:				
Water/wastewater utility:				
Average daily consumption (gallons)	11,700,000	10,500,000	10,720,000	11,700,000
Average daily sewage treatment (gallons)	8,190,000	8,285,000	8,570,000	8,130,000
Storm water utility:				
Storm mains inspected (miles)	6	9	9	8
Recreational facilities:				
Golf course rounds played	83,638	76,209	66,180	62,852
Ice garden hours	9,553	9,888	9,342	9,206
Solid waste management:				
Annual trash clean-up (tons)	1,796	1,689	1,717	1,497
Contractual police:				
Overtime hours billed	8,309	6,552	8,308	9,399
Motor vehicle:				
DNR transactions	2,676	2,730	2,543	2,879
Drivers license transactions	17,170	17,346	18,209	21,610
Motor vehicle transactions	56,743	55,900	61,878	64,265

Sources: Various City of Bloomington departments.

*Certain statistical data was not tracked in this format in prior years and is, therefore, unavailable.

The City of Bloomington will gather this information going forward.

^(a) Part 1 crimes include homicide, rape, robbery, aggravated assault, burglary, theft, auto theft, and arson.

^(b) In 2015 the City launched a redesigned website with dramatically fewer pages.

^(c) In 2009 and 2010, the new H1N1 vaccine was separate, and beginning in 2011, H1N1 was included in the regular influenza vaccine.

^(d) In 2015 and 2016, Mall of America Security significantly increased their use of police contractual services.

Table 17

Fiscal Year						
2013	2014	2015	2016	2017	2018	
44	44	51	46	40	40	
20,000	18,000	20,000	22,000	20,000	20,876	
1,457	1,382	1,026	995	878	767	
16,119	14,413	12,313	11,856	10,859	10,568	
\$201,614,610	\$342,190,790	\$485,208,914	\$185,368,384	\$304,605,776	\$391,619,950	
2,643	2,724	2,851	2,219	3,024	2,955	
152	117	105	115	62	47	
31	36	40	38	41	40	
3,477	3,834	2,635	2,850	3,475	2,950	
2,349	2,350	2,218	2,320	2,256	2,112	
451	425	362	363	423	371	
3,524	3,423	3,118	3,035	2,812	2,775	
4:23	4:16	4:06	4:14	4:14	3:58	
1,221	1,317	1,510	1,769	1,802	1,692	
159	149	184	166	175	209	
1,948,674	1,911,818	1,468,653 ^(b)	1,629,355	1,846,618	1,965,802	
9,706	12,191	14,593	21,464	23,750	25,515	
317	350	324	279	250	231	
4,488	3,851	3,216	2,795	2,666	2,808	
11,202,000	10,700,000	10,300,000	10,360,000	9,990,000	10,100,000	
8,078,000	8,175,000	7,920,000	8,100,000	7,520,000	7,879,000	
8	9	11	12	8	8	
51,658	61,355	62,392	57,599	53,373	55,885	
9,635	9,440	9,793	9,752	9,838	9,103	
1,300	1,789	1,758	1,949	1,807	1,425	
9,270	7,739	23,481 ^(d)	25,666 ^(d)	10,284	14,924	
2,876	2,641	2,581	2,370	1,891	2,433	
20,439	20,727	20,092	21,157	20,551	19,828	
61,835	66,061	66,569	64,821	59,159	54,626	

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Governmental activities:				
Public works:				
Streets (miles)	342	341	341	342
Streetlights	4,118	4,339	4,339	4,339
Traffic signals	147	147	147	147
Emergency vehicle pre-emption systems	121	121	121	121
Emergency outdoor warning sirens	22	22	22	22
Public safety:				
Police stations	1	1	1	1
Patrol units - marked and unmarked	37	37	37	37
Police admin and investigative vehicles	27	27	27	27
Fire stations	6	6	6	6
Community services:				
Community center	1	1	1	1
Skate park	1	1	1	1
Playgrounds/playlots	54	54	54	54
Baseball/softball diamonds	61	61	61	61
Soccer/football fields	22	22	22	22
Tennis courts	51	51	50	50
Picnic shelters/gazebos	22	22	22	22
Business-type activities:				
Water/wastewater utility:				
Water mains (miles)	489	489	489	495
Fire hydrants	4,565	4,570	4,599	4,589
Storage capacity (gallons)	44,000,000	44,000,000	44,000,000	44,000,000
Sanitary sewers (miles)	383	383	384	384
Storm water utility:				
Storm sewers (miles)	253	253	253	253
Recreational facilities:				
Swimming beaches	1	1	1	1
Swimming pools	1	1	1	1
Golf courses	2	2	2	2
Indoor ice rinks	3	3	3	3

Sources: Various City of Bloomington departments.

Note: No capital asset indicators are available for the general services, development services, solid waste, contractual police, or motor vehicle functions.

Table 18

Fiscal Year					
2013	2014	2015	2016	2017	2018
342	342	342	342	342	342
4,339	4,339	4,361	4,361	4,380	4,456
144	144	143	143	143	143
121	121	122	122	122	122
22	22	22	22	22	22
1	1	1	1	1	1
37	37	37	37	37	38
27	27	27	27	29	30
6	6	6	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
54	54	54	54	53	53
61	62	62	61	61	60
22	22	22	22	22	22
49	49	50	50	50	50
22	22	22	22	22	23
496	496	498	498	501	503
4,617	4,617	4,665	4,676	4,677	4,712
44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
384	384	385	385	385	384
253	251	252	252	237	241
1	1	1	1	1	1
1	1	1	1	1	1
2	2	2	2	2	2
3	3	3	3	3	3



CITY OF
BLOOMINGTON
MINNESOTA