

COMPREHENSIVE ANNUAL FINANCIAL REPORT | FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017



WE ARE | BLOOMINGTON



Comprehensive Annual Financial Report

of the City of
Bloomington, Minnesota

For the Year Ended
December 31, 2017

Prepared by the Finance Department

CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

SECTION I

INTRODUCTORY SECTION

CITY OF BLOOMINGTON, MINNESOTA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017**

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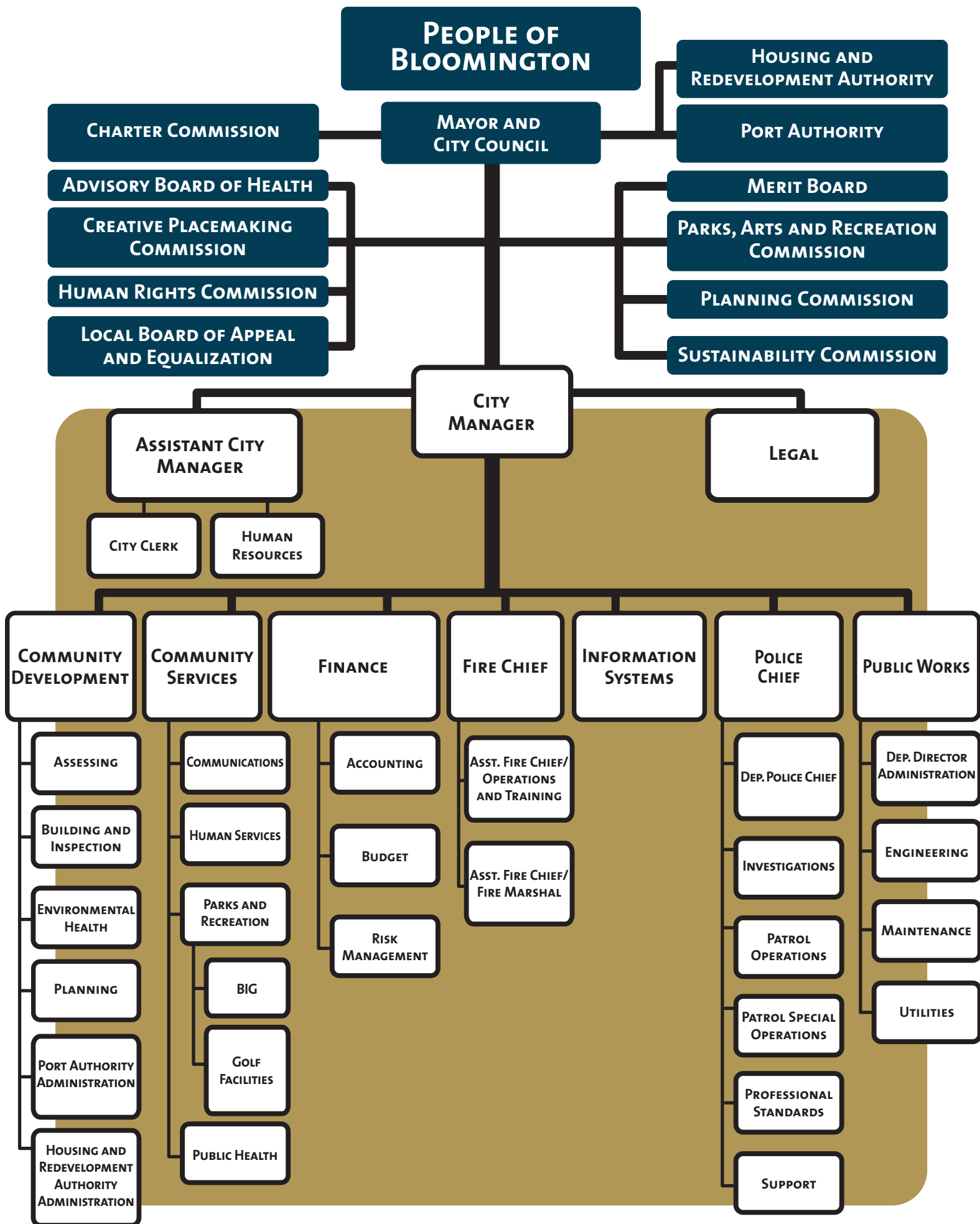
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CITY OF BLOOMINGTON, MINNESOTA

DECEMBER 31, 2017

PRINCIPAL OFFICIALS

GENE WINSTEAD, MAYOR

JACK BALOGA..... COUNCILMEMBER

TIM BUSSE..... COUNCILMEMBER

DWAYNE LOWMAN COUNCILMEMBER

JON OLESON COUNCILMEMBER

ELDON SPENCER COUNCILMEMBER

KIM VLAISAVLJEVICH COUNCILMEMBER

JAMIE VERBRUGGE, CITY MANAGER



June 15, 2018

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, 2017 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 15 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 wholly in Hennepin County. In six decades, Bloomington has grown from a rural village beyond the developing edge of Minneapolis to its current status as Minnesota's fourth largest city 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) light rail line which opened in 2004 to connect several popular Twin Cities destinations including Mall of America, VA Medical Center, Minneapolis/St. Paul International Airport, Minnehaha Park, 11 neighborhoods, and Downtown Minneapolis.

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 shopping and entertainment complex in the United States, Mall of America. It employs approximately 13,000 and attracts 42 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 9,106 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 2017 is composed of approximately 53.7% commercial/industrial, 38.1% residential, and 8.2% 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 was \$304,605,776. Most 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 2017, the following development either opened or was under construction in Bloomington:

- Construction commenced on Palacio Del Sol, a new four-story, 32-unit market rate apartment building on Old Cedar Avenue.
- OATI, a software company serving the energy sector, opened their five-story, 110,000 square foot office building and data center along I-494 at Computer Avenue.
- Marriott AC, a 148-room, five-story hotel, opened in the South Loop District.
- The Preserve at Normandale Lake, a five-story, 179-unit apartment building, opened in the Normandale Lake District.
- Yardscapes, a 6,000 square foot office warehouse building, opened in the Central Industrial Area.
- Phase II of the Alpha B project, an 11,800 square foot multi-tenant center anchored by the restaurant Hazelwood, opened in the South Loop District.

- Bloomington Central Station completed construction of a new eight-level parking ramp in the South Loop District to prepare surface parking areas for future development.
- Great Wolf Hotels completed a full renovation of a hotel and water park on American Boulevard.

Mall of America Development

Mall of America, the largest shopping mall 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 specialty shops. In 2017, Mall of America welcomed Escape Game, UNTUCKit, Ulta Beauty, Chick-Fil-A, Evereve, Carlo's Bakery, Peloton, Dough Dough, Indochino, and Macarons by Maddie Lu.

Mall of America also teamed up with MyPark Technology to ease the stress of finding a parking spot at the mall on a busy day. Now with just the touch of a button, guests have the ability to choose where and when they want to park. 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 42 million visitors a year and generating significant income and sales tax revenues 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

Park Improvement Project

The City implemented a major park improvement project in 2017, an undertaking that required considerable effort in planning, financing, equipment selection and construction. The City had thirteen parks and an elementary school lot in which the age of equipment was approaching or exceeding the 25 year mark. In addition to standard funding, the City decided to utilize General Obligation Charter Bonds as a funding source in order to replace 14 playgrounds in a single year.

Funding details:

| | |
|---------------------|--|
| \$ 690,000 | Park Capital Funds (four parks) |
| 300,000 | Neighborhood Enhancement Initiatives (one park) |
| 60,000 | Aquatics Fund (one beach) |
| <u>1,465,000</u> | Bond proceeds including premium (seven parks & one school) |
| <u>\$ 2,515,000</u> | |

Since they were purchasing an unusually large number of playground sets in one year, Parks and Recreation staff chose vendors who were either on the State of Minnesota contract or National Joint Powers Alliance (NJPA). A total of five Minnesota-based playground companies were awarded contracts, each assigned to two or three sites. Vendor contracts included playground equipment, safety surfacing, and installation. Two design options were presented for each park site on the City website, and the public had an opportunity to provide helpful input and opinions.

The City's Purchasing Division also advertised for sealed construction bids. Two contractors were hired for demolition and site work, which began in August. Steady progress continued at each site until late November, when inclement weather prevented further work. An impressive 13 playgrounds were completed in 2017. The one remaining playground will be completed in the spring of 2018, along with final site work at all parks which will include installing benches and picnic tables and restoring any damaged turf areas.



In the spirit of sharing, the City donated some of the old equipment to a non-profit organization to benefit children on a global level. The City worked with Kids Around the World to remove playground equipment from two sites for re-installation in Third World countries in areas affected by poverty, war, disease or natural disaster.

Pathways to Policing Program

In the fall of 2016, the suburban Minnesota cities of Bloomington and St. Louis Park worked together to develop an innovative, non-traditional police hiring program called Pathways to Policing. As the cities' residents were becoming more diverse, the police departments recognized the need to develop a new approach to hiring police officers that would help their cities keep pace with the changing community members and ensure that the police forces were more reflective of all people served.

The Pathways to Policing program removed barriers for candidates who are interested in pursuing a career in law enforcement but may not have the means to pay for or availability to attend a two-year program. This collaboration aimed to address: 1) a reduction in the number of officer applicants during a traditional hiring process, 2) officers leaving for another agency after a few years, and 3) matching the communities' ethnic makeup. The cities were joined in the initiative by four other agencies including the Metropolitan Airports Commission and the cities of Eagan, Maplewood, and Hastings.

Program discussions began in the fall of 2016. In early 2017, pulled from a pool of 482 applicants, more than 380 highly qualified candidates were interviewed in a joint hiring process between participating agencies. Panelists consisted of police officers, human resource professionals, and community members. They identified candidates who had unique qualities to bring to the profession, such as living or working with multicultural populations or those that could offer other experiences servicing customers with a wide variety of backgrounds. Final candidates completed three rounds of interviews and participating agencies conducted background checks on their final selections before presenting job offers and advancing their new hires into the program.

Modeled after a Minnesota State Patrol program, the 2016/2017 Pathways to Policing Program offered accelerated training through Hennepin Technical College for students who had an associate degree from an accredited college or university in any discipline, allowing completion of the training in four months rather than two years. Once the candidates were hired by their respective agency, the candidates were sent to a 17 week program. Each city paid approximately \$6,700 in tuition per cadet with wages and benefits paid to the cadets while in training. During the 2017 Legislative Session, as part of the police training bill, the law makers allocated a \$400,000 per year appropriation to help agencies offset the costs of this type of program. This funding will be available for future classes in 2018.

Full time training began in June of 2017 and continued through October. The participating police departments provided mentors to support the cadets and keep them engaged in their departments. Upon completion of the training program and the passing of the State of Minnesota Peace Officers Standards Training (POST) licensing exam, the graduates returned to their respective agencies and were sworn in to begin traditional orientation and field training. The City of Bloomington sponsored three cadets through this program. All three were sworn in as officers in October of 2017.

Early in 2018, the Bloomington Police Department, jointly with the St. Louis Park Police Department, was named as the large agency recipient of the Minnesota Chiefs of Police Association (MCPA) Excellence in Innovation Award for the Alternative Pathways to Policing Program. The award will be presented in April during the MCPA's Executive Training Institute (ETI) Expo in Duluth. The successful results were recognized by other agencies, who have expressed a positive interest in participating in the next Pathways to Policing program in the fall of 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 |
| 2014 | \$61,452,110 | \$20,915,301 | 34.0% |
| 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 |

The City's General Fund working capital balance of \$29,226,494 at December 31, 2017 includes amounts committed for encumbrances, carryovers, and fair value adjustments for investments, which brings the total fund balance to \$30,942,840. The City anticipates that the 2018 year-end General Fund balance will remain constant (plus any commitments for carryovers or encumbrances), based upon budgeted 2018 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, 2017 are as follows (primary government only):

| | Amount | % Market Value | Bonded Debt per Capita | |
|----------------------------------|-----------------------|-------------------|------------------------|-----------------|
| | | | Current Year | Prior Year |
| General Obligation Bonded Debt | \$ 5,520,000 | | | |
| Improvement Bonds | 54,392,867 | | | |
| General Obligation Tax Increment | 4,635,000 | | | |
| Net Total | 64,547,867 | | | |
| Less Debt Service Funds | (21,701,505) | | | |
| Total Net Bonded Debt | 42,846,362 | .35% | \$ 499 | \$ 512 |
| Overlapping Debt (1) | 172,984,122 | 1.44 | 2,015 | 1,672 |
| Total – 2017 Year-End | <u>\$ 215,830,484</u> | <u>1.79%</u> | <u>\$ 2,514</u> | |
| Total - Prior Year-End | <u>\$ 186,384,776</u> | <u>1.63%</u> | | <u>\$ 2,184</u> |

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

In 2017, the City retired \$6,330,000 of improvement, \$3,080,000 of general obligation, and \$135,000 of general obligation tax increment bonds. The City issued \$4,970,000 of improvement bonds, \$1,170,000 of water utility bonds, and \$1,420,000 of charter bonds in 2017.

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 |
|---------------|-------------|-----------------------|--------------|-------------------|-----------------------------------|
| 12/18/14 | \$6,695,000 | Improvement | 5.70 years | 1.79% | \$.12 |
| 12/18/14 | 770,000 | Refunding Improvement | 1.58 | .84 | .03 |
| 10/13/15 | 5,355,000 | Improvement | 6.65 | 1.81 | .19 |
| 12/08/16 | 6,115,000 | Improvement | 6.85 | 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 |

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 2017 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 2018-2027:

| Project Category | Estimated Amount (in millions) | Approximate Sources of Funding | |
|--|-----------------------------------|-----------------------------------|------|
| City Facilities, Parks and Park Development | \$ 170 | Cash on Hand | 7% |
| | | Bonds | 49 |
| | | Grants, Other | 44 |
| Alternative/Surface Transportation | 206 | Federal Funds | 10% |
| | | Other Governments | 5 |
| | | P.I.R. Bonds | 62 |
| | | Municipal State Aid | 6 |
| | | Franchise Fee | 3 |
| | | Tax Abatement | 2 |
| | | Other | 12 |
| Water, Sewer, and Stormwater Facilities | 90 | Cash on Hand | 86% |
| | | Bonds | 14 |
| Economic Development and Redevelopment | <u>41</u> | Liquor/Lodging Tax | 100% |
| Total | <u>\$ 507</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, 2016. 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 46 consecutive years. We believe this 2017 CAFR continues to conform to Certificate of Achievement Program requirements, and we will be submitting it to GFOA.

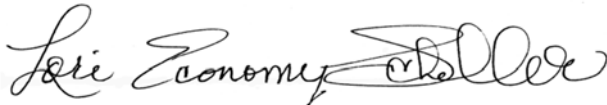
Independent Audit

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
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Presented to

**City of Bloomington
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO



CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For The Year Ended December 31, 2017

SECTION II

FINANCIAL SECTION



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, 2017, 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, 2017, 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.

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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

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.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018 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 15, 2018



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, 2017. 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 2017 fiscal year by \$579.9 million (*net position*). Of this amount, \$92.7 million (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$37.4 million is restricted for debt service, \$23.6 million is restricted for tax increment, \$3.6 million is restricted for street reconstruction, \$5.2 million is restricted for other purposes, and \$417.5 million is the City's net investment in capital assets.
- The City's net position increased by \$30.6 million. The largest reasons for the increase in net position was the \$6.4 million decrease in Public Safety expenses as a result of a decrease in the Fire Pension liability due to better investment performance and changes in actuarial assumptions. The General revenues increase was Property Taxes of \$2.5 million from a levy increase, overall charges for services increased \$5.2 million due to various rate increases.
- As of December 31, 2017, the City's governmental funds had combined fund balances of \$122.7 million, an increase of \$4.5 million in comparison with the prior year. Approximately 56% of the combined committed, assigned, and unassigned fund balances are available to meet the City's current and future needs. The remaining 44% 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 \$30.9 million, or 45% of actual total General Fund expenditures. This compares to \$28.8 million from the prior year, an increase of roughly \$2.1 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, 2017, the fund balance of the General Fund was within this range. \$1.8 million of this positive performance has been committed for budgeted carryover amounts unspent in 2017 and encumbrances for open purchase order contracts at the end of 2017 that were carried over to the 2018 budget.
- In 2017 the Net Pension liability decreased \$46.2 million due to significant changes in actuarial assumptions mostly with the Public Employers Police and Fire Fund. The pension related net deferred inflows and outflows decreased \$62.2 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 \$12.1 billion for assessment year 2016 (payable in 2017). 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 \$19.0 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, storm water, solid waste management, recreational facilities, contractual police services, 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, storm water, recreational facilities, solid waste, 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 support services, information systems, equipment, public safety radio, self-insurance, insured benefits, benefit accrual, 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

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

made to business-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, recreational facilities (which are considered to be major funds of the City), and 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* 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 \$579,896,275 at December 31, 2017, as compared to \$549,257,684 at the end of 2016.

CITY OF BLOOMINGTON'S NET POSITION

| | Governmental activities | | Business-type activities | | Total | | Total Percentage Change |
|--|-------------------------|----------------|--------------------------|---------------|----------------|----------------|-------------------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | |
| Assets: | | | | | | | |
| Current and other assets | \$ 252,347,016 | \$ 226,844,246 | \$ 17,605,217 | \$ 15,018,821 | \$ 269,952,233 | \$ 241,863,067 | 11.6% |
| Capital assets | 392,046,122 | 373,420,088 | 86,500,605 | 85,359,140 | 478,546,727 | 458,779,228 | 4.3% |
| Total assets | 644,393,138 | 600,264,334 | 104,105,822 | 100,377,961 | 748,498,960 | 700,642,295 | 6.8% |
| Deferred outflows: | | | | | | | |
| Deferred outflows | 35,665,561 | 62,740,968 | - | - | 35,665,561 | 62,740,968 | (43.2)% |
| Total assets and deferred outflows | 680,058,699 | 663,005,302 | 104,105,822 | 100,377,961 | 784,164,521 | 763,383,263 | 2.7% |
| Liabilities: | | | | | | | |
| Current and other liabilities | 10,207,523 | 8,305,597 | 2,686,048 | 2,666,684 | 12,893,571 | 10,972,281 | 17.5% |
| Noncurrent liabilities | 139,918,713 | 188,030,659 | 1,170,000 | - | 141,088,713 | 188,030,659 | (25.0)% |
| Total liabilities | 150,126,236 | 196,336,256 | 3,856,048 | 2,666,684 | 153,982,284 | 199,002,940 | (22.6)% |
| Deferred inflows: | | | | | | | |
| Deferred inflows | 50,285,962 | 15,122,639 | - | - | 50,285,962 | 15,122,639 | 232.5% |
| Total liabilities and deferred inflows | 200,412,198 | 211,458,895 | 3,856,048 | 2,666,684 | 204,268,246 | 214,125,579 | (4.6)% |
| Net position: | | | | | | | |
| Net investment in capital assets | 332,133,255 | 310,750,929 | 85,330,605 | 85,359,140 | 417,463,860 | 396,110,069 | 5.4% |
| Restricted | 69,744,412 | 73,405,143 | - | - | 69,744,412 | 73,405,143 | (5.0)% |
| Unrestricted | 77,768,834 | 67,390,335 | 14,919,169 | 12,352,137 | 92,688,003 | 79,742,472 | 16.2% |
| Total net position | \$ 479,646,501 | \$ 451,546,407 | \$ 100,249,774 | \$ 97,711,277 | \$ 579,896,275 | \$ 549,257,684 | |

As of December 31, 2017, the City had a positive net position balance for the government as a whole.

By far, the largest portion of the City's net position, \$417,463,860 (approximately 72%), 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, \$69,744,412 (approximately 12%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$92,688,003 (approximately 16%), 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, 2017:

CITY OF BLOOMINGTON'S CHANGES IN NET POSITION

Year Ended December 31, 2017

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percent Change |
|---|-------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|----------------------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | |
| REVENUES: | | | | | | | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 10,921,006 | \$ 10,609,600 | \$ 42,959,432 | \$ 38,083,291 | \$ 53,880,438 | \$ 48,692,891 | 10.7 % |
| Operating grants and contributions | 7,405,866 | 7,838,532 | 371,202 | 335,884 | 7,777,068 | 8,174,416 | (4.9)% |
| Capital grants and contributions | 24,802,770 | 27,077,936 | 306,382 | 584,363 | 25,109,152 | 27,662,299 | (9.2)% |
| General revenues: | | | | | | | |
| Property taxes | 53,080,612 | 51,260,264 | 2,112,584 | 1,427,984 | 55,193,196 | 52,688,248 | 4.8 % |
| Business taxes | 16,274,658 | 16,936,341 | - | - | 16,274,658 | 16,936,341 | (3.9)% |
| Grants and contributions not restricted | 3,825,860 | 1,977,371 | - | - | 3,825,860 | 1,977,371 | 93.5 % |
| Gain on sale of capital assets | 195,169 | 87,942 | - | 21,000 | 195,169 | 108,942 | 79.1 % |
| Interest and investment earnings | 1,815,321 | 901,701 | 135,172 | 53,740 | 1,950,493 | 955,441 | 104.1 % |
| Total revenues | <u>118,321,262</u> | <u>116,689,687</u> | <u>45,884,772</u> | <u>40,506,262</u> | <u>164,206,034</u> | <u>157,195,949</u> | <u>4.5 %</u> |
| EXPENSES: | | | | | | | |
| General services | 8,683,447 | 9,615,471 | - | - | 8,683,447 | 9,615,471 | (9.7)% |
| Development services | 16,976,729 | 18,533,117 | - | - | 16,976,729 | 18,533,117 | (8.4)% |
| Public works | 16,680,711 | 19,389,393 | - | - | 16,680,711 | 19,389,393 | (14.0)% |
| Public safety | 29,006,295 | 35,429,025 | - | - | 29,006,295 | 35,429,025 | (18.1)% |
| Community services | 17,298,796 | 18,455,451 | - | - | 17,298,796 | 18,455,451 | (6.3)% |
| Interest on long-term debt | 1,553,254 | 1,537,926 | - | - | 1,553,254 | 1,537,926 | 1.0 % |
| Water/wastewater utility | - | - | 25,078,431 | 24,967,519 | 25,078,431 | 24,967,519 | 0.4 % |
| Storm water utility | - | - | 3,691,245 | 3,693,302 | 3,691,245 | 3,693,302 | (0.1)% |
| Recreational facilities | - | - | 6,178,658 | 6,269,405 | 6,178,658 | 6,269,405 | (1.4)% |
| Solid waste management | - | - | 6,974,219 | 3,263,225 | 6,974,219 | 3,263,225 | 113.7 % |
| Contractual police services | - | - | 737,598 | 1,801,638 | 737,598 | 1,801,638 | (59.1)% |
| Motor vehicle | - | - | 708,060 | 723,193 | 708,060 | 723,193 | (2.1)% |
| Total expenses | <u>90,199,232</u> | <u>102,960,383</u> | <u>43,368,211</u> | <u>40,718,282</u> | <u>133,567,443</u> | <u>143,678,665</u> | <u>(7.0)%</u> |
| Change in net position before transfers | 28,122,030 | 13,729,304 | 2,516,561 | (212,020) | 30,638,591 | 13,517,284 | 126.7 % |
| Transfers | (21,936) | (132,730) | 21,936 | 132,730 | - | - | - % |
| Change in net position | 28,100,094 | 13,596,574 | 2,538,497 | (79,290) | 30,638,591 | 13,517,284 | 126.7 % |
| Net position - January 1 | 451,546,407 | 437,949,833 | 97,711,277 | 97,790,567 | 549,257,684 | 535,740,400 | 2.5 % |
| Net position - December 31 | <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> |

Expenses above include \$14,910,579 of depreciation expense for governmental activities under the full accrual basis of accounting.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

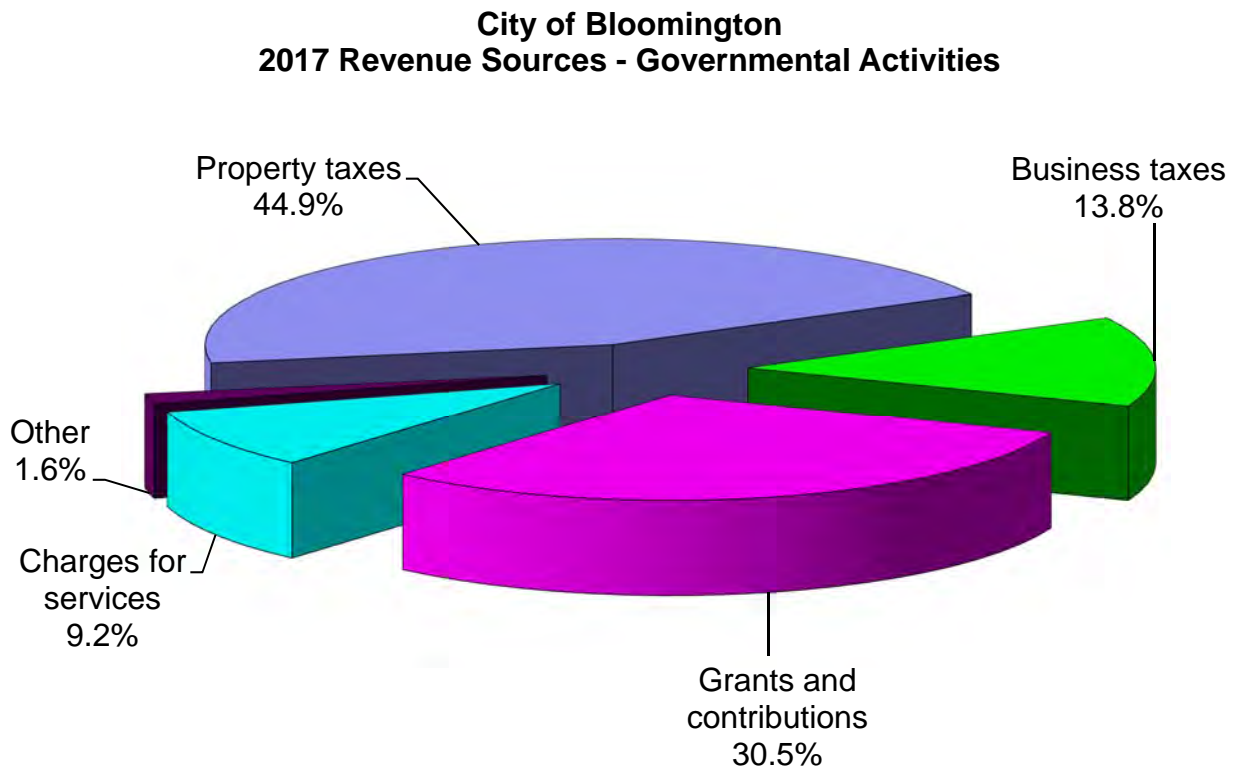
Governmental activities

Internal service fund charges for services (program revenues of \$39,114,261) and expenses (\$40,451,341) were allocated to all the governmental and business-type activities. A comparison of revenue and expense changes from 2016 to 2017 follows:

Overall, governmental activities net position increased by \$28.1 million. Within this increase, general revenues increased overall by \$4.0 million in 2017 due to a combination of the following factors. Property taxes increased by \$1.8 million as a result of the levy and market value increases, and grants and contribution not restricted increased 1.8 million. The biggest change in this category was the decrease in Public Safety expenses of \$6.4 million due to the large decrease in the Fire pension liability.

Program revenues decreased by \$2.4 million in 2017. Operating grants and contribution decreased by \$432,666 primarily due to Fire grant for firefighters' training ending. Capital grants and contributions decreased by \$2.3 million as a result of decreased capital projects.

Development services expenses decreased by \$1.6 million due to the completion of Old Cedar Avenue bridge reconstruction project in 2016.



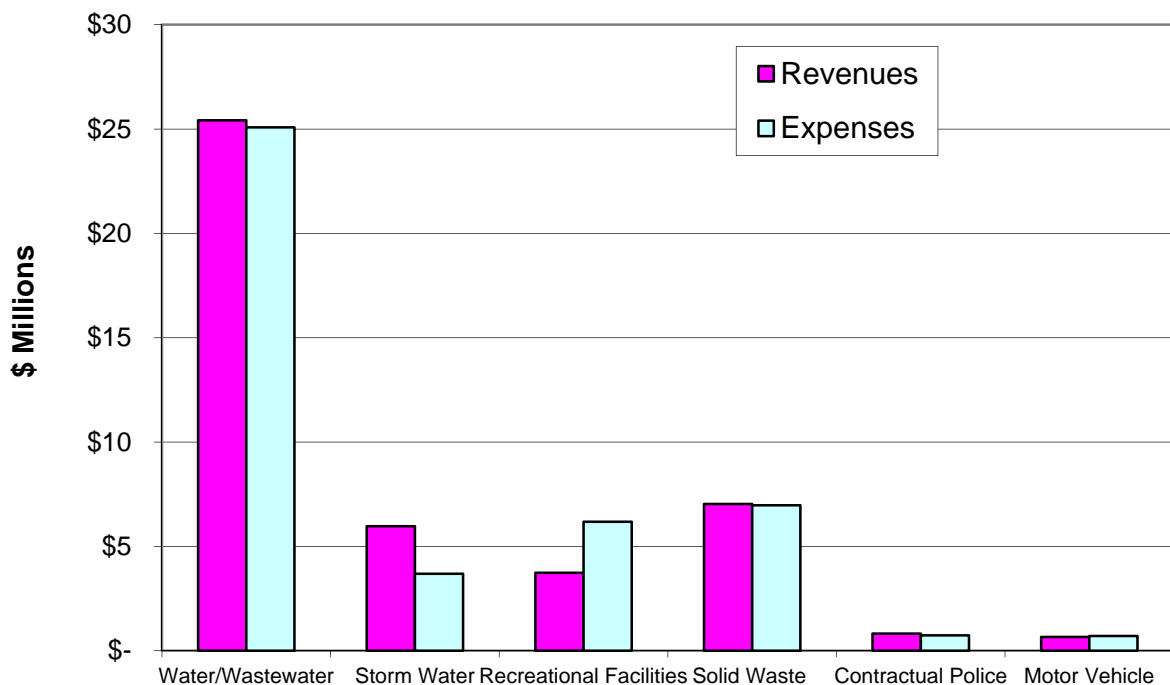
CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Business-type activities

Business-type expenses increased in 2017 by \$2.6 million. 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
2017 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, 2017, the City's governmental funds reported combined ending fund balances of \$122,744,413, an increase of \$4.4 million in comparison with the prior year. Fund balance of \$54.1 million is *restricted* due to externally enforceable legal restrictions (creditors, grantors, contributors, and by law through constitutional provisions or enabling regulations).

Approximately, \$68.7 million or 56% 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 | \$ 30,942,618 |
| Special revenue funds | 3,056,143 |
| Capital projects funds | 6,290,273 |
| Improvement construction funds | 28,369,857 |
| Total | <u>\$ 68,658,891</u> |

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

Revenues by Source Governmental Funds

| | 2017 | | 2016 | | Increase (Decrease) |
|--------------------------------|-----------------------|---------------------|-----------------------|---------------------|------------------------|
| | Amount | Percent of Total | Amount | Percent of Total | Amount |
| Revenues by source: | | | | | |
| Taxes | \$ 69,477,188 | 60.2% | \$ 68,213,503 | 60.9% | \$ 1,263,685 |
| Special assessments | 3,820,155 | 3.3 | 3,943,212 | 3.5 | (123,057) |
| Business licenses | 5,191,270 | 4.5 | 4,743,748 | 4.2 | 447,522 |
| Fines and forfeitures | 1,243,454 | 1.1 | 1,057,518 | .9 | 185,936 |
| Intergovernmental | 21,480,304 | 18.6 | 14,435,816 | 12.9 | 7,044,488 |
| Program income | 2,385,511 | 2.1 | 2,908,551 | 2.6 | (523,040) |
| Interest and investment income | 1,396,754 | 1.2 | 701,235 | .6 | 695,519 |
| Franchise fees | 6,453,295 | 5.6 | 5,139,279 | 4.6 | 1,314,016 |
| Contractual component unit | 886,722 | .8 | 8,626,710 | 7.7 | (7,784,988) |
| Other | 3,029,172 | 2.6 | 2,290,467 | 2.1 | 783,705 |
| Total | <u>\$ 115,363,825</u> | <u>100.0%</u> | <u>\$ 112,060,039</u> | <u>100.0%</u> | <u>\$ 3,303,786</u> |

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Expenditures by Function Governmental Funds

| | 2017 | | 2016 | | Increase (Decrease) Amount |
|--------------------------|-----------------------|---------------------|-----------------------|---------------------|----------------------------------|
| | Amount | Percent of Total | Amount | Percent of Total | |
| Expenditures by Function | | | | | |
| General services | \$ 7,487,434 | 6.3% | \$ 7,431,274 | 6.5% | \$ 56,160 |
| Development services | 10,987,159 | 9.3 | 14,926,374 | 13.1 | (3,939,215) |
| Public works | 11,333,270 | 9.6 | 10,778,986 | 9.5 | 554,284 |
| Public safety | 31,496,674 | 26.6 | 32,045,686 | 28.2 | (549,012) |
| Community services | 16,410,862 | 13.9 | 16,131,465 | 14.2 | 279,397 |
| Debt service | 10,696,775 | 9.1 | 8,655,180 | 7.6 | 2,041,595 |
| Capital outlay | 29,780,396 | 25.2 | 23,736,119 | 20.9 | 6,044,277 |
| Total | <u>\$ 118,192,570</u> | <u>100.0%</u> | <u>\$ 113,705,084</u> | <u>100.0%</u> | <u>\$ 4,487,486</u> |

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 \$30,942,840 which was comprised of \$1,799,132 of committed fund balance, \$222 of nonspendable fund balance and \$29,143,486 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 42.5% of total General Fund expenditures. It is important to note that the General Fund unassigned fund balance of \$29,143,486 is designated in its entirety for a working capital goal of \$29,492,356. The committed amount of \$1,799,132 consists of a budget carryover amount of \$1,068,303, and encumbrance rollover amount of \$730,829. The budget carryover represents 2017 budgeted amounts that were unspent in 2017 and were carried over to the 2018 budget. The encumbrance rollover amount represents encumbrances for open purchase order contracts at the end of 2017 that were carried over to the 2018 budget. The increase in capital outlay of \$6,044,277 is due to park improvement projects in 2017. The project replaces playground equipment in various parks and elementary schools.

Overall, General Fund revenues increased from \$66.2 million in 2016 to \$68.4 million in 2017. Of this increase, that largest factor was an increase in property tax revenue by \$1.7 million as a result of increased market values and tax levy. General Fund expenditures increased from \$67.2 million in 2016 to \$68.6 million in 2017.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Improvement Bonds Funds fund balance had a small net decrease of \$128,440, only a small issuance of debt of \$74,846 was recorded.

The Improvement Construction fund balance increased \$3.2 million due to bond debt issuance in 2017 for Series 51 Bonds.

The fund balance of the City's Nonmajor Governmental Funds decreased by \$1.0 million due to a current refunding of the 2000 Art Center Bonds.

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 \$2.7 million during the current fiscal year. Key factors in this change include:

- The Water/Wastewater Utility Fund had an increase in net position of \$773,000 due to an increase in service charges.
- The Storm Water Fund had an increase in net position of \$2.4 million due mostly to a modest increase in charges for services to finance future storm water improvements.

The net position of the internal service funds decreased by \$1.2 million during the current fiscal year. Key factors in this change include:

- The Self Insurance Fund had an increase of \$1.2 million due to increase in service charges.
- Facilities Parks and Maintenance net position increased \$1.3 million as some projects were delayed.
- PERA Pension decreased \$3.8 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 \$1.07 million increase in appropriations and can be briefly summarized as follows:

- The council approved transfers out to Strategic Priorities in the amount of \$1.4 million as a result of 2016 positive performance.

The actual results compared to the final budget showed a \$2.97 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 \$739,036 million due to a better than expected recovery in the local hotel and entertainment industries as well as new hotels opening.
- Public Works expenditures were \$585,306 under budget due to delayed street projects.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- Development Services and Community Services expenditures were \$911,278 under budget due to savings from unfilled positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental and business-type activities as of December 31, 2017 amount to \$478,546,727 (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 \$4,732,656.
- The 2017 Pavement Management Program expended \$7,613,861. These improvements included 5.27 miles of reconstructed streets and 7.07 miles of overlaid streets.
- The City's Improvement Construction Fund spent \$13,779,462 on street improvement projects in 2017.

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 of \$63,265,000 as compared to \$65,250,000 in the prior year. This amount is comprised of \$62,095,000 related to governmental activities and \$1,170,000 in debt related to business-type activities. It should be noted that \$3,730,000 of the total bonded debt outstanding is refunding debt which will refund other bonded debt in February of 2018.

In 2017, the City issued \$4,970,000 of General Obligation Permanent Improvement Revolving (PIR) Bonds. In addition the City issued \$1,420,000 of General Obligation Charter Bonds and \$1,170,000 of General Obligation Water Utility Bonds. In 2017 the City retired a total of \$9,545,000 resulting in \$63,265,000 in bonds payable as of December 31, 2017.

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.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 2017, the unemployment rate in Bloomington was 2.8%, down 0.6% from a year ago. This compares favorably to the state's December unemployment rate of 3.4% and the national rate of 3.9%.
- As of January 2017 the assessor's estimated market value for Bloomington turned up an additional 6.0% on top of 5.4% growth in 2016 to a total of \$12.8 billion. This is a 77% increase in total City market value since 2000, and the total is now 8.6% above the previous 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 decrease of 6.5% for the year 2017 and a 10% rate cap for 2018.
- The proposed Public Employees Retirement Association (PERA) pension costs to the City for 2018 are estimated at roughly \$4.62 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 2018 budget was approved without the need to reduce existing service levels. In the approved 2018 budget, there was a 2.50% 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 2018 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.



BASIC FINANCIAL STATEMENTS

CITY OF BLOOMINGTON, MINNESOTA

Statement of Net Position
December 31, 2017

EXHIBIT 1

| | Primary Government | | Component Units | |
|---|-------------------------|--------------------------|-----------------|-------------------------------------|
| | Governmental Activities | Business-type Activities | Port Authority | Housing and Redevelopment Authority |
| ASSETS | | | | |
| Cash, cash equivalents, and investments | \$ 155,882,392 | \$ 13,087,323 | \$ 67,914,595 | \$ 7,544,346 |
| Cash with escrow agent | 4,648,550 | - | - | - |
| Receivables, net | 41,300,516 | 9,059,377 | 1,938,566 | 10,433,299 |
| Prepaid items | 815,612 | - | - | - |
| Due from primary government | - | - | 60,826 | 57,415 |
| Due from component units | 6,964,554 | - | - | - |
| Inventory | 8,200,811 | - | 17,150,000 | 4,321,321 |
| Other assets | - | - | - | - |
| Internal balances | 4,541,483 | (4,541,483) | - | - |
| Net pension asset | 29,993,098 | - | - | - |
| Capital assets: | | | | |
| Capital assets - nondepreciable | 102,501,325 | 5,089,066 | - | 1,600,300 |
| Capital assets - net of accumulated depr | 289,544,797 | 81,411,539 | - | 1,103,839 |
| Net capital assets | 392,046,122 | 86,500,605 | - | 2,704,139 |
| Total assets | 644,333,136 | 104,105,822 | 87,063,987 | 25,060,520 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows of resources | 35,665,561 | - | - | - |
| Total assets and deferred outflows of resources | 680,058,699 | 104,105,822 | 87,063,987 | 25,060,520 |
| LIABILITIES | | | | |
| Accounts payable and other current liabilities | 8,099,536 | 2,546,122 | 526,852 | 102,192 |
| Accrued interest payable | 687,231 | 23,746 | 90,934 | 51,348 |
| Due to other governments | - | - | - | - |
| Unearned revenue | 1,302,515 | 116,180 | - | - |
| Due to component units | 118,241 | - | - | - |
| Due to primary government | - | - | 2,109,266 | 668,993 |
| Noncurrent liabilities: | | | | |
| Due to primary government - | - | - | - | - |
| Bonds payable due in more than one year | - | - | - | 4,134,947 |
| Due within one year | 14,794,670 | 110,000 | - | - |
| Due in more than one year | 74,067,325 | 1,060,000 | 7,150,000 | 1,574,720 |
| Net pension liability | 51,056,718 | - | - | - |
| Total liabilities | 150,126,236 | 3,856,048 | 9,877,052 | 6,532,200 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflow of resources | 50,285,962 | - | - | - |
| Total liabilities and deferred inflows of resources | 200,412,198 | 3,856,048 | 9,877,052 | 6,532,200 |
| NET POSITION | | | | |
| Net investment in capital assets | 332,133,255 | 85,330,605 | - | 1,129,419 |
| Restricted for: | | | | |
| Debt service | 37,378,617 | - | - | - |
| Tax increment | 23,600,990 | - | 77,146,598 | 1,661,209 |
| Street reconstruction | 3,565,059 | - | - | - |
| Restricted - other | 5,199,746 | - | - | 53,835 |
| Unrestricted | 77,768,834 | 14,919,169 | 40,337 | 15,683,857 |
| Total net position | \$ 479,646,501 | \$ 100,249,774 | \$ 77,186,935 | \$ 18,528,320 |

See notes to the basic financial statements.

CITY OF BLOOMINGTON, MINNESOTA
Statement of Activities
Year Ended December 31, 2017

EXHIBIT 2

| Functions/Programs | 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 | Component Units | | |
| | | | | | | | Port Authority | Housing and Redevelopment Authority | |
| Primary Government: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General Services | \$ 8,683,447 | \$ 3,441,225 | \$ 614,730 | \$ 929,784 | \$ (3,697,708) | \$ (3,697,708) | \$ - | \$ - | - |
| Development Services | 16,976,729 | 4,675,899 | 584,476 | 2,168,503 | (9,547,861) | (9,547,861) | - | - | - |
| Public Works | 16,680,711 | 149,818 | - | 21,642,538 | 5,111,645 | 5,111,645 | - | - | - |
| Public Safety | 29,006,295 | 636,330 | 1,081,012 | (27,288,953) | - | (27,288,953) | - | - | - |
| Community Services | 17,298,796 | 2,017,744 | 5,125,648 | 61,945 | (10,093,459) | (10,093,459) | - | - | - |
| Interest on long-term debt | 1,553,254 | - | - | (1,553,254) | - | (1,553,254) | - | - | - |
| Total governmental activities | 90,199,232 | 10,921,006 | 7,405,866 | 24,802,770 | (47,069,590) | (47,069,590) | - | - | - |
| Business-type activities: | | | | | | | | | |
| Water/Wastewater Utility | 25,078,431 | 25,149,599 | - | 270,187 | - | 341,355 | - | - | - |
| Storm Water Utility | 3,691,245 | 5,854,164 | - | - | 2,272,665 | 2,272,665 | - | - | - |
| Recreational Facilities | 6,178,658 | 3,707,859 | 30,337 | - | (2,440,462) | (2,440,462) | - | - | - |
| Solid Waste Management | 6,974,219 | 6,813,378 | 181,119 | 36,195 | 56,473 | 56,473 | - | - | - |
| Contractual Police | 737,598 | 772,326 | 50,000 | - | 84,728 | 84,728 | - | - | - |
| Motor Vehicle | 708,060 | 662,106 | - | - | (45,954) | (45,954) | - | - | - |
| Total business-type activities | 43,368,211 | 42,959,432 | 371,202 | 306,382 | 268,805 | 268,805 | - | - | - |
| Total primary government | \$ 133,567,443 | \$ 53,880,438 | \$ 7,777,068 | \$ 25,109,152 | (47,069,590) | (46,800,785) | - | - | - |
| Component units: | | | | | | | | | |
| Port Authority | \$ 2,921,407 | \$ - | \$ 350,000 | \$ - | - | - | (2,571,407) | - | - |
| Housing and Redevelopment Authority | 8,482,309 | 2,841,116 | 5,208,893 | - | - | - | - | (432,300) | - |
| Total component units | \$ 11,403,716 | \$ 2,841,116 | \$ 5,558,893 | \$ - | - | - | (2,571,407) | (432,300) | - |
| General revenues: | | | | | | | | | |
| Property taxes | | | | 53,080,612 | 2,112,584 | 55,193,196 | 15,044,844 | 3,564,089 | - |
| Business taxes | | | | 16,274,658 | - | 16,274,658 | - | - | - |
| Grants and contributions not restricted | | | | 3,825,860 | - | 3,825,860 | - | - | - |
| Gain on sale of capital assets | | | | 195,169 | - | 195,169 | - | - | - |
| Interest and investment earnings | | | | 1,815,321 | 135,172 | 1,950,493 | 708,458 | 39,348 | - |
| Transfers | | | | (21,936) | 21,936 | - | - | - | - |
| Total general revenues and transfers | | | | 75,169,684 | 2,269,692 | 77,439,376 | 15,753,302 | 3,603,437 | - |
| Change in net position | | | | 28,100,094 | 2,538,497 | 30,638,591 | 13,181,895 | 3,171,137 | - |
| Net position - January 1 | | | | 451,546,407 | 97,711,277 | 549,257,684 | 63,731,533 | 15,357,183 | - |
| Prior period adjustment - see Note 15 | | | | - | - | - | 273,507 | - | - |
| Net position - January 1, as restated | | | | 451,546,407 | 97,711,277 | 549,257,684 | 64,005,040 | 15,357,183 | - |
| Net position - December 31 | | | | \$ 479,646,501 | \$ 100,249,774 | \$ 579,896,275 | \$ 77,186,935 | \$ 18,528,320 | - |

See notes to the basic financial statements.



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, 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, 2017

| | General Fund | Community Development Block Grant | Improvement Bonds |
|--|----------------------|---|----------------------|
| ASSETS | | | |
| Cash, cash equivalents and investments | \$ 30,975,909 | \$ 2,559 | \$ 16,199,223 |
| Cash with fiscal agent | - | - | 4,648,550 |
| Accrued interest receivable | 103,333 | (190) | 64,055 |
| Taxes receivable | 323,462 | - | 15,393 |
| Accounts receivable | 1,802,097 | 38,663 | 11,500 |
| Mortgages receivable | - | 10,579,056 | - |
| Prepays items | 222 | - | - |
| Land held for resale | - | - | - |
| Due from other funds | 223,000 | - | - |
| Due from component units | 180,155 | - | - |
| Due from other governments | 281,617 | 40,263 | - |
| Special assessments receivable | 2,107,550 | - | 16,364,343 |
| Total assets | \$ 35,997,345 | \$ 10,660,351 | \$ 37,303,064 |
| LIABILITIES | | | |
| Accounts payable | \$ 2,083,148 | \$ 15,880 | \$ 17,600 |
| Retainage payable | - | - | - |
| Due to other funds | - | 8,000 | - |
| Due to component units | 60,826 | 57,415 | - |
| Unearned revenue | 517,745 | - | - |
| Deposits payable | 5,645 | - | - |
| Total liabilities | 2,667,364 | 81,295 | 17,600 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - mortgages | - | 10,579,056 | - |
| Deferred inflows - taxes | 279,591 | - | - |
| Deferred inflows - state aid | - | - | - |
| Deferred inflows - special assessments | 2,107,550 | - | 16,364,343 |
| Deferred inflows - land held for resale | - | - | - |
| Total deferred inflows of resources | 2,387,141 | 10,579,056 | 16,364,343 |
| FUND BALANCES | | | |
| Nonspendable | 222 | - | - |
| Restricted | - | - | 20,921,121 |
| Committed | 1,799,132 | - | - |
| Assigned | - | - | - |
| Unassigned | 29,143,486 | - | - |
| Total fund balances | 30,942,840 | - | 20,921,121 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 35,997,345 | \$ 10,660,351 | \$ 37,303,064 |

See notes to the basic financial statements.

EXHIBIT 3

| Capital Projects | Improvement Construction | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------|-----------------------------|-----------------------------------|--------------------------------|
| \$ 26,966,036 | \$ 34,254,329 | \$ 6,808,983 | \$ 115,207,039 |
| - | - | - | 4,648,550 |
| 75,699 | 116,184 | 22,368 | 381,449 |
| 248 | 787 | 1,351 | 341,241 |
| 257,397 | 1,238,607 | 452,182 | 3,800,446 |
| - | - | - | 10,579,056 |
| 18,000 | - | - | 18,222 |
| 7,418,047 | 606,477 | - | 8,024,524 |
| - | - | - | 223,000 |
| 2,068,104 | - | - | 2,248,259 |
| 868,605 | 4,572,203 | 244,771 | 6,007,459 |
| 1,472,329 | 296,906 | - | 20,241,128 |
| <u>\$ 39,144,465</u> | <u>\$ 41,085,493</u> | <u>\$ 7,529,655</u> | <u>\$ 171,720,373</u> |
| \$ 820,976 | \$ 1,620,036 | \$ 170,600 | \$ 4,728,240 |
| 65,418 | 1,077,548 | - | 1,142,966 |
| - | - | 70,000 | 78,000 |
| - | - | - | 118,241 |
| - | 428,417 | 281,352 | 1,227,514 |
| 21,635 | - | 519,383 | 546,663 |
| <u>908,029</u> | <u>3,126,001</u> | <u>1,041,335</u> | <u>7,841,624</u> |
| - | - | - | 10,579,056 |
| - | - | - | 279,591 |
| - | 2,010,037 | - | 2,010,037 |
| 1,472,329 | 296,906 | - | 20,241,128 |
| 7,418,047 | 606,477 | - | 8,024,524 |
| <u>8,890,376</u> | <u>2,913,420</u> | <u>-</u> | <u>41,134,336</u> |
| 18,000 | - | - | 18,222 |
| 23,653,496 | 6,676,215 | 2,816,468 | 54,067,300 |
| 5,738,295 | - | 2,937,896 | 10,475,323 |
| - | 28,369,857 | 733,956 | 29,103,813 |
| (63,731) | - | - | 29,079,755 |
| <u>29,346,060</u> | <u>35,046,072</u> | <u>6,488,320</u> | <u>122,744,413</u> |
| <u>\$ 39,144,465</u> | <u>\$ 41,085,493</u> | <u>\$ 7,529,655</u> | <u>\$ 171,720,373</u> |



CITY OF BLOOMINGTON, MINNESOTA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2017

EXHIBIT 4

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS **\$ 122,744,413**

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

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

| | | |
|-------------------------------|----------------------|-------------|
| Cost of capital assets | \$ 502,179,343 | |
| Less accumulated depreciation | <u>(158,774,445)</u> | 343,404,898 |

Governmental funds do not report a liability for accrued interest until due and payable. (663,059)

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 | 14,754,442 | |
| Add allocation to business-type activities | <u>4,756,008</u> | 19,510,450 |

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (59,605,000)

A portion of the annual required contribution for other post employment benefits was not paid in the current period and, therefore, not reported in the governmental funds. (7,938,262)

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. (2,452,867)

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. 4,713,997

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 | 29,993,098 | |
| Deferred outflows of resources | 444,674 | |
| Deferred inflows of resources | <u>(11,440,177)</u> | 18,997,595 |

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. 40,934,336

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 479,646,501**

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, 2017

| | General Fund | Community Development Block Grant | Improvement Bonds |
|--|----------------------|---|----------------------|
| REVENUES | | | |
| Property taxes | \$ 43,645,095 | \$ - | \$ 3,192,523 |
| Fiscal disparities | 3,119,896 | - | 223,811 |
| Special assessments | 39,860 | - | 3,617,854 |
| Lodging and admissions tax | 9,393,619 | - | - |
| Business licenses | 5,191,270 | - | - |
| Fines and forfeitures | 885,524 | - | - |
| Intergovernmental | 2,655,199 | 1,003,859 | - |
| Program income | 2,008,249 | - | - |
| Interest | 168,981 | 852 | 135,975 |
| Net change in fair value of investments | 82,786 | (852) | 46,482 |
| Other | 1,222,935 | - | 29,090 |
| Franchise fees | - | - | - |
| Contractual payments from component unit | - | - | - |
| Total revenues | <u>68,413,414</u> | <u>1,003,859</u> | <u>7,245,735</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General services | 7,215,551 | - | 73,091 |
| Development services | 6,840,119 | 974,727 | - |
| Public works | 11,317,071 | - | - |
| Public safety | 29,546,240 | - | - |
| Community services | 13,575,977 | - | - |
| Debt service: | | | |
| Interest | - | - | 1,355,018 |
| Principal retirement | - | - | 6,330,000 |
| Capital outlay: | | | |
| Development services | - | - | - |
| Public works | 110,168 | - | - |
| Public safety | - | - | - |
| Community services | 31,980 | - | - |
| Total expenditures | <u>68,637,106</u> | <u>974,727</u> | <u>7,758,109</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(223,692)</u> | <u>29,132</u> | <u>(512,374)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers from other funds | 3,917,820 | - | 1,034,512 |
| Transfers to other funds | (1,561,000) | (29,132) | (725,424) |
| Issuance of debt | - | - | 74,846 |
| Premium on bonds issued | - | - | - |
| Total other financing sources (uses) | <u>2,356,820</u> | <u>(29,132)</u> | <u>383,934</u> |
| Net change in fund balance | 2,133,128 | - | (128,440) |
| Fund balance - January 1 | <u>28,809,712</u> | <u>-</u> | <u>21,049,561</u> |
| Fund balance - December 31 | <u>\$ 30,942,840</u> | <u>\$ -</u> | <u>\$ 20,921,121</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 |
|----------------------|-----------------------------|-----------------------------------|--------------------------------|
| \$ 672,374 | \$ 867,604 | \$ 1,313,075 | \$ 49,690,671 |
| 18,588 | 58,999 | 90,565 | 3,511,859 |
| 162,441 | - | - | 3,820,155 |
| 6,881,039 | - | - | 16,274,658 |
| - | - | - | 5,191,270 |
| - | - | 357,930 | 1,243,454 |
| 1,545,078 | 14,246,866 | 2,029,302 | 21,480,304 |
| - | - | 377,262 | 2,385,511 |
| 449,221 | 331,865 | 42,982 | 1,129,876 |
| 37,654 | 71,964 | 28,844 | 266,878 |
| 421,784 | 995,150 | 360,213 | 3,029,172 |
| - | 4,956,931 | 1,496,364 | 6,453,295 |
| 886,722 | - | - | 886,722 |
| <u>11,074,901</u> | <u>21,529,379</u> | <u>6,096,537</u> | <u>115,363,825</u> |
| - | 25,650 | 173,142 | 7,487,434 |
| 2,497,480 | 738 | 674,095 | 10,987,159 |
| - | 16,199 | - | 11,333,270 |
| - | - | 1,950,434 | 31,496,674 |
| 105,499 | - | 2,729,386 | 16,410,862 |
| 17,520 | 166,441 | 207,796 | 1,746,775 |
| - | - | 2,620,000 | 8,950,000 |
| 4,227,945 | 138,024 | - | 4,365,969 |
| - | 21,872,911 | - | 21,983,079 |
| - | - | 125,739 | 125,739 |
| 2,960,456 | - | 313,173 | 3,305,609 |
| <u>9,808,900</u> | <u>22,219,963</u> | <u>8,793,765</u> | <u>118,192,570</u> |
| <u>1,266,001</u> | <u>(690,584)</u> | <u>(2,697,228)</u> | <u>(2,828,745)</u> |
| 1,575,004 | 725,424 | 1,822,883 | 9,075,643 |
| (4,024,403) | (2,184,512) | (174,488) | (8,698,959) |
| 1,392,353 | 4,895,154 | 27,647 | 6,390,000 |
| 79,871 | 448,421 | - | 528,292 |
| <u>(977,175)</u> | <u>3,884,487</u> | <u>1,676,042</u> | <u>7,294,976</u> |
| 288,826 | 3,193,903 | (1,021,186) | 4,466,231 |
| <u>29,057,234</u> | <u>31,852,169</u> | <u>7,509,506</u> | <u>118,278,182</u> |
| <u>\$ 29,346,060</u> | <u>\$ 35,046,072</u> | <u>\$ 6,488,320</u> | <u>\$ 122,744,413</u> |



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, 2017

EXHIBIT 6

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ 4,466,231**

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 | \$ 29,780,396 | |
| Capital outlay not capitalized | (100,734) | |
| Capital Contribution from Component Unit | - | |
| Depreciation expense | (10,682,947) | |
| Loss on disposal of assets | <u>(1,099)</u> | 18,995,616 |

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 | (6,390,000) | |
| Principal paid | <u>8,950,000</u> | 2,560,000 |

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. (263,708)

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 and the net other post employment benefits (OPEB) obligation. (996,327)

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 | (1,184,061) | |
| Add allocation to business-type activities | <u>200,562</u> | (983,499) |

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 2,375,479

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. 4,600

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 | | 2,076,702 |
|-----------------|--|-----------|

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.

(135,000)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 28,100,094**

See notes to the basic financial statements.



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, 2017

Business-type Activities - Enterprise Funds

| | <u>Water/Wastewater Utility</u> | <u>Storm Water Utility</u> |
|---|-------------------------------------|--------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 3,204,351 | \$ 6,992,877 |
| Accrued interest receivable | 11,589 | 22,636 |
| Taxes receivable | 271,156 | - |
| Accounts receivable | 5,217,954 | 1,480,790 |
| Prepaid items | - | - |
| Due from other funds | 359,530 | - |
| Due from other governments | - | - |
| Inventory | - | - |
| Total current assets | <u>9,064,580</u> | <u>8,496,303</u> |
| Noncurrent assets: | | |
| Land | 2,280,001 | 478,858 |
| Buildings and structures | 18,436,732 | 791,498 |
| Machinery and equipment | 1,539,505 | 179,571 |
| Improvements | 2,133,283 | 1,850,326 |
| Distribution system | 97,134,315 | 44,987,305 |
| Construction in progress | 374,450 | - |
| Accumulated depreciation | <u>(75,150,519)</u> | <u>(17,478,691)</u> |
| Total noncurrent assets | <u>46,747,767</u> | <u>30,808,867</u> |
| Total assets | <u>55,812,347</u> | <u>39,305,170</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows - related to pensions | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 1,121,776 | 225,039 |
| Estimated claims payable | - | - |
| Benefits payable | - | - |
| Due to other funds | - | - |
| Retainage payable | - | 7,397 |
| Unearned revenue | 89,143 | - |
| Bonds payable | 110,000 | - |
| Accrued interest payable | 23,746 | - |
| Deposits payable | 11,232 | - |
| Total current liabilities | <u>1,355,897</u> | <u>232,436</u> |
| Noncurrent liabilities: | | |
| Benefits payable | - | - |
| Bonds payable | 1,060,000 | - |
| Estimated claims payable | - | - |
| Net pension liability | - | - |
| Total noncurrent liabilities | <u>1,060,000</u> | <u>-</u> |
| Total liabilities | <u>2,415,897</u> | <u>232,436</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows - related to pensions | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets | 45,577,767 | 30,808,867 |
| Unrestricted | 7,818,683 | 8,263,867 |
| Total net position | <u>\$ 53,396,450</u> | <u>\$ 39,072,734</u> |

See notes to the basic financial statements.

EXHIBIT 7

| Recreational Facilities | Nonmajor Proprietary Funds | Total | Governmental Activities - Internal Service Funds |
|----------------------------|----------------------------------|----------------------|--|
| \$ 1,273,779 | \$ 1,616,316 | \$ 13,087,323 | \$ 40,675,353 |
| 4,485 | 5,496 | 44,206 | 122,313 |
| 1,727 | 32,875 | 305,758 | - |
| 206,296 | 1,676,338 | 8,581,378 | 29,725 |
| - | - | - | 797,390 |
| - | - | 359,530 | - |
| - | 128,036 | 128,036 | - |
| - | - | - | 176,287 |
| <u>1,486,287</u> | <u>3,459,061</u> | <u>22,506,231</u> | <u>41,801,068</u> |
| 1,955,757 | - | 4,714,616 | 11,432,262 |
| 16,933,137 | - | 36,161,367 | 40,151,539 |
| 1,495,080 | 24,229 | 3,238,385 | 38,938,408 |
| 2,675,741 | - | 6,659,350 | 2,550,932 |
| - | - | 142,121,620 | - |
| - | - | 374,450 | 147,951 |
| <u>(14,115,744)</u> | <u>(24,229)</u> | <u>(106,769,183)</u> | <u>(44,579,868)</u> |
| <u>8,943,971</u> | <u>-</u> | <u>86,500,605</u> | <u>48,641,224</u> |
| <u>10,430,258</u> | <u>3,459,061</u> | <u>109,006,836</u> | <u>90,442,292</u> |
| - | - | - | 35,220,887 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>35,220,887</u> |
| 200,603 | 973,581 | 2,520,999 | 1,681,071 |
| - | - | - | 838,933 |
| - | - | - | 741,163 |
| - | 145,000 | 145,000 | 359,530 |
| - | - | 7,397 | - |
| 27,037 | - | 116,180 | 75,000 |
| - | - | 110,000 | 605,000 |
| - | - | 23,746 | 24,172 |
| - | 6,500 | 17,732 | 594 |
| <u>227,640</u> | <u>1,125,081</u> | <u>2,941,054</u> | <u>4,325,463</u> |
| - | - | - | 14,082,101 |
| - | - | 1,060,000 | 1,885,000 |
| - | - | - | 713,669 |
| - | - | - | 51,056,718 |
| <u>-</u> | <u>-</u> | <u>1,060,000</u> | <u>67,737,488</u> |
| <u>227,640</u> | <u>1,125,081</u> | <u>4,001,054</u> | <u>72,062,951</u> |
| - | - | - | 38,845,786 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>38,845,786</u> |
| 8,943,971 | - | 85,330,605 | 46,151,224 |
| 1,258,647 | 2,333,980 | 19,675,177 | (31,396,782) |
| <u>\$ 10,202,618</u> | <u>\$ 2,333,980</u> | <u>105,005,782</u> | <u>\$ 14,754,442</u> |

Adjustment to reflect the consolidation of internal
service fund activities related to enterprise funds.
Net position of business-type activities

(4,756,008)
\$ 100,249,774

CITY OF BLOOMINGTON, MINNESOTA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2017

| | <u>Business-type Activities - Enterprise Funds</u> | |
|---|--|--------------------------------|
| | <u>Water/Wastewater Utility</u> | <u>Storm Water Utility</u> |
| Operating revenues: | | |
| Charges for services | \$ 25,092,543 | \$ 5,853,162 |
| Other | 57,056 | 1,000 |
| Total operating revenues | <u>25,149,599</u> | <u>5,854,162</u> |
| Operating expenses: | | |
| Salaries and benefits | 5,417,878 | 1,349,925 |
| Materials, supplies and service | 6,560,431 | 863,957 |
| Depreciation | 2,180,330 | 1,462,738 |
| Water purchased | 3,592,884 | - |
| Wastewater disposal cost | 7,210,121 | - |
| Total operating expenses | <u>24,961,644</u> | <u>3,676,620</u> |
| Operating income (loss) | <u>187,955</u> | <u>2,177,542</u> |
| Nonoperating revenues (expenses): | | |
| Taxes | 203,652 | - |
| Fiscal disparities | - | - |
| Intergovernmental | - | 109,746 |
| Interest income | 31,281 | 60,751 |
| Net change in fair value of investments | (1,574) | 6,831 |
| Gain (loss) on sale of capital assets | - | - |
| Other | 66,535 | - |
| Interest expense | (23,746) | - |
| Total nonoperating revenues (expenses) | <u>276,148</u> | <u>177,328</u> |
| Income (loss) before transfers | 464,103 | 2,354,870 |
| Transfers from other funds | 309,000 | - |
| Transfers to other funds | <u>-</u> | <u>-</u> |
| Change in net position | 773,103 | 2,354,870 |
| Total net position - January 1 | <u>52,623,347</u> | <u>36,717,864</u> |
| Total net position - December 31 | <u><u>\$ 53,396,450</u></u> | <u><u>\$ 39,072,734</u></u> |

See notes to the basic financial statements.

EXHIBIT 8

| Recreational Facilities | Nonmajor Proprietary Funds | Total | Governmental Activities - Internal Service Funds |
|---|---|--|--|
| \$ 3,620,743 75,000 <u>3,695,743</u> | \$ 8,229,548 18,264 <u>8,247,812</u> | \$ 42,795,996 151,320 <u>42,947,316</u> | \$ 39,028,230 86,031 <u>39,114,261</u> |
| 2,446,273 3,183,088 467,430 - - | 1,456,122 6,952,725 - - - | 10,670,198 17,560,201 4,110,498 3,592,884 7,210,121 | 22,119,589 14,104,120 4,227,632 - - |
| <u>6,096,791</u> | <u>8,408,847</u> | <u>43,143,902</u> | <u>40,451,341</u> |
| <u>(2,401,048)</u> | <u>(161,035)</u> | <u>(196,586)</u> | <u>(1,337,080)</u> |
| 2,033,232 79,353 30,337 7,474 1,368 - 12,113 - | 36,195 - 231,119 17,538 11,501 - - - | 2,273,079 79,353 371,202 117,044 18,126 - 78,648 (23,746) | - - 14,287 313,846 106,846 175,565 - (58,905) |
| <u>2,163,877</u> | <u>296,353</u> | <u>2,913,706</u> | <u>551,639</u> |
| <u>(237,171)</u> | <u>135,318</u> | <u>2,717,120</u> | <u>(785,441)</u> |
| 50,004 - | 99,996 (437,064) | 459,000 (437,064) | 386,508 (785,128) |
| <u>(187,167)</u> | <u>(201,750)</u> | <u>2,739,056</u> | <u>(1,184,061)</u> |
| <u>10,389,785</u> | <u>2,535,730</u> | | <u>15,938,503</u> |
| <u>\$ 10,202,618</u> | <u>\$ 2,333,980</u> | | <u>\$ 14,754,442</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)

(200,559)
\$ 2,538,497

CITY OF BLOOMINGTON, MINNESOTA

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2017

| | <u>Business-type Activities - Enterprise Funds</u> | |
|--|--|-------------------------------|
| | <u>Water/Wastewater Utility</u> | <u>Stormwater Utility</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash from interfund services provided | \$ - | \$ - |
| Cash receipts from customers | 24,899,475 | 5,747,396 |
| Cash payments to other funds | (3,293,381) | (761,087) |
| Payments to employees | (5,477,076) | (1,348,616) |
| Payments to suppliers | (13,676,925) | - |
| Net cash provided by (used in) operating activities | <u>2,452,093</u> | <u>3,637,693</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Grants | 47,110 | 165,169 |
| Transfers from other funds | 309,000 | - |
| Transfers to other funds | - | - |
| Subsidy from endowment fund | - | - |
| Taxes | 203,652 | - |
| Net cash provided by noncapital financing activities | <u>559,762</u> | <u>165,169</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Bond payments | - | - |
| Bond proceeds | 1,060,000 | - |
| Insurance proceeds | 66,535 | - |
| Interest and other payments | - | - |
| Proceeds from sale of capital assets | - | - |
| Purchase of capital assets | (2,591,591) | (2,545,678) |
| Net cash used in capital and related financing activities | <u>(1,465,056)</u> | <u>(2,545,678)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment income | <u>29,708</u> | <u>67,580</u> |
| Net increase (decrease) in cash and cash equivalents | <u>1,576,507</u> | <u>1,324,764</u> |
| Cash and cash equivalents - January 1 | <u>1,627,844</u> | <u>5,668,113</u> |
| Cash and cash equivalents - December 31 | <u>\$ 3,204,351</u> | <u>\$ 6,992,877</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | |
| Operating income (loss) | \$ 187,955 | \$ 2,177,542 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation | 2,180,330 | 1,462,738 |
| Changes in assets and liabilities: | | |
| Accounts receivable | (245,134) | (99,455) |
| Other current assets | (4,990) | (7,310) |
| Inventory | - | - |
| Accounts payable | 333,932 | 104,178 |
| Interfund payables | - | - |
| Net pension liability | - | - |
| Deferred outflows of resources | - | - |
| Deferred inflows of resources | - | - |
| Net cash provided by (used in) operating activities | <u>\$ 2,452,093</u> | <u>\$ 3,637,693</u> |

See notes to the basic financial statements.

EXHIBIT 9

| | | | Governmental Activities - |
|----------------------------|----------------------------------|----------------------|------------------------------|
| Recreational Facilities | Nonmajor Proprietary Funds | Total | Internal Service Funds |
| \$ - | \$ - | \$ - | \$ 39,140,723 |
| 3,756,897 | 8,087,447 | 42,491,215 | - |
| (1,826,744) | (314,089) | (6,195,301) | (4,873,074) |
| (2,462,820) | (1,404,241) | (10,692,753) | (17,796,760) |
| (1,279,750) | (7,058,055) | (22,014,730) | (9,638,803) |
| <u>(1,812,417)</u> | <u>(688,938)</u> | <u>3,588,431</u> | <u>6,832,086</u> |
| 30,337 | 230,929 | 473,545 | 22,636 |
| 50,004 | 99,996 | 459,000 | 386,508 |
| - | (437,064) | (437,064) | (785,128) |
| 12,113 | - | 12,113 | - |
| <u>2,112,585</u> | <u>36,195</u> | <u>2,352,432</u> | <u>-</u> |
| <u>2,205,039</u> | <u>(69,944)</u> | <u>2,860,026</u> | <u>(375,984)</u> |
| - | - | - | (595,000) |
| - | - | 1,060,000 | - |
| - | - | 66,535 | - |
| - | - | - | (58,905) |
| - | - | - | 200,305 |
| <u>(114,691)</u> | <u>-</u> | <u>(5,251,960)</u> | <u>(3,882,792)</u> |
| <u>(114,691)</u> | <u>-</u> | <u>(4,125,425)</u> | <u>(4,336,392)</u> |
| 8,843 | 29,040 | 135,171 | 420,693 |
| <u>286,774</u> | <u>(729,842)</u> | <u>2,458,203</u> | <u>2,540,403</u> |
| <u>987,005</u> | <u>2,346,158</u> | <u>10,629,120</u> | <u>38,134,950</u> |
| <u>\$ 1,273,779</u> | <u>\$ 1,616,316</u> | <u>\$ 13,087,323</u> | <u>\$ 40,675,353</u> |
| \$ (2,401,048) | \$ (161,035) | \$ (196,586) | \$ (1,337,080) |
| 467,430 | - | 4,110,498 | 4,227,632 |
| 62,598 | (160,364) | (442,355) | 48,773 |
| (1,446) | - | (13,746) | (22,307) |
| - | - | - | (8,355) |
| 60,049 | (392,539) | 105,620 | 136,836 |
| - | 25,000 | 25,000 | - |
| - | - | - | (46,236,830) |
| - | - | - | 22,747,531 |
| - | - | - | 27,275,886 |
| <u>\$ (1,812,417)</u> | <u>\$ (688,938)</u> | <u>\$ 3,588,431</u> | <u>\$ 6,832,086</u> |



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, 2017

EXHIBIT 10

| | Private-Purpose Trust | Agency Funds |
|-----------------------------|--------------------------|--------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 990,919 | \$ 798,253 |
| Accounts receivable | - | 376,080 |
| Accrued interest receivable | 7,961 | - |
| Total assets | <u>998,880</u> | <u>1,174,333</u> |
| LIABILITIES | | |
| Current liabilities - | | |
| Accounts payable | <u>-</u> | <u>1,174,333</u> |
| NET POSITION | | |
| Held in trust | <u><u>\$ 998,880</u></u> | <u><u>\$ -</u></u> |

See notes to the basic financial statements.

City of Bloomington
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2017

EXHIBIT 11

| | <u>Private-Purpose Trust</u> |
|-----------------------------------|----------------------------------|
| ADDITIONS | |
| Investment earnings - Interest | <u>\$ 10,610</u> |
| DEDUCTIONS | |
| Current: | |
| General services | <u>12,113</u> |
| Change in net position | (1,503) |
| Net position - January 1 | <u>1,000,383</u> |
| Net position - December 31 | <u><u>\$ 998,880</u></u> |

See notes to the basic financial statements.



NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BLOOMINGTON, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS **FOR THE YEAR ENDED DECEMBER 31, 2017**

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 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 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 systems, equipment, 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 fund balances 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 and current liabilities 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 which is 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.

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 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. Restricted cash and investments are included with cash equivalents for purposes of the statement of cash flows.

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, 2017 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 fund financial statements, which use the modified accrual basis of accounting. Capital outlays are capitalized in the City’s government-wide statement of net position, which uses the full accrual basis of accounting. Infrastructure has been capitalized retroactively to 1980. 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. 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. COMPENSATED ABSENCES

The City compensates all employees upon termination for unused vacation up to a maximum of 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 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.

J. 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.

K. 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, 2017, there were three series of Industrial and Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$58.9 million.

L. 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. These constraints are established by Resolution of City Council.

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.

M. 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.

N. 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 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.

O. 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.

P. DEFICIT NET POSITION AND FUND BALANCE

The PERA Pension internal service fund had a negative net position balance of \$54,681,617 on December 31, 2017 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 \$1,598,678 on December 31, 2017. 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 HRA TIF Special Revenue fund had a negative balance of \$1,182,324 as of December 31, 2017. This fund accounts for Tax Increment Financing (TIF) districts' activity. The negative balance will be covered in the future, primarily by TIF funding. The HRA Property Management fund has a deficit net position of \$177,766. The HRA will be transferring funds in future years to eliminate this deficit.

Q. 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.

R. 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, 2017, the carrying amount of the City's deposits with financial institutions was \$(417,381) and the bank balances totaled \$665,005.

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, 2017, 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 which 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, 2017, the City had the following investments and maturities:

| Investment Type | Fair Value | Less than One Year | One Year to Five Years | Five Years to Ten Years |
|---|----------------|-----------------------|---------------------------|----------------------------|
| Money Market | \$ 22,459,896 | \$ 22,459,896 | \$ - | \$ - |
| 4M Term Series | 5,000,000 | 5,000,000 | - | - |
| Commercial Paper Sweep | 1,299,097 | 1,299,097 | - | - |
| Treasury Notes | 23,607,360 | 19,603,600 | 4,003,760 | - |
| Farmer Mac | 3,056,950 | - | 3,056,950 | - |
| Federal Agriculture Mortgage Corporation | 8,870,026 | - | 8,870,026 | - |
| Federal Farm Credit Bank | 23,838,765 | 11,968,070 | 11,870,695 | - |
| Federal Home Loan Bank | 17,147,582 | 4,988,300 | 12,159,282 | - |
| Federal Home Loan Mortgage Corporation | 26,868,940 | 10,062,800 | 16,806,140 | - |
| Federal National Mortgage Association | 20,062,667 | 8,587,405 | 11,475,262 | - |
| Municipal Bonds | 23,613,535 | 5,894,258 | 14,313,538 | 3,405,739 |
| Total investments | 175,824,818 | \$ 89,863,426 | \$ 82,555,653 | \$ 3,405,739 |
| Total deposits | (417,381) | | | |
| Total investments and deposits | \$ 175,407,437 | | | |

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, 2017:

| Investments by fair value level | 12/31/17 | Fair Value Measurements Using | | |
|--|-----------------------|-------------------------------|----------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| 4M Term Series | \$ 5,000,000 | \$ - | \$ 5,000,000 | \$ - |
| Commercial Paper Sweep | 1,299,097 | - | 1,299,097 | - |
| Treasury Notes | 23,607,360 | - | 23,607,360 | - |
| Farmer Mac | 3,056,950 | - | 3,056,950 | - |
| Federal Agriculture Mortgage Corporation | 8,870,026 | - | 8,870,026 | - |
| Federal Farm Credit Bank | 23,838,765 | - | 23,838,765 | - |
| Federal Home Loan Bank | 17,147,582 | - | 17,147,582 | - |
| Federal Home Loan Mortgage Corporation | 26,868,940 | - | 26,868,940 | - |
| Federal National Mortgage Association | 20,062,667 | - | 20,062,667 | - |
| Municipal Bonds | 23,613,535 | - | 23,613,535 | - |
| Subtotal | 153,364,922 | \$ - | \$ 153,364,922 | \$ - |
| Investments not categorized | | | | |
| External investment pools: | | | | |
| US Bank Money Market | 18,818,358 | | | |
| 4M Fund Money Market | 3,641,538 | | | |
| Bank Deposits | (417,381) | | | |
| Total | <u>\$ 175,407,437</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, 2017, 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). 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. In no event does the City invest in securities with maturities exceeding 10 years.

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 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. No more than 50% of the entity's total investment portfolio is invested in a single security type or with a single financial institution. More than 5% of the City's investments are in the following governmental agencies: Federal Agricultural Mortgage Corporation (5%), Federal Farm Credit (14%), Federal Home Loan Bank (10%), Federal Home Loan Mortgage Corporation (15%), Federal National Mortgage Association (11%), and United States Treasuries (13%).

The following table reconciles cash, cash equivalents, and investments to the basic financial statements at December 31, 2017:

| | |
|--|-----------------------|
| Governmental funds | \$ 115,207,039 |
| Proprietary funds: | |
| Enterprise | 13,087,323 |
| Internal service | 40,675,353 |
| Government-wide | 168,969,715 |
| Fiduciary funds | 1,789,172 |
| Total cash, cash equivalents, and investment | 170,758,887 |
| Add: restricted cash and investments | 4,648,550 |
| Net cash, cash equivalents, and investments | <u>\$ 175,407,437</u> |

3. CAPITAL ASSETS

During 2017 the City's capitalization threshold was \$10,000. Capital asset activity for the year ended December 31, 2017 was as follows:

| | Primary Government | | |
|--|----------------------|--------------|------------------------|
| | Balance at 1/1/17 | Additions | Balance at 12/31/17 |
| Governmental activities: | | | |
| Capital assets not being depreciated - | | | |
| Land | 98,575,405 | 1,034,811 | 99,610,216 |
| Construction in progress | 701,457 | 2,402,577 | 2,891,109 |
| Total capital assets not being depreciated | 99,276,862 | 3,437,388 | 102,501,325 |
| Capital assets being depreciated: | | | |
| Buildings and structures | 68,876,077 | - | 68,836,507 |
| Machinery and equipment | 43,261,165 | 3,782,457 | 46,052,985 |
| Improvements | 14,253,378 | 3,913,216 | 17,845,552 |
| Infrastructure | 337,521,748 | 22,642,318 | 360,164,066 |
| Total capital assets being depreciated | 463,912,368 | 30,337,991 | 492,899,110 |
| Less accumulated depreciation for: | | | |
| Buildings and structures | (38,452,675) | (1,436,600) | (39,850,806) |
| Machinery and equipment | (30,702,801) | (3,253,059) | (32,989,961) |
| Improvements | (6,045,339) | (724,883) | (6,449,180) |
| Infrastructure | (114,568,329) | (9,496,037) | (124,064,366) |
| Total accumulated depreciation | (189,769,144) | (14,910,579) | (203,354,313) |
| Total capital assets being depreciated, net | 274,143,224 | 15,427,412 | 289,544,797 |
| Governmental capital assets, net | 373,420,086 | 18,864,800 | 392,046,122 |
| Business-type activities: | | | |
| Capital assets not being depreciated - | | | |
| Land | 4,714,616 | - | 4,714,616 |
| Construction in progress | 47,654 | 374,450 | 374,450 |
| Total capital assets not being depreciated | 4,762,271 | 374,450 | 5,089,066 |
| Capital assets being depreciated: | | | |
| Buildings and structures | 36,161,367 | - | 36,161,367 |
| Machinery and equipment | 3,104,775 | 133,610 | 3,238,385 |
| Distribution system | 137,388,964 | 4,732,656 | 142,121,620 |
| Improvements | 6,649,050 | 58,900 | 6,659,350 |
| Total capital assets being depreciated | 183,304,156 | 4,925,166 | 188,180,722 |
| Less accumulated depreciation for: | | | |
| Buildings and structures | (16,511,629) | (613,984) | (17,125,613) |
| Machinery and equipment | (2,035,084) | (121,787) | (2,156,871) |
| Distribution system | (80,103,238) | (3,276,462) | (83,379,700) |
| Improvements | (4,057,334) | (98,265) | (4,106,999) |
| Total accumulated depreciation | (102,707,285) | (4,110,498) | (106,769,183) |
| Total capital assets being depreciated, net | 80,596,871 | 814,668 | 81,411,539 |
| Business-type activities capital assets, net | 85,359,141 | 1,189,118 | 86,500,605 |

Depreciation expense was charged to governmental functions at December 31, 2017 as follows:

| | |
|----------------------------|----------------------|
| General services | \$ 1,603,541 |
| Development services | 3,060,719 |
| Public works | 8,540,310 |
| Public safety | 1,021,552 |
| Community services | 684,457 |
| Total depreciation expense | <u>\$ 14,910,579</u> |

4. COMMITMENTS

At December 31, 2017 encumbrances totaled \$730,829 and are reported as a committed fund balance within the General Fund. At December 31, 2017, the City had commitments for thirteen uncompleted construction contracts with a remaining balance of \$17,240,269.

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. These deductibles are considered immaterial to the financial statements. 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.

| | 2016 | 2017 |
|------------------------------------|--------------------|--------------------|
| Unpaid claims at beginning of year | \$1,888,849 | \$1,983,037 |
| Claims paid | (1,279,025) | (430,435) |
| New claims | 1,373,213 | - |
| Unpaid claims at end of year | <u>\$1,983,037</u> | <u>\$1,552,602</u> |

6. LONG-TERM LIABILITIES

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

| Type of Bonds | Maturities | Rates | Balance at 12/31/17 |
|---------------------------------|------------|--------------|------------------------|
| Governmental activities: | | | |
| Governmental funds: | | | |
| General obligation (G.O.) bonds | 2018-2027 | 2.00 - 5.00% | \$ 3,030,000 |
| G.O. improvement bonds | 2018-2037 | .80 - 5.70 | 51,940,000 |
| G.O. tax increment bonds | 2018-2032 | .80 - 4.30 | 4,635,000 |
| Total governmental funds | | | <u>59,605,000</u> |
| Internal service funds: | | | |
| G.O. capital improvement bonds | 2018-2021 | .60 - 2.60 | 2,490,000 |
| Total governmental activities | | | <u>62,095,000</u> |
| Business-type activities | | | |
| General Obligation (G.O.) bonds | 2018-2027 | 2.00 - 5.00 | 1,170,000 |
| Total bonds | | | <u>\$ 63,265,000</u> |

Changes in long-term liabilities during 2017 are summarized as follows:

| | Balance at 01/01/17 | Additions | Retirements | Balance at 12/31/17 | Due Within One Year |
|----------------------------|------------------------|----------------------|----------------------|------------------------|------------------------|
| Governmental activities: | | | | | |
| G.O. bonds | \$ 7,180,000 | \$ 1,420,000 | \$ 3,080,000 | \$ 5,520,000 | \$ 1,140,000 |
| G.O. improvement bonds | 53,300,000 | 4,970,000 | 6,330,000 | 51,940,000 | 11,255,000 |
| G.O. tax increment bonds | 4,770,000 | - | 135,000 | 4,635,000 | 530,000 |
| Unamortized bond prems | 2,189,159 | 528,292 | 264,584 | 2,452,867 | 289,574 |
| Benefits payable | 14,354,090 | 1,948,854 | 1,479,680 | 14,823,264 | 741,163 |
| Estimated claims payable | 1,983,037 | - | 430,435 | 1,552,602 | 838,933 |
| OPEB liability | 6,960,825 | 1,283,850 | 306,413 | 7,938,262 | - |
| Net pension liability | 97,293,548 | 10,006,070 | 56,242,900 | 51,056,718 | - |
| Total governmental | <u>188,030,659</u> | <u>20,157,066</u> | <u>68,269,012</u> | <u>139,918,713</u> | <u>14,794,670</u> |
| Business-type activities - | | | | | |
| G.O. bonds | - | 1,170,000 | - | 1,170,000 | 110,000 |
| Total | <u>\$188,030,659</u> | <u>\$ 21,327,066</u> | <u>\$ 68,269,012</u> | <u>\$ 141,088,713</u> | <u>\$ 14,904,670</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.

Long-term debt maturities (including interest of \$7,588,939) are as follows:

| Year Ending December 31 | Governmental Activities | | Business-type Activities | | Total |
|----------------------------|-------------------------|---------------------|--------------------------|-------------------|----------------------|
| | Principal | Interest | Principal | Interest | |
| 2018 | \$ 12,925,000 | \$ 1,563,927 | \$ 110,000 | \$ 43,072 | \$ 14,641,999 |
| 2019 | 7,900,000 | 1,293,153 | 105,000 | 31,144 | 9,329,297 |
| 2020 | 7,560,000 | 1,081,234 | 105,000 | 27,994 | 8,774,228 |
| 2021 | 7,275,000 | 869,283 | 110,000 | 24,769 | 8,279,052 |
| 2022 | 5,605,000 | 684,572 | 110,000 | 21,469 | 6,421,041 |
| 2023-2027 | 17,035,000 | 1,603,433 | 630,000 | 40,385 | 19,308,818 |
| 2028-2032 | 3,340,000 | 272,929 | - | - | 3,612,929 |
| 2033-2037 | 455,000 | 31,575 | - | - | 486,575 |
| Total | <u>\$ 62,095,000</u> | <u>\$ 7,400,106</u> | <u>\$ 1,170,000</u> | <u>\$ 188,833</u> | <u>\$ 70,853,939</u> |

On May 4, 2017, the City issued \$1,420,000 of General Obligation Charter Bonds with an effective rate of 2.0%, the proceeds of which were used to provide funding for park improvements within the City. In addition the City issued \$1,170,000 of General Obligation Water Utility Bonds with an effective rate of 2.0%, the proceeds were used to finance improvements to the City's water system.

On December 6, 2017, the City issued \$4,970,000 of General Obligation Permanent Improvement Revolving Fund Bonds, Series 51 with an effective rate of 1.96%, the proceeds of which were used to provide funding for public improvements.

The City issued two refunding bonds. \$1,610,000 of General Obligation Arts Center Refunding Bonds were issued with an effective rate of 1.24%; the proceeds and cash on hand refunded the 2007 Art Center Bonds on February 1, 2017. The actual savings to the City for the Art Center Refunding is \$126,304 and the present value savings is \$114,525. \$3,730,000 of General Obligation Permanent Improvement Fund Refunding Bonds were issued with an effective rate of 1.92%; the proceeds and cash on hand will refund the 2007 PIR, Forty-One Series and the 2008 PIR, Forty-Two Series bonds on February 1, 2018. The actual savings to the City regarding this refunding issue is \$772,931 and the present value savings is \$625,019.

The following is a schedule of bonds payable at December 31, 2017:

| Type of Bonds | Original Amount | Maturities | Rates | Balance at 12/31/17 |
|--|--------------------|------------|---------------|------------------------|
| Governmental Activities: | | | | |
| General Obligation (G.O.) Bonds: | | | | |
| 2010 Capital Improvement | 5,900,000 | 2018-2021 | .60 - 2.60% | 2,490,000 |
| 2016 Art Center Refunding | 1,610,000 | 2018-2021 | 4.00% | 1,610,000 |
| 2017A Charter Bonds | 1,420,000 | 2018-2027 | 2.00 - 5.00% | 1,420,000 |
| Total G.O. Bonds | <u>8,930,000</u> | | | <u>5,520,000</u> |
| General Obligation (G.O.) Improvement Bonds: | | | | |
| 2007 PIR, Forty-One Series | 5,915,000 | 2018-2018 | 4.00 - 4.50% | 1,380,000 |
| 2008 PIR, Forty-Two Series | 9,570,000 | 2018-2018 | 3.25 - 5.00% | 4,480,000 |
| 2010 PIR, Forty-Four Series | 6,235,000 | 2018-2021 | .80 - 3.50% | 2,620,000 |
| 2011 PIR Refunding, Thirty-Eight Series | 2,080,000 | 2018-2018 | 2.00 - 2.50% | 340,000 |
| 2011 PIR, Forty-Five Series | 7,545,000 | 2018-2031 | 2.00 - 3.375% | 4,000,000 |
| 2012 PIR Refunding, Thirty-Nine Series | 5,900,000 | 2018-2025 | 3.00% | 4,135,000 |
| 2012 PIR, Forty-Six Series | 5,615,000 | 2018-2023 | 2.00 - 3.00% | 3,370,000 |
| 2013 PIR Refunding, Forty-Three Series | 5,135,000 | 2018-2030 | 2.40 - 3.25% | 3,410,000 |
| 2013 PIR, Forty-Seven Series | 4,180,000 | 2018-2024 | 2.10 - 3.00% | 3,045,000 |
| 2014 PIR, Forty-Eight Series | 7,465,000 | 2018-2025 | 2.00 - 2.50% | 5,410,000 |
| 2015 PIR, Forty-Nine Series | 5,355,000 | 2018-2036 | 2.00 - 3.00% | 4,935,000 |
| 2016 PIR, Fifty Series | 6,115,000 | 2018-2037 | 2.00 - 3.00% | 6,115,000 |
| 2016 PIR, Refunding, Forty-One and Forty-Two Series | 3,730,000 | 2019-2029 | 2.00 - 3.00% | 3,730,000 |
| 2017 PIR, Forty-One Series | 4,970,000 | 2019-2028 | 2.00 - 5.00% | 4,970,000 |
| Total G.O. Improvement Bonds | <u>79,810,000</u> | | | <u>51,940,000</u> |
| General Obligation (G.O.) Tax Increment Bonds: | | | | |
| 2011 Serial Refunding Bonds | 3,095,000 | 2018-2032 | 3.00 - 4.30% | 2,590,000 |
| 2016 Serial Bonds | 2,045,000 | 2018-2022 | .80 - 1.60% | 2,045,000 |
| Total G.O. Tax Increment Bonds | <u>5,140,000</u> | | | <u>4,635,000</u> |
| Total governmental activities | <u>93,880,000</u> | | | <u>62,095,000</u> |
| Business-type Activities: | | | | |
| General Obligation (G.O.) Bonds: | | | | |
| 2017B Water Utility Bonds | <u>1,170,000</u> | 2018-2027 | 2.00 - 5.00% | <u>1,170,000</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 | \$2,613,634 | \$658,367 | \$658,367 |
| 2016 G.O. Arts Center Refunding Dec-16 | Refund 2007 Arts Center Bonds - Crossover | Debt Service Tax Levy | 100% | n/a | 2018 - 2021 | 1,742,400 | 41,681 | 41,681 |
| 2017 G.O. Charter Bonds May-17 | Park improvements | Debt Service Tax Levy | 100% | n/a | 2018 - 2027 | 1,645,098 | - | - |
| General Obligation (G.O.) Improvement Bonds: | | | | | | | | |
| 2007 PIR Bonds, Forty-One Series Dec-07 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 55% 45% | n/a n/a | 2007 - 2018 | 1,408,584 | 597,769 | 597,769 |
| 2008 PIR Bonds, Forty-Two Series Oct-08 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 76% 24% | n/a n/a | 2008 - 2018 | 4,585,034 | 913,868 | 913,868 |
| 2010 PIR Bonds, Forty-Four Series Nov-10 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 39% 61% | n/a n/a | 2012 - 2021 | 2,795,069 | 714,275 | 714,275 |
| 2011 PIR Refunding, Thirty-Eight Srs Nov-11 | Refunding 2003 PIR Bonds Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 12% 88% | n/a n/a | 2013 - 2018 | 344,250 | 347,688 | 347,688 |
| 2011 PIR Bonds, Forty-Five Series Nov-11 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 28% 72% | n/a n/a | 2013 - 2031 | 4,366,088 | 796,238 | 796,238 |
| 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 | 4,629,175 | 651,850 | 651,850 |
| 2012 PIR Bonds, Forty-Six Srs Jun-12 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 48% 52% | n/a n/a | 2014 - 2023 | 3,659,287 | 626,275 | 626,275 |
| 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 | 3,855,776 | 694,384 | 694,384 |
| 2013 PIR Bonds, Forty-Seven Srs Nov-13 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 24% 76% | n/a n/a | 2015 - 2024 | 3,318,199 | 482,068 | 482,068 |
| 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 | 5,884,962 | 1,128,475 | 1,128,475 |
| 2015 PIR Bonds, Forty-Nine Srs Oct-15 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 43% 57% | n/a n/a | 2017 - 2036 | 5,671,287 | 568,025 | 568,025 |
| 2016 PIR Bonds, Fifty Srs Dec-16 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 41% 59% | n/a n/a | 2018 - 2037 | 7,143,450 | 101,420 | 101,420 |
| 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 | 4,295,225 | 62,683 | 62,683 |
| 2017 PIR Bonds, Fifty-One Srs Dec-17 | Infrastructure Improvements | Special Assessments Debt Service Tax Levy | 19% 81% | n/a n/a | 2018 - 2028 | 5,976,854 | - | - |
| 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 | 3,444,263 | 235,190 | 235,190 |
| 2016 Serial G.O. TIF Bonds Dec-16 | Housing development | TIF Revenue | 100% | n/a | 2018 - 2022 | 2,116,472 | 16,225 | 16,225 |
| Business-type activities: | | | | | | | | |
| Enterprise Bonds: | | | | | | | | |
| 2017B Water Utility May-17 | Water system improvements | Utility revenues | 100% | n/a | 2018-2027 | 1,358,833 | - | - |

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 \$2,613,634, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$658,367 and \$658,367, 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 will refund 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 \$1,742,400, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$41,681 and \$41,681, 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 \$1,645,098, payable through February 2027. For the current year, principal and interest paid and total tax levy revenues were \$0 and \$0, respectively.

General Obligation (G.O.) Improvement Bonds:

- 2007 PIR, Forty-One Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$5,915,000 bonds issued in December 2007. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 45% and special assessments were projected to produce 55% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$1,408,584 payable through February 2018. These bonds will be refunded on February 1, 2018 with available cash and proceeds from the 2016 Refunding Bonds. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$597,769 and \$597,769, respectively.
- 2008 PIR, Forty-Two Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$9,570,000 bonds issued in October 2008. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 24% and special assessments were projected to produce 76% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$4,585,034, payable through February 2018. These bonds will be refunded on February 1, 2018 with available cash and proceeds from the 2016 Refunding Bonds. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$913,868 and \$913,868 respectively.
- 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 \$2,795,069, payable through February 2021. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$714,275 and \$714,275, respectively.

- 2011 PIR Refunding, Thirty-Eight Series. The City has pledged future tax ad valorem revenue to repay the \$2,080,000 bonds issued in November 2011. Proceeds from the bonds refunded the 2003 PIR, 38 Series Bonds on February 1, 2012. Tax levies were projected to produce 88% and special assessments were projected to produce 12% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$344,250, payable through February 2018. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$347,688 and \$347,688, 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 \$4,366,088, payable through February 2031. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$796,238 and \$796,238, 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 \$4,629,175, payable through February 2025. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$651,850 and \$651,850, 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 \$3,659,287, payable through February 2023. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$626,275 and \$626,275, 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 \$3,855,776, payable through February 2030. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$694,384 and \$694,384, 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 \$3,318,199, payable through February 2024. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$482,068 and \$482,068, 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 \$5,884,962 payable through February 2025. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$769,925 and \$769,925, 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 \$5,671,287 payable through February 2036. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$568,025 and \$568,025, 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 \$7,143,450, payable through February 2037. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$101,420 and \$101,420, 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 will refund 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 \$4,295,225, payable through February 2029. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$62,683 and \$62,683, 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 \$5,976,854, payable through February 2028. 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 \$3,444,263, payable through February 2032. For the current year, principal and interest paid and total tax increment revenues were \$235,190 and \$235,190, 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 \$2,116,472, payable through February 2022.

For the current year, principal and interest paid and total tax increment revenues were \$16,225 and \$16,225, 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 \$1,358,833, payable through February 2027. 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, 2017, 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 | \$ 222 | \$ - | \$ 18,000 | \$ - | \$ - | \$ 18,222 |
| Restricted for: | | | | | | |
| Debt service | - | 20,921,121 | - | - | 780,384 | 21,701,505 |
| Abatement purposes | - | - | - | 3,111,156 | - | 3,111,156 |
| Tax increment purposes | - | - | 23,600,990 | - | - | 23,600,990 |
| Public safety | - | - | - | - | 1,203,299 | 1,203,299 |
| Public health | - | - | - | - | 135,440 | 135,440 |
| Grant purposes | - | - | - | - | 22,663 | 22,663 |
| Art Center | - | - | 52,506 | - | - | 52,506 |
| Cemetery | - | - | - | - | 658,502 | 658,502 |
| Communication | - | - | - | - | 16,180 | 16,180 |
| Street reconstruction | - | - | - | 3,565,059 | - | 3,565,059 |
| Total restricted | - | 20,921,121 | 23,653,496 | 6,676,215 | 2,816,468 | 54,067,300 |
| Committed: | | | | | | |
| Encumbrances | 730,829 | - | - | - | - | 730,829 |
| Budget carryovers | 1,068,303 | - | - | - | - | 1,068,303 |
| Capital purposes | - | - | - | - | 45,997 | 45,997 |
| Park development | - | - | 759,751 | - | - | 759,751 |
| Public safety | - | - | - | - | 2,198,655 | 2,198,655 |
| Future projects | - | - | 4,978,544 | - | - | 4,978,544 |
| Communications | - | - | - | - | 693,244 | 693,244 |
| Total committed | 1,799,132 | - | 5,738,295 | - | 2,937,896 | 10,475,323 |
| Assigned for: | | | | | | |
| Capital purposes | - | - | - | 155,576 | 733,956 | 889,532 |
| Street reconstruction | - | - | - | 28,214,281 | - | 28,214,281 |
| Total assigned | - | - | - | 28,369,857 | 733,956 | 29,103,813 |
| Unassigned | 29,143,486 | - | (63,731) | - | - | 29,079,755 |
| Total fund balances | \$ 30,942,840 | \$ 20,921,121 | \$ 29,346,060 | \$ 35,046,072 | \$ 6,488,320 | \$122,744,413 |

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, 2017, the fund balance of the General Fund was \$30,942,840 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, 2017:

| Fund/Component Unit | | Receivable | Payable |
|--|-----|---------------------|---------------------|
| General Fund | (1) | \$ 223,000 | \$ - |
| Community Development Block Grant | (1) | | 8,000 |
| Enterprise Funds: | | | |
| Water/Wastewater Fund | (2) | 359,530 | - |
| Internal Service Fund | (2) | - | 359,530 |
| Nonmajor enterprise funds | (1) | - | 145,000 |
| Nonmajor governmental funds | (1) | - | 70,000 |
| Total | | <u>\$ 582,530</u> | <u>\$ 582,530</u> |
| Primary Government: | | | |
| General Fund | | \$ 180,155 | \$ 60,826 |
| Community Development Block Grant Fund | | - | 57,415 |
| Capital Projects Fund | | 2,068,104 | - |
| Bonds receivable – due: | | | |
| Within one year | | 530,000 | - |
| In more than one year | | 4,186,295 | - |
| Component Units: | | | |
| Housing and Redevelopment Authority: | | | |
| Primary government | | 57,415 | 138,993 |
| Bonds payable – due: | | | |
| Within one year | | - | 530,000 |
| In more than one year | | - | 4,186,295 |
| Port Authority | | 60,826 | 2,109,266 |
| | | <u>\$ 7,082,795</u> | <u>\$ 7,082,795</u> |

Interfund receivables and payables represent (1) lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year and (2) a loan to an Internal Service Fund for facilities construction.

The following is a schedule of interfund transfers for the year ended December 31, 2017:

| <u>Fund Transferred To</u> | <u>Fund Transferred From</u> | <u>Amount</u> |
|-----------------------------|------------------------------|---------------------|
| General | Community Dev. Block Grant | \$ 29,132 |
| | Capital Projects | 2,516,640 |
| | Nonmajor Governmental | 93,984 |
| | Nonmajor Enterprise | 128,064 |
| | Improvement Construction | 1,150,000 |
| Total General | | <u>3,917,820</u> |
| Capital Projects | Internal Service | 200,004 |
| | General Fund | 1,375,000 |
| Total Capital Projects | | <u>1,575,004</u> |
| Nonmajor Governmental | Internal Service | 365,124 |
| | Capital Projects | 1,457,759 |
| Total Nonmajor Governmental | | <u>1,822,883</u> |
| Nonmajor Enterprise | General Fund | <u>99,996</u> |
| Improvement Bonds | Improvement Construction | <u>1,034,512</u> |
| Improvement Construction | Improvement Bonds | <u>725,424</u> |
| Internal Service | Nonmajor Governmental | 80,504 |
| | General Fund | 86,004 |
| | Internal Service | 220,000 |
| Total Internal Service | | <u>386,508</u> |
| Enterprise | | |
| Recreational Facilities | Capital Projects | 50,004 |
| Water/Wastewater Utility | Nonmajor Enterprise | 309,000 |
| Total Enterprise | | <u>359,004</u> |
| Total | | <u>\$ 9,921,151</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 will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2017.

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 either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

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.

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

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

1. GERF Benefits

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

2. PEPFF Benefits

Benefits for the 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. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

CONTRIBUTIONS

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2017. The City's contributions to the GERF for the year ended December 31, 2017, were \$2,553,026. 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 2017. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2017. The City's contributions to the PEPFF for the year ended December 31, 2017, were \$2,131,306. The City's contributions were equal to the required contributions as set by state statute.

PENSION COSTS

1. GERS Pension Costs

At December 31, 2016, the City reported a liability of \$33,815,698 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was .5297 at the end of the measurement period and .5236 for the beginning of the period.

| | |
|---|---------------|
| City's proportionate share of net pension liability | \$ 33,815,698 |
| State's proportionate share of the net pension liability associated with the City | \$425,166 |

For the year ended December 31, 2017, the City recognized pension expense of \$4,335,668 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$12,281 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 1,114,462 | \$ 2,163,721 |
| Changes in actuarial assumptions | 5,549,483 | 3,390,025 |
| Difference between projected and actual actual investment earnings | 187,300 | - |
| Changes in proportion | 371,467 | 1,028,277 |
| Contributions paid to PERA subsequent to the measurement date | 1,262,759 | - |
| Total | <u>\$ 8,485,471</u> | <u>\$ 6,582,023</u> |

The \$1,262,759 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31,</u> | <u>Pension Expense</u> |
|------------------------------------|----------------------------|
| 2018 | \$ 754,684 |
| 2019 | 1,855,856 |
| 2020 | (534,441) |
| 2022 | (1,435,412) |

2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$17,241,020 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 1.277% which was an increase of 0.088% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$4,265,731 for its proportionate share of the PEPFF's pension expense. The City also recognized \$114,930 for the year ended December 31, 2017, 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, 2017, 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 | \$ 396,853 | \$ 4,842,798 |
| Changes in actuarial assumptions | 24,118,185 | 24,477,970 |
| Difference between projected and actual actual investment earnings | 554,883 | - |
| Changes in proportion | 591,892 | 2,942,994 |
| Contributions paid to PERA subsequent to the measurement date | <u>1,073,603</u> | <u>-</u> |
| Total | <u>\$ 26,735,416</u> | <u>\$ 32,263,762</u> |

The \$1,073,603 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended December 31,</u> | <u>Pension Expense</u> |
|------------------------------------|----------------------------|
| 2018 | \$ 298,109 |
| 2019 | 298,109 |
| 2020 | (339,849) |
| 2021 | (1,453,494) |
| 2022 | (5,404,824) |

ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the GERF through 2044, and the PEPFF through 2064, and then 2.5% thereafter for both plans.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015. The most recent five-year experience study for the PEPFF was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- 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 percent 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.

Police and Fire Fund

- 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 CSA load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2 percent 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 males rated 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% to 60%.

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.0% for all years to 1.0% per year through 2064, and 2.50% thereafter.
- The single discount rate changed from 5.60% to 7.50%.

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:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------|----------------------|--|
| Domestic stocks | 39% | 5.10% |
| International stocks | 19 | 5.30 |
| Bonds | 20 | 0.75 |
| Alternative assets | 20 | 5.90 |
| Cash | 2 | 0.00 |
| Total | 100% | |

DISCOUNT RATE

The discount rate used to measure the total pension liability in 2017 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 position of the GERP 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:

| | <u>1% Decrease in Discount Rate (6.5%)</u> | <u>Discount Rate (7.5%)</u> | <u>1% Increase in Discount Rate (8.5%)</u> |
|--|--|---------------------------------|--|
| City's proportionate share of the GERF net pension liability | \$ 52,450,661 | \$ 33,815,698 | \$ 18,559,597 |
| | <u>1% Decrease in Discount Rate (6.5%)</u> | <u>Discount Rate (7.5%)</u> | <u>1% Increase in Discount Rate (8.5%)</u> |
| City's proportionate share of the PEPFF net pension liability | \$ 32,469,870 | \$ 17,241,020 | \$ 4,668,763 |

PENSION PLAN FIDUCIARY NET POSITION

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

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) and additions to deductions from the Relief's fiduciary net position have been determined on the same basis as they were reported by the Relief. 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 Bloomington Firefighters 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 of Bloomington. 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 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 of Bloomington. 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 an Association member, the Association shall pay to the designated beneficiary or estate, the sum of \$500.

EMPLOYEES COVERED BY BENEFIT TERMS

At December 31, 2017, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Retirees and beneficiaries currently receiving benefits | 203 |
| Retired members entitled to benefits, but who have not received them | 12 |
| Current members: | |
| Fully vested (20 years or more) | 7 |
| Nonvested (less than 20 years) | 107 |
| Total | <u>329</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 for the year ended December 31, 2017, were \$1,057,759. The City's contributions was equal to the required contribution as set by state statute. State aid contributions for the year ended December 31, 2017, were \$576,114.

NET PENSION LIABILITY

The City's net pension liability (asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2018.

ACTUARIAL ASSUMPTIONS

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------------|-----------------------------------|
| Measurement date | December 31, 2017 |
| 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, 2018.

| Asset Class | Long-Term Expected Geometric Real Rate of Return |
|----------------------------|--|
| Cash | 0.18% |
| Broad U.S. equities | 3.32 |
| Large Cap U.S. equities | 3.13 |
| Core fixed income | 1.93 |
| Developed foreign equities | 3.91 |

DISCOUNT RATES

The discount rate used to measure the total pension liability was 6.00%. The liability discount rate was developed using the alternative method described in paragraph 43 of GASB 67, which states that "if the evaluations required by paragraph 41 can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan, alternative methods may be applied in making the evaluations." The determination of the discount rate assumed that the plan's current overfunded status, combined with Minnesota statutory funding requirements, provide sufficient reliability that projected plan assets will be adequate to pay future retiree benefits. Therefore, the plan's long-term expected return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN THE NET PENSION LIABILITY

| | Increase (Decrease) | | |
|--|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) – (b) |
| Balance at December 31, 2016 | \$ 139,574,319 | \$ 155,275,402 | \$ (15,701,083) |
| Charges for the year: | | | |
| Service cost | 3,482,212 | - | 3,482,212 |
| Interest on total pension liability | 8,421,504 | - | 8,421,504 |
| Effect of economic/demographic gains or losses | (152,691) | - | (152,691) |
| Benefit payments | (5,476,046) | (5,476,046) | - |
| Employer contributions | - | 1,633,873 | (1,633,873) |
| Net investment income | - | 24,503,859 | (24,503,859) |
| Administrative expense | - | (94,692) | 94,692 |
| Net changes | 6,274,979 | 20,566,994 | (14,992,015) |
| Balance at December 31, 2017 | \$ 145,849,298 | \$ 175,842,396 | \$ (29,993,098) |

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) | \$ (5,421,136) | \$ (29,993,098) | \$ (49,361,405) |

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, 2017, the City recognized negative pension expense of \$(2,076,702). The City also recognized \$576,114 for the year ended December 31, 2017, as pension expense (and grant revenue) for the State of Minnesota's on-behalf contribution to the plan. At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 444,674 | \$ 1,795,385 |
| Difference between projected and actual actual investment earnings | - | 9,644,792 |
| Total | <u>\$ 444,674</u> | <u>\$ 11,440,177</u> |

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

| Year Ended December 31, | Pension Expense |
|----------------------------|--------------------|
| 2018 | \$(3,054,110) |
| 2019 | (1,371,232) |
| 2020 | (3,509,417) |
| 2021 | (3,060,744) |

C. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2017 is as follows:

| | |
|-------------|---------------------|
| GERF | \$ 4,335,668 |
| PEPFF | 4,265,731 |
| Fire Relief | <u>(2,076,702)</u> |
| Total | <u>\$ 6,524,697</u> |

12. POST-EMPLOYMENT BENEFITS

A. PLAN DESCRIPTION

In addition to providing the pension benefits described in Note 11, the City provides post-employment health care benefits (as defined in paragraph B) for retired employees and police and firefighters disabled in the line of duty, through a single-employer defined benefit plan. The term *Plan* refers to the City's requirement by State Statute to provide retirees with access to health insurance.

The Other Post Employment Benefit (OPEB) plan is administered by the City. The authority to provide these benefits is established in Minnesota Statutes Sections 471.61 Subd. 2a, and 299A.465. The benefits, benefit levels, employee contributions and employer contributions are governed by the City and can be amended by the City through its personnel manual and collective bargaining agreements with employee groups. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The Plan does not issue a separate report.

B. BENEFITS PROVIDED

RETIREES

The City is required by State Statute to allow a retiree to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Eligibility for continuing group health and dental insurance for City retirees is defined as follows:

Eligibility Requirements

The following eligibility requirements are the minimum allowed under Minnesota Statutes 471.61 and 299A.465 for local government entities:

- At retirement, employees of the City of Bloomington receiving a retirement or disability benefit, from a Minnesota public pension plan (other than a volunteer Firefighter plan) may continue to participate in the City's group health insurance plan that the employee was a participant of immediately prior to retirement.
- For peace officers or firefighters disabled in the line of duty, Minnesota Statute 299A.465 requires the peace officer's or firefighter's employer to continue payment of the employer's contribution toward health coverage for the peace or firefighter and their dependents, if the dependents were covered at the time of the disability, until age 65.
- Retirees may continue spouse/dependent coverage at retirement or add such coverage at the spouse's retirement or the beginning of an enrollment year. Covered spouses/dependents may continue coverage after the retiree's death.

Length of coverage

- Retirees and spouses/dependents are eligible to continue coverage in the City's group health insurance plans until they obtain Medicare coverage (usually at age 65) or until dependents become ineligible under the contract, provided the above eligibility requirements are met and applicable premiums are paid. Retirees may drop spouse or dependent coverage and maintain coverage for themselves. Retirees that elect not to continue health coverage, at any time, are not eligible to re-enroll in the City's group health insurance plan.
- Upon obtaining Medicare coverage, retirees and spouses are eligible to continue coverage in a City-sponsored Medicare Supplemental Plan (HealthPartners Freedom, Medica Prime Solution, or UCare Minnesota).
- Surviving spouses may maintain coverage after a retiree's death provided the applicable premiums are paid.

All health care coverage is provided through the City's group health insurance plans. The retirees are required to pay 100% of the premium cost for the City-sponsored group health insurance plan in which they participate. The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, the retirees are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees. Retirees and spouses are eligible to remain in the City-sponsored group health insurance plan until death or the obtainment of Medicare, provided the applicable premiums are paid timely and coverage does not cease at any time.

DISABLED PEACE OFFICERS AND FIREFIGHTERS

In accordance with Minnesota Statute 299A.465, the City is responsible to continue payment of the City's contribution toward health coverage for peace officers or firefighters disabled in the line of duty; or a surviving spouse and/or dependents of a peace officer or firefighters killed in the line of duty. A peace officer is defined in the City as a sworn police officer. The only firefighters eligible for health coverage under the City's policy are the Fire Chief and Assistant Fire Chief. The City's contribution continues until the peace officer or firefighter reaches age 65 or the spouse/dependents are no longer eligible under the contract.

In 2017, the City paid \$68,732 for health insurance premiums for disabled public safety retirees and recognized this amount as an expense. The State reimburses the City annually for a portion of the City's costs; in 2017, the City recognized as revenue a \$17,058 reimbursement from the State.

ACTIVE DEATH BENEFITS

The City will pay 100% of the group health insurance premium for an employee's dependents for two years after the employee's death and 0% thereafter.

C. PARTICIPANTS

As of the most recent actuarial valuation dated January 2017, participants consisted of:

| | |
|--|------------|
| Retirees and beneficiaries currently purchasing health insurance through the City | 56 |
| Active employees with coverage | 564 |
| Active employees without coverage | <u>0</u> |
| Total | <u>620</u> |
| Participating employers | <u>1</u> |

D. FUNDING POLICY

The additional cost of using a blended rate for actives and retirees is currently funded on a pay-as-you-go basis. The City Council may change the funding policy at any time.

E. ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The City's annual OPEB cost is calculated based on the Annual Required Contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The net OPEB obligation as of December 31, 2017, was calculated as follows:

| | |
|--|---------------------|
| Annual required contribution (ARC) | \$ 1,245,704 |
| Interest on net OPEB obligation | 419,566 |
| Adjustment to ARC | <u>(381,420)</u> |
| Annual OPEB cost | 1,283,850 |
| Contributions made during the year (1) | <u>(306,413)</u> |
| Increase (decrease) in net OPEB obligation | 977,437 |
| Net OPEB obligation – beginning of year | <u>6,960,825</u> |
| Net OPEB obligation – end of year | <u>\$ 7,938,262</u> |

- (1) Employer contributions (Pay-As-You-Go costs) in 2017 will be actuarially determined at the end of the year and will equal the retiree costs less contributions paid by retirees.

For the governmental activities, other post employment benefits are liquidated through the Insured Benefits Fund.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the preceding two years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Employer Contributions | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|------------------------|--|---------------------|
| 12/31/15 | \$1,143,384 | \$ 312,257 | 27.3% | \$ 6,127,767 |
| 12/31/16 | 1,186,529 | 353,471 | 29.8 | 6,960,825 |
| 12/31/17 | 1,283,850 | 306,413 | 23.9 | 7,938,262 |

F. FUNDED STATUS AND FUNDING PROGRESS

The City currently has no assets that have been irrevocably deposited in a trust for future health benefits; therefore, the actuarial value of assets is zero. The funded status of the plan was as follows:

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)* (b) | Unfunded AAL (UAAL) (b)-(a) | Funded Ratio (a)/(b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|--|-----------------------------|----------------------|---------------------|---|
| 01/01/15 | \$ - | \$ 9,744,125 | \$ 9,744,125 | 0.0% | \$ 39,887,000 | 24.4% |
| 01/01/16 | - | 10,489,142 | 10,489,142 | 0.0 | 41,383,000 | 25.3 |
| 01/01/17 | - | 12,112,798 | 12,112,798 | 0.0 | 43,884,410 | 27.6 |

*Using the entry age normal actuarial pay cost method.

G. ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The remaining amortization period at December 31, 2017 is 20 years.

In the January 1, 2017 actuarial valuation, the Entry-age Normal Level Percent of Pay cost method was used. The following assumptions were used:

- Discount rate – 4% (pay-as-you-go funding)
- Inflation rate – 3%
- Payroll growth rate – 3.75%
- Salary increase rates – the salary increase rates used in the PERA plan of which the employee is a participant.
- Mortality rates – the mortality rates used in the PERA plan of which the employee is a participant.
- Retirement rates – the retirement rates used in the PERA plan of which the employee is a participant.
- Dependent status – the marital percentage assessed in 75% of males and 70% of females. Current and future retirees were assumed to have no dependent children.
- Healthcare Cost Trend Rate – a 2017 rate of 9.0%, reducing .50% each year over 10 years.

13. RECEIVABLES AND DEFERRED INFLOWS

Receivables not expected to be collected within one year are mortgages receivable of \$9,521,150 and deferred special assessments receivable of \$18,217,015. 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:

| | Property Taxes | State Aid | Special Assessments | Mortgages | Land Held For Resale | Total |
|--------------------------|-------------------|--------------------|------------------------|---------------------|-------------------------|----------------------|
| Major Funds: | | | | | | |
| General Fund | \$ 279,591 | \$ - | \$ 2,107,550 | \$ - | \$ - | \$ 2,2387,141 |
| Community Development | | | | | | |
| Block Grant | - | - | - | 10,579,056 | - | 10,579,056 |
| Capital Projects | - | - | 1,472,329 | - | 7,418,047 | 8,890,376 |
| Improvement Construction | - | 2,010,037 | 296,906 | - | 606,477 | 2,913,420 |
| Improvement Bonds | - | - | 16,364,343 | - | - | 16,364,343 |
| Total Major Funds | 279,591 | 2,010,037 | 20,241,128 | 10,579,056 | 8,024,524 | 41,134,336 |
| Nonmajor Funds | - | - | - | - | - | - |
| Total Deferred Inflows | <u>\$ 279,591</u> | <u>\$2,010,037</u> | <u>\$ 20,241,128</u> | <u>\$10,579,056</u> | <u>\$ 8,024,524</u> | <u>\$ 41,134,336</u> |

14. SUBSEQUENT EVENT

In May of 2018 the City sold two bond issues. The first bond issue was General Obligation Charter Bonds in the amount of \$1,055,000 sold to finance City park improvements. The second bond issue was Taxable General Obligation Housing Improvement bonds in the amount of \$920,000 sold to finance improvements to the Sutton Place II Association. This is a new program of the City to allow associations that do not have sufficient reserves to make needed improvements. Owners of the townhome units are in turn assessed and their assessment payments pay the principal and interest of the bonds.

15. INDIVIDUAL COMPONENT UNIT DISCLOSURES

Discretely Presented Component Units - Notes 1 through 14 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, 2017, the carrying amount of the Port Authority's deposits with financial institutions and the bank balances totaled \$53,516. As of December 31, 2017, 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 as follows:

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

At December 31, 2017, the Port Authority had the following investments and maturities:

| Investment Type | Fair Value | Less than One Year | One Year to Five Years | Five Years to Ten Years |
|---|---------------|-----------------------|---------------------------|----------------------------|
| Money Market | \$ 8,155,044 | \$ 8,155,044 | \$ - | \$ - |
| Commercial Paper | 9,992,600 | 9,992,600 | - | - |
| Treasury Notes | 12,958,490 | 12,958,490 | | |
| Federal Farm Credit Bank | 8,933,734 | 8,933,734 | | - |
| Federal National Mortgage Association Note | 4,977,800 | 4,977,800 | - | - |
| Federal Home Loan Bank | 4,988,300 | 4,988,300 | - | - |
| Federal Agriculture Mortgage Corporation | 4,979,750 | 4,979,750 | - | - |
| Federal Home Loan Mortgage Corporation | 4,421,194 | 4,421,194 | - | - |
| Municipal Bonds | 8,454,167 | 6,756,820 | 1,697,347 | - |
| Total investments | 67,861,079 | \$ 66,163,732 | \$ 1,697,347 | \$ - |
| Total deposits | 53,516 | | | |
| Total investments and deposits | \$ 67,914,595 | | | |

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

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

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, 2017:

| Investments by fair value level | 12/31/17 | Fair Value Measurements Using | | |
|--|----------------------|-------------------------------|---------------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Commercial Paper | \$ 9,992,600 | \$ - | \$ 9,992,600 | \$ - |
| Treasury Notes | 12,958,490 | | 12,958,490 | - |
| Federal Farm Credit Bank | 8,933,734 | - | 8,933,734 | - |
| Federal National Mortgage Association Note | 4,977,800 | - | 4,977,800 | - |
| Federal Home Loan Bank | 4,988,300 | - | 4,988,300 | - |
| Federal Home Loan Mortgage Corporation | 4,421,194 | - | 4,421,194 | - |
| Federal Agriculture Mortgage Corporation | 4,979,750 | - | 4,979,750 | - |
| Municipal Bonds | 8,454,167 | - | 8,454,167 | - |
| Subtotal | 59,706,035 | \$ - | \$ 59,706,035 | \$ - |
| Investments not categorized | | | | |
| External investment pools: | | | | |
| 4M Fund Money Market | 8,155,044 | | | |
| Bank deposits | 53,516 | | | |
| Total | <u>\$ 67,914,595</u> | | | |

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, 2017, 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, 2017 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: Commercial Paper (17%), Treasury Notes (22%), Federal Farm Credit Bank (15%), Federal National Mortgage Association Notes (8%), Federal Home Loan Bank (8%), Federal Agriculture Mortgage Corporation (8%), Federal Home Loan Mortgage Corporation (7%) and Municipals (14%).

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 | Original Issue | Maturities | Rates | Balance 12/31/17 |
|---|-------------------|------------|--------------|---------------------|
| 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 will be used to finance the construction of an approximately 662-space parking ramp to be located in the IndiGO Development. A private party will independently finance an apartment complex that is being built in conjunction with the construction of the parking ramp.

Changes in long-term liabilities during 2017 are summarized as follows:

| | Balance 01/01/17 | Additions | Retirements | Balance 12/31/17 | Due Within One Year |
|--|---------------------|------------------|---------------------|---------------------|------------------------|
| Governmental Activities: G.O. Tax Increment Bonds | \$ 7,150,000 | \$ - | \$ - | \$ 7,150,000 | \$ - |
| Due to Primary Government - Loan from City | 2,672,302 | 33,903 | (638,101) | 2,068,104 | 693,549 |
| Total | <u>\$ 9,822,302</u> | <u>\$ 33,903</u> | <u>\$ (638,101)</u> | <u>\$ 9,218,104</u> | <u>\$ 693,549</u> |

Long-term debt maturities (including interest of \$2,390,803) are as follows:

| Year Ending December 31 | Governmental Activities | | |
|----------------------------|-------------------------|---------------------|---------------------|
| | Principal | Interest | Total |
| 2018 | \$ - | \$ 218,245 | \$ 218,245 |
| 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 |
| 2023-2027 | 1,910,000 | 807,940 | 2,717,940 |
| 2028-2032 | 2,175,000 | 471,150 | 2,646,150 |
| 2033-2035 | 1,500,000 | 82,440 | 1,582,440 |
| Total | <u>\$ 7,150,000</u> | <u>\$ 2,390,803</u> | <u>\$ 9,540,803</u> |

Due from City

At December 31, 2017, other payments due to the Port Authority were \$60,826.

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

Due to City

At December 31, 2017, the Port Authority owed the City \$41,162 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 \$2,068,104, 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 2018 is \$693,549.

Payments to City

During 2017 the Port contributed \$630,281 to the City for the Lindau Lane and Old Cedar Avenue Bridge projects.

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, 2017, including interest, was \$1,525,036.

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 \$400,000. At December 31, 2017, the total amount outstanding on the contract, including interest, was \$9,412,512.

Prior Period Adjustment

In 2017 better clarification of terms were determined between the City and Port regarding the Bloomington Central Station's advance loan payments which resulted in a \$273,507 decrease of the 2016 fund balance. In 2016 accounts payable and professional services were overstated.

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

Governmental Classifications

At December 31, 2017, a summary of the governmental fund balance classifications is as follows:

| | General Fund | Debt Service | Capital Projects | Total Governmental Funds |
|------------------------|------------------|-------------------|----------------------|--------------------------------|
| Restricted for: | | | | |
| Debt service | \$ - | \$ 277,294 | \$ - | \$ 277,294 |
| Tax increment purposes | - | - | 66,806,648 | 66,806,648 |
| Committed – | | | | |
| Capital purposes | - | - | 153,590 | 153,590 |
| Unassigned | 40,337 | - | - | 40,337 |
| Total fund balances | <u>\$ 40,337</u> | <u>\$ 277,294</u> | <u>\$ 66,960,238</u> | <u>\$67,277,869</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, 2017, 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, 2017 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 | \$ 168,624 | \$ 97,924 |

Investment balances at December 31, 2017 were:

| <u>Investment</u> | <u>Maturities</u> | <u>Fair Value</u> | <u>Percentage of Total</u> |
|---|-------------------|---------------------|--------------------------------|
| 4M Money market | 01/01/18 | \$ 7,446,422 | 100% |
| Total investments | | 7,446,422 | <u>100.0%</u> |
| Total deposits | | <u>97,924</u> | |
| Net cash, cash equivalents, and investments | | <u>\$ 7,544,346</u> | |

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

Capital Assets and Land Held for Resale

Changes in general capital assets during 2017 are summarized as follows:

| | Balance 01/01/17 | Additions | Retirements | Balance 12/31/17 |
|--|---------------------|--------------------|-------------|---------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated - | | | | |
| Land | \$ 130,300 | \$ - | \$ - | \$ 130,300 |
| Capital assets being depreciated - | | | | |
| Machinery and equipment | 30,764 | - | - | 30,764 |
| Less accumulated depreciation for - | | | | |
| Machinery and equipment | (30,764) | - | - | (30,764) |
| Total capital assets being depreciated, net | - | - | - | 0 |
| 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 | (2,083,608) | (98,170) | - | (2,181,778) |
| Total capital assets being depreciated, net | <u>1,202,009</u> | <u>(98,170)</u> | <u>-</u> | <u>1,103,839</u> |
| Business-type activities capital assets, net | <u>\$2,672,009</u> | <u>\$ (98,170)</u> | <u>\$ -</u> | <u>\$ 2,573,839</u> |

Land held for resale activity for the year ended December 31, 2017, was as follows:

| | Balance 01/01/17 | Additions | Retirements | Balance 12/31/17 |
|----------------------------------|---------------------|-------------------|---------------------|---------------------|
| Land Held for Resale (Inventory) | <u>\$ 4,289,149</u> | <u>\$ 168,431</u> | <u>\$ (136,259)</u> | <u>\$ 4,321,321</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 12/31/17</u> |
|---------------------------------|---------------------------|-------------------|--------------|-----------------------------|
| Governmental activities - | | | | |
| Due to primary government: | | | | |
| 2011B Crossover Refunding Bonds | \$ 3,095,000 | 2017-2032 | 3.00-4.35 | \$ 2,590,000 |
| 2016A GO Tax Increment Bonds | <u>2,045,000</u> | 2017-2022 | .80-1.60 | <u>2,045,000</u> |
| Total | <u>\$ 5,140,000</u> | | | <u>\$ 4,635,000</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 2017 are summarized as follows:

| | <u>Balance 01/01/17</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance 12/31/17</u> | <u>Due Within One Year</u> |
|----------------------------|-----------------------------|------------------|---------------------|-----------------------------|--------------------------------|
| Governmental Activities: | | | | | |
| Due to Primary Government- | | | | | |
| Bonds Payable | \$4,770,000 | \$ - | \$ (135,000) | \$ 4,635,000 | \$ 530,000 |
| Unamortized Bond Premium | 32,074 | - | (2,127) | 29,947 | - |
| Business-type Activities - | | | | | |
| Enterprise Fund Loan | | | | | |
| Agreements | 1,574,720 | - | - | 1,574,720 | - |
| Total | <u>\$ 6,376,794</u> | <u>\$ -</u> | <u>\$ (137,127)</u> | <u>\$ 6,239,667</u> | <u>\$ 530,000</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 December 31 | Governmental Activities | | Business-type Activities | | Total |
|-----------------------------|-------------------------|-------------------|--------------------------|-------------|---------------------|
| | Principal | Interest | Principal | Interest | |
| 2018 | \$ 530,000 | \$ 119,629 | \$ - | \$ - | \$ 649,629 |
| 2019 | 545,000 | 111,859 | - | - | 656,859 |
| 2020 | 540,000 | 103,119 | - | - | 643,119 |
| 2021 | 560,000 | 93,465 | - | - | 653,465 |
| 2022 | 570,000 | 82,588 | - | - | 652,588 |
| 2023-2027 | 860,000 | 306,428 | 1,324,720 | - | 2,491,148 |
| 2028-2032 | 1,030,000 | 108,648 | 250,000 | - | 1,388,648 |
| Total | <u>\$ 4,635,000</u> | <u>\$ 925,734</u> | <u>\$ 1,574,720</u> | <u>\$ -</u> | <u>\$ 7,135,454</u> |

Fund Balance Classifications

At December 31, 2017 a summary of the governmental fund balance classifications is as follows:

| | General Fund | Housing Develop | Section 8 Vouchers | Housing Rehab | TIF Special Revenue | Capital Projects | Totals |
|------------------------|-------------------|---------------------|-----------------------|---------------------|---------------------------|---------------------|---------------------|
| Nonspendable: | | | | | | | |
| Long term receivables | \$ - | \$ 409,453 | \$ - | \$ - | \$ - | \$ - | \$ 409,453 |
| Prepaid items | - | - | - | - | - | - | - |
| Restricted for: | | | | | | | |
| Tax increment purposes | - | - | - | - | 1,742,504 | - | 1,742,504 |
| HUD rehab loans | - | - | - | 48,070 | - | - | 48,070 |
| HUD section 8 vouchers | - | - | 5,765 | - | - | - | 5,765 |
| Committed to: | | | | | | | |
| Development activities | - | 6,236,702 | - | - | - | - | 6,236,702 |
| Rehabilitation loans | - | - | - | 1,064,990 | - | - | 1,064,990 |
| Assigned | - | - | 91,970 | - | - | 87 | 92,057 |
| Unassigned | 546,440 | - | - | - | (2,924,828) | - | (2,378,388) |
| Total fund balances | <u>\$ 546,440</u> | <u>\$ 6,646,155</u> | <u>\$ 97,735</u> | <u>\$ 1,113,060</u> | <u>\$ (1,182,324)</u> | <u>\$ 87</u> | <u>\$ 7,221,153</u> |

Due to the City

At December 31, 2017, the HRA owed the City \$138,993 for services and facilities provided to the HRA and \$530,000 for the current portion and \$4,186,295 for the long-term portion of the debt obligation.

Due to HRA

At December 31, 2017, the City owed a total of \$57,415 to the HRA for HRA rehabilitation loan program activities.

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, 2017, there is one series of Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$1.6 million.

The following table shows the balance of the conduit debt obligations as of December 31, 2017:

| | Original Balance | Beginning Balance 01/01/17 | Additions | Less Payments/ Refinance | Ending Balance 12/31/17 |
|---------------|---------------------|----------------------------------|-----------|--------------------------------|-------------------------------|
| Masonic Homes | \$ 4,000,000 | \$ 1,800,000 | \$ - | \$ (200,000) | \$ 1,600,000 |

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 of Bloomington. 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 \$6,200,109 as of December 31, 2017. 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 \$389,737 as of December 31, 2017. 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 \$820,208 as of December 31, 2017. 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 \$353,542 as of December 31, 2017. 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 2017, the mortgage note and interest totaling \$735,327 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, 2017:

| | Balance 01/01/17 | Additions | Interest | Payoffs | Balance 12/31/17 |
|---------------------------------|---------------------|--------------------|-------------------|---------------------|---------------------|
| Neighborhood Loans | \$ 5,081,654 | \$1,361,973 | \$ 83,117 | \$ (326,635) | \$ 6,200,109 |
| Foreclosure Loans | 400,798 | - | 15,554 | (26,615) | 389,737 |
| CEP II Loans | 851,671 | - | 30,051 | (61,514) | 820,208 |
| CALP Loans | 134,583 | 218,959 | - | - | 353,542 |
| Essex Knoll | 320,000 | - | - | - | 320,000 |
| Bloomington Family Townhomes | 723,147 | - | 12,180 | - | 735,327 |
| Bloomington Southview LP | 150,000 | - | - | - | 150,000 |
| Bloomington Southview LP | 251,896 | - | 7,557 | - | 259,453 |
| Blooming Glen | 255,758 | - | 6,000 | - | 261,758 |
| Blooming Glen | 290,000 | - | - | - | 290,000 |
| Crossings at Valley View | 600,000 | - | - | - | 600,000 |
| VEPP | 1 | - | - | - | 1 |
| Total | <u>\$ 9,059,508</u> | <u>\$1,580,932</u> | <u>\$ 154,459</u> | <u>\$ (414,764)</u> | <u>\$10,380,135</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 \$19,132. At December 31, 2017, 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, 2017 this development is still in the planning stages.

REQUIRED SUPPLEMENTARY INFORMATION



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, 2017

| | Budget | | Actual | Variance With Final Budget |
|--|----------------------|----------------------|----------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 44,163,076 | \$ 44,163,076 | \$ 43,645,095 | \$ (517,981) |
| Fiscal disparities | 3,000,000 | 3,000,000 | 3,119,896 | 119,896 |
| Special assessments | - | - | 39,860 | 39,860 |
| Lodging and admissions tax | 8,654,583 | 8,654,583 | 9,393,619 | 739,036 |
| Business licenses | 5,227,430 | 5,227,430 | 5,191,270 | (36,160) |
| Fines and forfeitures | 850,000 | 850,000 | 885,524 | 35,524 |
| Intergovernmental | 2,321,560 | 2,531,102 | 2,655,199 | 124,097 |
| Program income | 2,140,729 | 2,146,951 | 2,008,249 | (138,702) |
| Interest | 80,767 | 80,767 | 168,981 | 88,214 |
| Net change in fair value of investments | - | - | 82,786 | 82,786 |
| Other | 936,029 | 954,899 | 1,222,935 | 268,036 |
| Total revenues | <u>67,374,174</u> | <u>67,608,808</u> | <u>68,413,414</u> | <u>804,606</u> |
| EXPENDITURES | | | | |
| General Government | 574,747 | 569,747 | 539,230 | 30,517 |
| City Manager | 692,255 | 722,255 | 636,328 | 85,927 |
| Legal | 1,511,748 | 1,629,680 | 1,428,388 | 201,292 |
| Human Resources | 801,717 | 811,193 | 646,142 | 165,051 |
| Finance | 1,125,651 | 1,150,539 | 1,032,970 | 117,569 |
| Public Safety | 29,662,258 | 29,653,571 | 29,546,240 | 107,331 |
| Community Development | 7,077,741 | 7,065,373 | 6,840,119 | 225,254 |
| Community Services | 14,156,304 | 14,293,982 | 13,607,957 | 686,025 |
| Public Works | 12,613,440 | 12,012,544 | 11,427,239 | 585,305 |
| Technical Services | 2,995,598 | 2,995,598 | 2,932,493 | 63,105 |
| Contingency/estimated unspent | (487,269) | (487,269) | - | (487,269) |
| Total expenditures | <u>70,724,190</u> | <u>70,417,213</u> | <u>68,637,106</u> | <u>1,780,107</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,350,016) | (2,808,405) | (223,692) | 2,584,713 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from other funds | 3,622,016 | 3,622,016 | 3,917,820 | 295,804 |
| Transfers to other funds | (272,000) | (1,647,000) | (1,561,000) | 86,000 |
| Total other financing sources | <u>3,350,016</u> | <u>1,975,016</u> | <u>2,356,820</u> | <u>381,804</u> |
| Net change in fund balance | - | (833,389) | 2,133,128 | 2,966,517 |
| Fund balance - January 1 | <u>28,809,712</u> | <u>28,809,712</u> | <u>28,809,712</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 28,809,712</u> | <u>\$ 27,976,323</u> | <u>\$ 30,942,840</u> | <u>\$ 2,966,517</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, 2017

| | Budget | | Actual | Variance With Final Budget |
|--|--------------------|--------------------|--------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,326,825 | \$ 1,305,267 | \$ 1,003,859 | \$ (301,408) |
| Interest | - | - | 852 | 852 |
| Net change in fair value of investments | - | - | (852) | (852) |
| Total revenues | <u>1,326,825</u> | <u>1,305,267</u> | <u>1,003,859</u> | <u>(301,408)</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Development services | <u>1,296,825</u> | <u>1,275,267</u> | <u>974,727</u> | <u>300,540</u> |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | <u>1,296,825</u> | <u>1,275,267</u> | <u>974,727</u> | <u>300,540</u> |
| Excess (deficiency) of revenues over (under) expenditures | 30,000 | 30,000 | 29,132 | (868) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers to other funds | <u>(30,000)</u> | <u>(30,000)</u> | <u>(29,132)</u> | <u>868</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> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress - Other Post Employment Benefit Plan
Year Ended December 31, 2017

EXHIBIT A-3

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL)* (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|-------------------------------------|---|---|--------------------------|---------------------------|---|
| Jan. 1, 2012 | \$ - | \$ 13,849,388 | \$ 13,849,388 | 0.0% | \$ 36,760,000 | 37.7% |
| Jan. 1, 2013 | - | 11,193,424 | 11,193,424 | 0.0% | 37,374,000 | 29.9% |
| Jan. 1, 2014 | - | 11,976,962 | 11,976,962 | 0.0% | 38,776,000 | 30.9% |
| Jan. 1, 2015 | - | 9,744,125 | 9,744,125 | 0.0% | 39,887,000 | 24.4% |
| Jan. 1, 2016 | - | 10,489,142 | 10,489,142 | 0.0% | 41,383,000 | 25.3% |
| Jan. 1, 2017 | - | 12,112,798 | 12,112,798 | 0.0% | 43,884,410 | 27.6% |

Using the entry age normal actuarial pay cost method.

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Proportionate Share of Net Pension Liability -
General Employees Retirement Fund
Year Ended December 31, 2017

EXHIBIT A-4

| Measurement Date | Fiscal Year Ending | Proportion (Percentage) of the Net Pension Liability | Proportionate Share (Amount) of the Net Pension Liability (a) | City's Proportionate Share of the State of Minnesota's Proportionate Share of the Net Pension Liability | Covered Payroll (b) | Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a/b) | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------------------|--------------------|--|---|---|---------------------|--|--|
| 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 | \$ - | \$32,489,268 | 130.9% | 68.9% |
| Jun. 30, 2017 | Dec. 31, 2017 | 0.5297% | \$33,815,698 | \$ - | \$34,040,335 | 99.3% | 75.9% |

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, 2017

EXHIBIT A-5

| <u>Fiscal Year Ending</u> | <u>Statutorily Required Contribution (a)</u> | <u>Contributions in Relation to the Statutorily Required Contribution (b)</u> | <u>Contribution Deficiency (Excess) (a-b)</u> | <u>Covered Payroll (c)</u> | <u>Contributions as a Percentage of Covered-Employee Payroll (b/c)</u> |
|-------------------------------|--|---|---|------------------------------------|--|
| 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% |

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, 2017

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-Employee 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 | \$13,156,231 | 131.0% | 85.4% |

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, 2017

EXHIBIT A-7

| <u>Fiscal Year Ending</u> | <u>Statutorily Required Contribution (a)</u> | <u>Contributions in Relation to the Statutorily Required Contribution (b)</u> | <u>Contribution Deficiency (Excess) (a-b)</u> | <u>Covered- Payroll (c)</u> | <u>Contributions as a Percentage of Covered-Employee Payroll (b/c)</u> |
|-------------------------------|--|---|---|-------------------------------------|--|
| 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% |

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, 2017

EXHIBIT A-8

| Fiscal Year Ending Measurement Date | 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 | \$3,482,212 | \$2,955,252 | \$3,141,630 | \$3,047,649 |
| Interest cost | 8,421,504 | 7,998,295 | 8,072,050 | 7,443,533 |
| Change of benefit terms - effect of economic/demographic gains or losses | (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 | (5,476,046) | - | (4,883,583) | (4,566,912) |
| Net change in total pension liability | <u>6,274,979</u> | <u>6,737,942</u> | <u>(962,371)</u> | <u>4,356,837</u> |
| Total pension liability - beginning | <u>139,574,319</u> | <u>132,836,377</u> | <u>133,798,748</u> | <u>129,441,911</u> |
| Total pension liability - ending (a) | <u><u>\$145,849,298</u></u> | <u><u>\$139,574,319</u></u> | <u><u>\$132,836,377</u></u> | <u><u>\$133,798,748</u></u> |
| Plan fiduciary net position: | | | | |
| Contributions - employer | \$1,057,759 | \$905,855 | \$1,175,095 | \$2,548,091 |
| Contributions - State of Minnesota | 576,114 | 563,627 | 540,186 | 622,164 |
| Net investment income | 24,503,859 | 11,133,373 | (1,023,994) | 9,982,524 |
| Benefit payments, including refunds of employee contributions | (5,476,046) | (5,046,951) | (4,883,583) | (4,566,912) |
| Administrative expense | (94,692) | (109,128) | (93,226) | (83,410) |
| Net change in plan fiduciary net position | <u>20,566,994</u> | <u>7,446,776</u> | <u>(4,285,522)</u> | <u>8,502,457</u> |
| Plan fiduciary net position - beginning | <u>155,275,402</u> | <u>147,828,626</u> | <u>152,114,148</u> | <u>143,611,691</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$175,842,396</u></u> | <u><u>\$155,275,402</u></u> | <u><u>\$147,828,626</u></u> | <u><u>\$152,114,148</u></u> |
| Net pension liability / (asset) - ending (a) - (b) | <u><u>(\$29,993,098)</u></u> | <u><u>(\$15,701,083)</u></u> | <u><u>(\$14,992,249)</u></u> | <u><u>(\$18,315,400)</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 120.56% | 111.25% | 111.29% | 113.69% |
| Covered-employee payroll* | \$10,513,294 | \$11,003,580 | \$10,773,375 | \$10,110,384 |
| Net pension liability (asset) as a percentage of covered employee payroll | -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, 2017

EXHIBIT A-9

| 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-Employee Payroll* (b/c) |
|-----------------------|--|--|---|---------------------------|--|
| Dec. 31, 2015 | \$1,715,281 | \$1,715,281 | \$ - | \$10,773,375 | 15.9% |
| Dec. 31, 2016 | \$1,469,482 | \$1,469,482 | \$ - | \$11,003,580 | 13.4% |
| Dec. 31, 2017 | \$1,633,873 | \$1,633,873 | \$ - | \$10,513,294 | 15.5% |

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, 2017**

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, 2017.

2. PENSION INFORMATION

A. PERA – GENERAL EMPLOYEES RETIREMENT FUND

2017 CHANGES

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% 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

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% for vested and nonvested deferred members. The CSA has been changed to 33% 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% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064, and 2.50% thereafter.
- 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.

SUPPLEMENTARY INFORMATION



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.

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.

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.

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, 2017

| | Special Revenue | | | | | |
|--|-------------------|---------------------|-------------------|-------------------|------------------------|-----------------------------|
| | Public Health | Public Safety | Communications | Parks Grants | Community Landscape | South Loop Revolving Dev |
| ASSETS | | | | | | |
| Cash, cash equivalents and investments | \$ 12,489 | \$ 3,384,027 | \$ 430,616 | \$ 280,141 | \$ 1,703 | \$ 2,202 |
| Accrued interest receivable | (251) | 11,522 | 1,485 | 901 | - | 9 |
| Taxes receivable | - | 630 | - | - | - | - |
| Accounts receivable | 15,410 | 10,750 | 376,239 | - | - | 49,783 |
| Due from other governments | 208,132 | 36,639 | - | - | - | - |
| Total assets | <u>\$ 235,780</u> | <u>\$ 3,443,568</u> | <u>\$ 808,340</u> | <u>\$ 281,042</u> | <u>\$ 1,703</u> | <u>\$ 51,994</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 43,340 | \$ 5,641 | \$ 98,916 | \$ - | \$ - | \$ 7,700 |
| Due to other funds | 57,000 | 13,000 | - | - | - | - |
| Unearned revenue | - | 22,973 | - | 258,379 | - | - |
| Deposits payable | - | - | - | - | - | - |
| Total liabilities | <u>100,340</u> | <u>41,614</u> | <u>98,916</u> | <u>258,379</u> | <u>-</u> | <u>7,700</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Total deferred inflows of resources | - | - | - | - | - | - |
| FUND BALANCES | | | | | | |
| Restricted | 135,440 | 1,203,299 | 16,180 | 22,663 | - | - |
| Committed | - | 2,198,655 | 693,244 | - | 1,703 | 44,294 |
| Assigned | - | - | - | - | - | - |
| Total fund balances | <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> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 235,780</u> | <u>\$ 3,443,568</u> | <u>\$ 808,340</u> | <u>\$ 281,042</u> | <u>\$ 1,703</u> | <u>\$ 51,994</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 | | |
| \$ 128,598 | \$ 656,394 | \$ 4,896,170 | \$ 9,596 | \$ 768,401 | \$ 777,997 | \$ 1,134,816 | \$ 6,808,983 |
| 495 | 2,108 | 16,269 | 30 | 2,436 | 2,466 | 3,633 | 22,368 |
| - | - | 630 | - | 721 | 721 | - | 1,351 |
| - | - | 452,182 | - | - | - | - | 452,182 |
| - | - | 244,771 | - | - | - | - | 244,771 |
| <u>\$ 129,093</u> | <u>\$ 658,502</u> | <u>\$ 5,610,022</u> | <u>\$ 9,626</u> | <u>\$ 771,558</u> | <u>\$ 781,184</u> | <u>\$ 1,138,449</u> | <u>\$ 7,529,655</u> |
| \$ 10,846 | \$ - | \$ 166,443 | \$ 400 | \$ 400 | \$ 800 | \$ 3,357 | \$ 170,600 |
| - | - | 70,000 | - | - | - | - | 70,000 |
| - | - | 281,352 | - | - | - | - | 281,352 |
| - | - | - | - | - | - | 519,383 | 519,383 |
| <u>10,846</u> | <u>-</u> | <u>517,795</u> | <u>400</u> | <u>400</u> | <u>800</u> | <u>522,740</u> | <u>1,041,335</u> |
| - | - | - | - | - | - | - | - |
| - | 658,502 | 2,036,084 | 9,226 | 771,158 | 780,384 | - | 2,816,468 |
| - | - | 2,937,896 | - | - | - | - | 2,937,896 |
| 118,247 | - | 118,247 | - | - | - | 615,709 | 733,956 |
| <u>118,247</u> | <u>658,502</u> | <u>5,092,227</u> | <u>9,226</u> | <u>771,158</u> | <u>780,384</u> | <u>615,709</u> | <u>6,488,320</u> |
| <u>\$ 129,093</u> | <u>\$ 658,502</u> | <u>\$ 5,610,022</u> | <u>\$ 9,626</u> | <u>771,558</u> | <u>\$ 781,184</u> | <u>\$ 1,138,449</u> | <u>\$ 7,529,655</u> |

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended December 31, 2017

| | Special Revenue | | | | | |
|--|-------------------|---------------------|-------------------|------------------|------------------------|-----------------------------|
| | Public Health | Public Safety | Communications | Parks Grants | Community Landscape | South Loop Revolving Dev |
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ 694,952 | \$ - | \$ - | \$ - | \$ - |
| Fiscal disparities | - | 47,258 | - | - | - | - |
| Fines and forfeitures | - | 357,930 | - | - | - | - |
| Intergovernmental | 1,084,099 | 898,292 | - | 46,911 | - | - |
| Program income | 66,759 | - | 1,430 | - | - | 131,398 |
| Interest | (859) | 26,199 | 3,596 | 2,253 | - | 250 |
| Net change in fair value of investments | 624 | (1,044) | 3,171 | 833 | - | 517 |
| Other | 1,142 | 7,057 | 86,335 | - | - | 12,085 |
| Franchise fees | - | - | 1,496,364 | - | - | - |
| Total revenues | <u>1,151,765</u> | <u>2,030,644</u> | <u>1,590,896</u> | <u>49,997</u> | <u>-</u> | <u>144,250</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General services | - | - | - | - | - | - |
| Development services | - | - | - | - | - | 141,343 |
| Public safety | - | 1,950,434 | - | - | - | - |
| Community services | 1,167,809 | - | 1,514,666 | 46,911 | - | - |
| Debt service: | | | | | | |
| Interest | - | - | - | - | - | - |
| Principal retirement | - | - | - | - | - | - |
| Capital outlay: | | | | | | |
| Public safety | - | 125,739 | - | - | - | - |
| Community services | - | - | 313,173 | - | - | - |
| Total expenditures | <u>1,167,809</u> | <u>2,076,173</u> | <u>1,827,839</u> | <u>46,911</u> | <u>-</u> | <u>141,343</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(16,044)</u> | <u>(45,529)</u> | <u>(236,943)</u> | <u>3,086</u> | <u>-</u> | <u>2,907</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers from other funds | - | 1,237,759 | 185,124 | - | - | - |
| Transfers to other funds | - | (174,488) | - | - | - | - |
| Issuance of debt | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>1,063,271</u> | <u>185,124</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (16,044) | 1,017,742 | (51,819) | 3,086 | - | 2,907 |
| Fund balance - January 1 | <u>151,484</u> | <u>2,384,212</u> | <u>761,243</u> | <u>19,577</u> | <u>1,703</u> | <u>41,387</u> |
| Fund balance - December 31 | <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> |

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 | | |
| \$ - | \$ - | \$ 694,952 | \$ - | \$ 618,123 | \$ 618,123 | \$ - | \$ 1,313,075 |
| - | - | 47,258 | - | 43,307 | 43,307 | - | 90,565 |
| - | - | 357,930 | - | - | - | - | 357,930 |
| - | - | 2,029,302 | - | - | - | - | 2,029,302 |
| - | 177,675 | 377,262 | - | - | - | - | 377,262 |
| 3,064 | 5,423 | 39,926 | 27 | (703) | (676) | 3,732 | 42,982 |
| 1,519 | 1,548 | 7,168 | 210 | 18,723 | 18,933 | 2,743 | 28,844 |
| 1,979 | - | 108,598 | 251,615 | - | 251,615 | - | 360,213 |
| - | - | 1,496,364 | - | - | - | - | 1,496,364 |
| 6,562 | 184,646 | 5,158,760 | 251,852 | 679,450 | 931,302 | 6,475 | 6,096,537 |
| - | 146,607 | 146,607 | 400 | 26,135 | 26,535 | - | 173,142 |
| 532,752 | - | 674,095 | - | - | - | - | 674,095 |
| - | - | 1,950,434 | - | - | - | - | 1,950,434 |
| - | - | 2,729,386 | - | - | - | - | 2,729,386 |
| - | - | - | 116,415 | 91,381 | 207,796 | - | 207,796 |
| - | - | - | 135,000 | 2,485,000 | 2,620,000 | - | 2,620,000 |
| - | - | 125,739 | - | - | - | - | 125,739 |
| - | - | 313,173 | - | - | - | - | 313,173 |
| 532,752 | 146,607 | 5,939,434 | 251,815 | 2,602,516 | 2,854,331 | - | 8,793,765 |
| (526,190) | 38,039 | (780,674) | 37 | (1,923,066) | (1,923,029) | 6,475 | (2,697,228) |
| 400,000 | - | 1,822,883 | - | - | - | - | 1,822,883 |
| - | - | (174,488) | - | - | - | - | (174,488) |
| - | - | - | - | 27,647 | 27,647 | - | 27,647 |
| 400,000 | - | 1,648,395 | - | 27,647 | 27,647 | - | 1,676,042 |
| (126,190) | 38,039 | 867,721 | 37 | (1,895,419) | (1,895,382) | 6,475 | (1,021,186) |
| 244,437 | 620,463 | 4,224,506 | 9,189 | 2,666,577 | 2,675,766 | 609,234 | 7,509,506 |
| \$ 118,247 | \$ 658,502 | \$ 5,092,227 | \$ 9,226 | \$ 771,158 | \$ 780,384 | \$ 615,709 | \$ 6,488,320 |

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, 2017

| | Budget | | Actual | Variance With Final Budget |
|---|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 1,027,005 | \$ 1,226,353 | \$ 1,084,099 | \$ (142,254) |
| Program income | 38,385 | 40,790 | 66,759 | 25,969 |
| Interest | - | - | (859) | (859) |
| Net change in fair value of investments | - | - | 624 | 624 |
| Other | - | - | 1,142 | 1,142 |
| Total revenues | <u>1,065,390</u> | <u>1,267,143</u> | <u>1,151,765</u> | <u>(115,378)</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Community services | <u>1,090,500</u> | <u>1,292,153</u> | <u>1,167,809</u> | <u>124,344</u> |
| Total expenditures | <u>1,090,500</u> | <u>1,292,153</u> | <u>1,167,809</u> | <u>124,344</u> |
| Net change in fund balance | (25,110) | (25,010) | (16,044) | 8,966 |
| Fund balance - January 1 | <u>151,484</u> | <u>151,484</u> | <u>151,484</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 126,374</u> | <u>\$ 126,474</u> | <u>\$ 135,440</u> | <u>\$ 8,966</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, 2017

| | Budget | | Actual | Variance With Final Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 750,000 | \$ 75,000 | \$ 694,952 | \$ 619,952 |
| Fiscal disparities | - | - | 47,258 | 47,258 |
| Fines and forfeitures | 150,000 | 150,000 | 357,930 | 207,930 |
| Intergovernmental | 623,821 | 791,808 | 898,292 | 106,484 |
| Interest | 17,517 | 17,517 | 26,199 | 8,682 |
| Net change in fair value of investments | - | - | (1,044) | (1,044) |
| Other | 214 | 4,512 | 7,057 | 2,545 |
| Total revenues | <u>1,541,552</u> | <u>1,038,837</u> | <u>2,030,644</u> | <u>991,807</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Public safety | 1,828,957 | 1,979,008 | 1,950,434 | 28,574 |
| Capital outlay - | | | | |
| Public safety | <u>206,000</u> | <u>187,502</u> | <u>125,739</u> | <u>61,763</u> |
| Total expenditures | <u>2,034,957</u> | <u>2,166,510</u> | <u>2,076,173</u> | <u>90,337</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(493,405)</u> | <u>(1,127,673)</u> | <u>(45,529)</u> | <u>1,082,144</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers from other funds | 1,274,000 | 1,274,000 | 1,237,759 | (36,241) |
| Transfers to other funds | <u>(124,482)</u> | <u>(174,482)</u> | <u>(174,488)</u> | <u>6</u> |
| Total other financing sources (uses) | <u>1,149,518</u> | <u>1,099,518</u> | <u>1,063,271</u> | <u>(36,247)</u> |
| Net change in fund balance | 656,113 | (28,155) | 1,017,742 | 1,045,897 |
| Fund balance - January 1 | <u>2,384,212</u> | <u>2,384,212</u> | <u>2,384,212</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 3,040,325</u> | <u>\$ 2,356,057</u> | <u>\$ 3,401,954</u> | <u>\$ 1,045,897</u> |

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, 2017

| | Budget | | Actual | Variance With Final Budget |
|--|-------------------|-------------------|-------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Program income | \$ 2,500 | \$ 2,500 | \$ 1,430 | \$ (1,070) |
| Interest | 5,000 | 5,000 | 3,596 | (1,404) |
| Net change in fair value of investments | - | - | 3,171 | 3,171 |
| Other | 98,224 | 98,224 | 86,335 | (11,889) |
| Franchise fees | 1,536,000 | 1,536,000 | 1,496,364 | (39,636) |
| Total revenues | <u>1,641,724</u> | <u>1,641,724</u> | <u>1,590,896</u> | <u>(50,828)</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Community services | 1,477,080 | 1,496,650 | 1,514,666 | (18,016) |
| Capital outlay - | | | | |
| Community services | 371,219 | 361,659 | 313,173 | 48,486 |
| Total expenditures | <u>1,848,299</u> | <u>1,858,309</u> | <u>1,827,839</u> | <u>30,470</u> |
| Excess (deficiency) of revenues over (under) expenditures | (206,575) | (216,585) | (236,943) | (20,358) |
| OTHER FINANCING SOURCES | | | | |
| Transfers from other funds | <u>185,120</u> | <u>185,120</u> | <u>185,124</u> | <u>4</u> |
| Net change in fund balance | (21,455) | (31,465) | (51,819) | (20,354) |
| Fund balance - January 1 | <u>761,243</u> | <u>761,243</u> | <u>761,243</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 739,788</u> | <u>\$ 729,778</u> | <u>\$ 709,424</u> | <u>\$ (20,354)</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, 2017

| | Budget | | Actual | Variance With Final Budget |
|---|--------------------|--------------------|------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 60,000 | \$ 40,190 | \$ 46,911 | \$ 6,721 |
| Interest | - | - | 2,253 | 2,253 |
| Net change in fair value of investments | - | - | 833 | 833 |
| Other | 3,000 | 3,000 | - | (3,000) |
| Total revenues | <u>63,000</u> | <u>43,190</u> | <u>49,997</u> | <u>6,807</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Community services | 165,000 | 121,679 | 46,911 | 74,768 |
| Total expenditures | <u>165,000</u> | <u>121,679</u> | <u>46,911</u> | <u>74,768</u> |
| Net change in fund balance | (102,000) | (78,489) | 3,086 | 81,575 |
| Fund balance - January 1 | <u>19,577</u> | <u>19,577</u> | <u>19,577</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ (82,423)</u> | <u>\$ (58,912)</u> | <u>\$ 22,663</u> | <u>\$ 81,575</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, 2017

| | Budget | | Actual | Variance With Final Budget |
|---|------------------|------------------|------------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Program income | \$ 250,000 | \$ 250,000 | \$ 131,398 | \$ (118,602) |
| Interest | 200 | 200 | 250 | 50 |
| Net change in fair value of investments | - | - | 517 | 517 |
| Other | - | - | 12,085 | 12,085 |
| Total revenues | <u>250,200</u> | <u>250,200</u> | <u>144,250</u> | <u>(105,950)</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Development services | <u>197,000</u> | <u>197,000</u> | <u>141,343</u> | <u>55,657</u> |
| Total expenditures | <u>197,000</u> | <u>197,000</u> | <u>141,343</u> | <u>55,657</u> |
| Net change in fund balance | 53,200 | 53,200 | 2,907 | (50,293) |
| Fund balance - January 1 | <u>41,387</u> | <u>41,387</u> | <u>41,387</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 94,587</u> | <u>\$ 94,587</u> | <u>\$ 44,294</u> | <u>\$ (50,293)</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, 2017

| | Budget | | Actual | Variance With Final Budget |
|--|------------|------------|------------|----------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$ - | \$ - | \$ 3,064 | \$ 3,064 |
| Net change in fair value of investments | - | - | 1,519 | 1,519 |
| Other | - | 1,000 | 1,979 | 979 |
| Total revenues | - | 1,000 | 6,562 | 5,562 |
| EXPENDITURES | | | | |
| Current - | | | | |
| Development services | \$ 250,000 | \$ 539,646 | \$ 532,752 | \$ 6,894 |
| Capital outlay - | | | | |
| Development services | 150,000 | - | - | - |
| Total expenditures | 400,000 | 539,646 | 532,752 | 6,894 |
| Excess (deficiency) of revenues over (under) expenditures | (400,000) | (538,646) | (526,190) | 12,456 |
| OTHER FINANCING SOURCES | | | | |
| Transfers from other funds | 400,000 | 400,000 | 400,000 | - |
| Net change in fund balance | - | (138,646) | (126,190) | 12,456 |
| Fund balance - January 1 | 244,437 | 244,437 | 244,437 | - |
| Fund balance - December 31 | \$ 244,437 | \$ 105,791 | \$ 118,247 | \$ 12,456 |

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, 2017

| | <u>Budget</u> | | | Variance With Final Budget |
|---|--------------------------|--------------------------|--------------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Program income | \$ 171,395 | \$ 171,395 | \$ 177,675 | \$ 6,280 |
| Interest | 4,987 | 4,987 | 5,423 | 436 |
| Net change in fair value of investments | - | - | 1,548 | 1,548 |
| Total revenues | <u>176,382</u> | <u>176,382</u> | <u>184,646</u> | <u>8,264</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| General services | 150,221 | 150,221 | 146,607 | 3,614 |
| Capital outlay - | | | | |
| General services | 160,000 | - | - | - |
| Total expenditures | <u>310,221</u> | <u>150,221</u> | <u>146,607</u> | <u>3,614</u> |
| Net change in fund balance | (133,839) | 26,161 | 38,039 | 11,878 |
| Fund balance - January 1 | <u>620,463</u> | <u>620,463</u> | <u>620,463</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 486,624</u></u> | <u><u>\$ 646,624</u></u> | <u><u>\$ 658,502</u></u> | <u><u>\$ 11,878</u></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, 2017

EXHIBIT D-1

| | Solid Waste Management | Contractual Police | Motor Vehicle | Total |
|-----------------------------|---------------------------|-----------------------|-------------------|---------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,317,931 | \$ 3,025 | \$ 295,360 | \$ 1,616,316 |
| Accrued interest receivable | 4,548 | - | 948 | 5,496 |
| Taxes receivable | 32,875 | - | - | 32,875 |
| Accounts receivable | 1,491,949 | 184,389 | - | 1,676,338 |
| Due from other governments | 78,036 | 50,000 | - | 128,036 |
| Total current assets | <u>2,925,339</u> | <u>237,414</u> | <u>296,308</u> | <u>3,459,061</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>2,925,339</u> | <u>237,414</u> | <u>296,308</u> | <u>3,459,061</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 832,136 | 85,914 | 55,531 | 973,581 |
| Due to other funds | - | 145,000 | - | 145,000 |
| Deposits payable | - | 6,500 | - | 6,500 |
| Total current liabilities | <u>832,136</u> | <u>237,414</u> | <u>55,531</u> | <u>1,125,081</u> |
| Total liabilities | <u>832,136</u> | <u>237,414</u> | <u>55,531</u> | <u>1,125,081</u> |
| NET POSITION | | | | |
| Unrestricted | <u>\$ 2,093,203</u> | <u>\$ -</u> | <u>\$ 240,777</u> | <u>\$ 2,333,980</u> |

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT D-2

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2017

| | <u>Business-type Activities - Enterprise Funds</u> | | | |
|---|--|-------------------------------|--------------------------|----------------------------|
| | <u>Solid Waste Management</u> | <u>Contractual Police</u> | <u>Motor Vehicle</u> | <u>Total</u> |
| Operating revenues - | | | | |
| Charges for services | \$ 6,795,116 | \$ 772,326 | \$ 662,106 | \$ 8,229,548 |
| Other | 18,264 | - | - | 18,264 |
| Total operating revenues | <u>6,813,380</u> | <u>772,326</u> | <u>662,106</u> | <u>8,247,812</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 165,147 | 719,833 | 571,142 | 1,456,122 |
| Materials, supplies and service | 6,804,064 | 17,765 | 130,896 | 6,952,725 |
| Total operating expenses | <u>6,969,211</u> | <u>737,598</u> | <u>702,038</u> | <u>8,408,847</u> |
| Operating income (loss) | <u>(155,831)</u> | <u>34,728</u> | <u>(39,932)</u> | <u>(161,035)</u> |
| Nonoperating revenues: | | | | |
| Taxes | 36,195 | - | - | 36,195 |
| Intergovernmental | 181,119 | 50,000 | - | 231,119 |
| Interest income | 16,273 | - | 1,265 | 17,538 |
| Net change in fair value of investments | 9,464 | - | 2,037 | 11,501 |
| Total nonoperating revenues | <u>243,051</u> | <u>50,000</u> | <u>3,302</u> | <u>296,353</u> |
| Income (loss) before transfers | 87,220 | 84,728 | (36,630) | 135,318 |
| Transfers from other funds | 99,996 | - | - | 99,996 |
| Transfers to other funds | <u>(309,000)</u> | <u>(84,728)</u> | <u>(43,336)</u> | <u>(437,064)</u> |
| Change in net position | (121,784) | - | (79,966) | (201,750) |
| Total net position - January 1 | <u>2,214,987</u> | <u>-</u> | <u>320,743</u> | <u>2,535,730</u> |
| Total net position - December 31 | <u><u>\$ 2,093,203</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 240,777</u></u> | <u><u>\$ 2,333,980</u></u> |

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended December 31, 2017

EXHIBIT D-3

| | Solid Waste Management | Contractual Police | Motor Vehicle | Total |
|---|---------------------------|-----------------------|------------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash receipts from customers | \$ 6,694,253 | \$ 730,964 | \$ 662,230 | \$ 8,087,447 |
| Cash payments to other funds | (203,765) | 9,148 | (119,472) | (314,089) |
| Payments to employees | (169,382) | (660,595) | (574,264) | (1,404,241) |
| Payments to suppliers | (6,913,550) | (45,122) | (99,383) | (7,058,055) |
| Net cash provided by (used in) operating activities | (592,444) | 34,395 | (130,889) | (688,938) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Grants | 181,198 | 49,731 | - | 230,929 |
| Transfers from other funds | 99,996 | - | - | 99,996 |
| Transfers to other funds | (309,000) | (84,728) | (43,336) | (437,064) |
| Taxes | 36,195 | - | - | 36,195 |
| Net cash provided by noncapital financing activities | 8,389 | (34,997) | (43,336) | (69,944) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income | 25,738 | - | 3,302 | 29,040 |
| Net cash provided by investing activities | 25,738 | - | 3,302 | 29,040 |
| Net increase (decrease) in cash and cash equivalents | (558,317) | (602) | (170,923) | (729,842) |
| Cash and cash equivalents - January 1 | 1,876,248 | 3,627 | 466,283 | 2,346,158 |
| Cash and cash equivalents - December 31 | \$ 1,317,931 | \$ 3,025 | \$ 295,360 | \$ 1,616,316 |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ (155,831) | \$ 34,728 | \$ (39,932) | \$ (161,035) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities - | | | | |
| Changes in assets and liabilities: | | | | |
| Customer receivables | (119,126) | (41,362) | 124 | (160,364) |
| Accounts payable | (317,487) | 16,029 | (91,081) | (392,539) |
| Interfund payables | - | 25,000 | - | 25,000 |
| Net cash provided by (used in) operating activities | (592,444) | 34,395 | (130,889) | (688,938) |

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

Equipment Division Fund - This fund accounts for the acquisition and maintenance of motorized equipment. User charges are billed to the various City departments.

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, 2017

| | Information Systems | Equipment Division | Support Services | Public Safety Radio |
|---|------------------------|-----------------------|---------------------|------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 1,934,232 | \$ 6,839,472 | \$ 128,933 | \$ 344,428 |
| Accrued interest receivable | 5,851 | 20,481 | 369 | 1,021 |
| Accounts receivable | - | 27,313 | 610 | - |
| Prepaid items | 571,385 | - | - | - |
| Inventory | - | 174,748 | 1,539 | - |
| Total current assets | <u>2,511,468</u> | <u>7,062,014</u> | <u>131,451</u> | <u>345,449</u> |
| Noncurrent assets: | | | | |
| Land | - | - | - | - |
| Buildings and structures | - | - | - | 305,383 |
| Machinery and equipment | 1,972,793 | 30,835,576 | 81,358 | 1,447,877 |
| Improvements | - | 26,827 | - | - |
| Construction in progress | 147,951 | - | - | - |
| Accumulated depreciation | <u>(1,103,691)</u> | <u>(21,715,751)</u> | <u>(62,969)</u> | <u>(1,216,814)</u> |
| Total noncurrent assets | <u>1,017,053</u> | <u>9,146,652</u> | <u>18,389</u> | <u>536,446</u> |
| Total assets | <u>3,528,521</u> | <u>16,208,666</u> | <u>149,840</u> | <u>881,895</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows - related to pensions | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 346,605 | 372,343 | 11,095 | 18,163 |
| Estimated claims payable | - | - | - | - |
| Benefits payable | - | - | - | - |
| Due to other funds | - | - | - | - |
| Unearned revenue | - | - | - | - |
| Current bonds payable | - | - | - | - |
| Accrued interest payable | - | - | - | - |
| Deposits payable | - | - | - | - |
| Total current liabilities | <u>346,605</u> | <u>372,343</u> | <u>11,095</u> | <u>18,163</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>346,605</u> | <u>372,343</u> | <u>11,095</u> | <u>18,163</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows - related to pensions | - | - | - | - |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 1,017,053 | 9,146,652 | 18,389 | 536,446 |
| Unrestricted | 2,164,863 | 6,689,671 | 120,356 | 327,286 |
| Total net position | <u>\$ 3,181,916</u> | <u>\$ 15,836,323</u> | <u>\$ 138,745</u> | <u>\$ 863,732</u> |

EXHIBIT E-1

| Self-Insurance | Benefit Accrual | Insured Benefits | Facilities & Parks Maintenance | PERA Pension | Total |
|---------------------|-----------------------|---------------------|--------------------------------|------------------------|----------------------|
| \$ 4,703,363 | \$ 13,189,137 | \$ 2,264,522 | \$ 11,271,266 | \$ - | \$ 40,675,353 |
| 14,076 | 41,582 | 5,123 | 33,810 | - | 122,313 |
| - | - | 902 | 900 | - | 29,725 |
| 226,005 | - | - | - | - | 797,390 |
| - | - | - | - | - | 176,287 |
| <u>4,943,444</u> | <u>13,230,719</u> | <u>2,270,547</u> | <u>11,305,976</u> | <u>-</u> | <u>41,801,068</u> |
| - | - | - | 11,432,262 | - | 11,432,262 |
| - | - | - | 39,846,156 | - | 40,151,539 |
| - | - | - | 4,600,804 | - | 38,938,408 |
| - | - | - | 2,524,105 | - | 2,550,932 |
| - | - | - | - | - | 147,951 |
| - | - | - | (20,480,643) | - | (44,579,868) |
| - | - | - | 37,922,684 | - | 48,641,224 |
| <u>4,943,444</u> | <u>13,230,719</u> | <u>2,270,547</u> | <u>49,228,660</u> | <u>-</u> | <u>90,442,292</u> |
| - | - | - | - | 35,220,887 | 35,220,887 |
| - | - | - | - | 35,220,887 | 35,220,887 |
| 150,047 | 6,133 | 103,883 | 672,802 | - | 1,681,071 |
| 838,933 | - | - | - | - | 838,933 |
| - | 741,163 | - | - | - | 741,163 |
| - | - | - | 359,530 | - | 359,530 |
| - | - | - | 75,000 | - | 75,000 |
| - | - | - | 605,000 | - | 605,000 |
| - | - | - | 24,172 | - | 24,172 |
| - | - | 594 | - | - | 594 |
| <u>988,980</u> | <u>747,296</u> | <u>104,477</u> | <u>1,736,504</u> | <u>-</u> | <u>4,325,463</u> |
| - | 14,082,101 | - | - | - | 14,082,101 |
| - | - | - | 1,885,000 | - | 1,885,000 |
| 713,669 | - | - | - | - | 713,669 |
| - | - | - | - | 51,056,718 | 51,056,718 |
| <u>713,669</u> | <u>14,082,101</u> | <u>-</u> | <u>1,885,000</u> | <u>51,056,718</u> | <u>67,737,488</u> |
| <u>1,702,649</u> | <u>14,829,397</u> | <u>104,477</u> | <u>3,621,504</u> | <u>51,056,718</u> | <u>72,062,951</u> |
| - | - | - | - | 38,845,786 | 38,845,786 |
| - | - | - | - | 38,845,786 | 38,845,786 |
| - | - | - | 35,432,684 | - | 46,151,224 |
| 3,240,795 | (1,598,678) | 2,166,070 | 10,174,472 | (54,681,617) | (31,396,782) |
| <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> |

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended December 31, 2017

| | Information Systems | Equipment Division | Support Services | Public Safety Radio |
|---|------------------------|-----------------------|---------------------|------------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 4,925,630 | \$ 7,084,763 | \$ 444,022 | \$ 678,612 |
| Other | 4,276 | 29,548 | - | - |
| Total operating revenues | <u>4,929,906</u> | <u>7,114,311</u> | <u>444,022</u> | <u>678,612</u> |
| Operating expenses: | | | | |
| Salaries and benefits | 1,612,954 | 1,365,476 | 209,372 | 125,822 |
| Materials, supplies and service | 3,063,930 | 3,166,842 | 259,885 | 647,490 |
| Depreciation | <u>208,186</u> | <u>2,368,850</u> | <u>6,108</u> | <u>108,489</u> |
| Total operating expenses | <u>4,885,070</u> | <u>6,901,168</u> | <u>475,365</u> | <u>881,801</u> |
| Operating income (loss) | <u>44,836</u> | <u>213,143</u> | <u>(31,343)</u> | <u>(203,189)</u> |
| Nonoperating revenues (expenses): | | | | |
| Intergovernmental | - | 8,000 | - | - |
| Interest income | 13,058 | 51,665 | 879 | 118 |
| Net change in fair value of investments | 7,075 | 20,868 | 902 | 9,996 |
| Gain (loss) on sale of capital assets | - | 175,565 | - | - |
| Interest expense | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total nonoperating revenues (expenses) | <u>20,133</u> | <u>256,098</u> | <u>1,781</u> | <u>10,114</u> |
| Income (loss) before transfers | 64,969 | 469,241 | (29,562) | (193,075) |
| Transfers from other funds | 270,000 | 86,004 | - | - |
| Transfers to other funds | <u>(385,128)</u> | <u>-</u> | <u>-</u> | <u>(180,000)</u> |
| Change in net position | (50,159) | 555,245 | (29,562) | (373,075) |
| Total net position - January 1 | <u>3,232,075</u> | <u>15,281,078</u> | <u>168,307</u> | <u>1,236,807</u> |
| Total net position - December 31 | <u>\$ 3,181,916</u> | <u>\$ 15,836,323</u> | <u>\$ 138,745</u> | <u>\$ 863,732</u> |

EXHIBIT E-2

| Self-Insurance | Benefit Accrual | Insured Benefits | Facilities & Parks Maintenance | PERA Pension | Total |
|---------------------|-----------------------|---------------------|--------------------------------|------------------------|----------------------|
| \$ 2,231,999 | \$ 2,209,760 | \$ 9,221,017 | \$ 12,105,216 | \$ 127,211 | \$ 39,028,230 |
| - | - | 42,058 | 10,149 | - | 86,031 |
| <u>2,231,999</u> | <u>2,209,760</u> | <u>9,263,075</u> | <u>12,115,365</u> | <u>127,211</u> | <u>39,114,261</u> |
| - | 1,948,854 | 9,294,543 | 3,648,770 | 3,913,798 | 22,119,589 |
| 1,212,792 | - | 283,512 | 5,469,669 | - | 14,104,120 |
| - | - | - | 1,535,999 | - | 4,227,632 |
| <u>1,212,792</u> | <u>1,948,854</u> | <u>9,578,055</u> | <u>10,654,438</u> | <u>3,913,798</u> | <u>40,451,341</u> |
| <u>1,019,207</u> | <u>260,906</u> | <u>(314,980)</u> | <u>1,460,927</u> | <u>(3,786,587)</u> | <u>(1,337,080)</u> |
| - | - | - | 6,287 | - | 14,287 |
| 37,517 | 108,831 | 14,491 | 87,287 | - | 313,846 |
| 5,799 | 34,491 | 12,203 | 15,512 | - | 106,846 |
| - | - | - | - | - | 175,565 |
| - | - | - | (58,905) | - | (58,905) |
| <u>43,316</u> | <u>143,322</u> | <u>26,694</u> | <u>50,181</u> | <u>-</u> | <u>551,639</u> |
| 1,062,523 | 404,228 | (288,286) | 1,511,108 | (3,786,587) | (785,441) |
| - | - | 30,504 | - | - | 386,508 |
| - | - | - | (220,000) | - | (785,128) |
| 1,062,523 | 404,228 | (257,782) | 1,291,108 | (3,786,587) | (1,184,061) |
| <u>2,178,272</u> | <u>(2,002,906)</u> | <u>2,423,852</u> | <u>44,316,048</u> | <u>(50,895,030)</u> | <u>15,938,503</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> |

CITY OF BLOOMINGTON, MINNESOTA

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2017

| | Information Systems | Equipment Division | Support Services |
|--|----------------------------|----------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash from interfund services provided | \$ 5,023,706 | \$ 7,084,679 | \$ 443,487 |
| Cash payments to other funds | (292,148) | (1,287,809) | (199,488) |
| Payments to employees | (1,636,251) | (1,365,748) | (210,065) |
| Payments to suppliers | (2,684,658) | (1,704,859) | (65,427) |
| Net cash provided by (used in) operating activities | <u>410,649</u> | <u>2,726,263</u> | <u>(31,493)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Grants | - | 8,000 | - |
| Transfers from other funds | 270,000 | 86,004 | - |
| Transfers to other funds | (385,128) | - | - |
| Net cash provided by (used in) noncapital financing activities | <u>(115,128)</u> | <u>94,004</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Bond payments | - | - | - |
| Interest and other payments | - | - | - |
| Proceeds from sale of capital assets | - | 200,305 | - |
| Purchase of capital assets | (354,894) | (2,952,340) | - |
| Net cash provided by (used in) capital and related financing activities | <u>(354,894)</u> | <u>(2,752,035)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | 20,133 | 72,532 | 1,781 |
| Net cash provided by investing activities | <u>20,133</u> | <u>72,532</u> | <u>1,781</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(39,240)</u> | <u>140,764</u> | <u>(29,712)</u> |
| Cash and cash equivalents - January 1 | <u>1,973,472</u> | <u>6,698,708</u> | <u>158,645</u> |
| Cash and cash equivalents - December 31 | <u><u>\$ 1,934,232</u></u> | <u><u>\$ 6,839,472</u></u> | <u><u>\$ 128,933</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ 44,836 | \$ 213,143 | \$ (31,343) |
| Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities - | | | |
| Depreciation | 208,186 | 2,368,850 | 6,108 |
| Changes in assets and liabilities: | | | |
| Accounts receivable | 94,385 | (26,626) | (610) |
| Other current assets | (584) | (3,004) | 75 |
| Inventory | - | (6,816) | (1,539) |
| Accounts payable - other | (52) | 4,908 | - |
| Accounts payable - supplier | 86,635 | 176,081 | (3,490) |
| Net pension liability | - | - | - |
| Benefits payable | (22,757) | (273) | (694) |
| Deferred outflows of resources | - | - | - |
| Deferred inflows of resources | - | - | - |
| Net cash provided by (used in) operating activities | <u><u>\$ 410,649</u></u> | <u><u>\$ 2,726,263</u></u> | <u><u>\$ (31,493)</u></u> |

| Public Safety Radio | Self- Insurance | Benefit Accrual | Insured Benefits | Facilities & Parks Maintenance | PERA Pension | Total |
|------------------------|--------------------|--------------------|---------------------|-----------------------------------|-----------------|----------------|
| \$ 681,181 | \$ 2,210,118 | \$ 2,201,726 | \$ 9,263,764 | \$ 12,104,851 | \$ 127,211 | \$ 39,140,723 |
| (14,220) | (813,952) | - | - | (2,265,457) | - | (4,873,074) |
| (125,591) | - | (1,473,548) | (9,203,352) | (3,654,994) | (127,211) | (17,796,760) |
| (1,157,952) | (716,841) | - | (293,989) | (3,015,077) | - | (9,638,803) |
| (616,582) | 679,325 | 728,178 | (233,577) | 3,169,323 | - | 6,832,086 |
| - | - | - | - | 14,636 | - | 22,636 |
| - | - | - | 30,504 | - | - | 386,508 |
| (180,000) | - | - | - | (220,000) | - | (785,128) |
| (180,000) | - | - | 30,504 | (205,364) | - | (375,984) |
| - | - | - | - | (595,000) | - | (595,000) |
| - | - | - | - | (58,905) | - | (58,905) |
| - | - | - | - | - | - | 200,305 |
| (16,070) | - | - | - | (559,488) | - | (3,882,792) |
| (16,070) | - | - | - | (1,213,393) | - | (4,336,392) |
| 10,114 | 43,316 | 143,323 | 26,694 | 102,800 | - | 420,693 |
| 10,114 | 43,316 | 143,323 | 26,694 | 102,800 | - | 420,693 |
| (802,538) | 722,641 | 871,501 | (176,379) | 1,853,366 | - | 2,540,403 |
| 1,146,966 | 3,980,722 | 12,317,636 | 2,440,901 | 9,417,900 | - | 38,134,950 |
| \$ 344,428 | \$ 4,703,363 | \$ 13,189,137 | \$ 2,264,522 | \$ 11,271,266 | \$ - | \$ 40,675,353 |
| \$ (203,189) | \$ 1,019,207 | \$ 260,906 | \$ (314,980) | \$ 1,460,927 | \$ (3,786,587) | \$ (1,337,080) |
| 108,489 | - | - | - | 1,535,999 | - | 4,227,632 |
| 517 | (17,717) | - | (276) | (900) | - | 48,773 |
| 2,052 | (4,164) | (8,034) | 965 | (9,613) | - | (22,307) |
| - | - | - | - | - | - | (8,355) |
| - | (333,396) | - | 79,557 | 25,214 | - | (223,769) |
| (524,775) | 15,395 | 469,174 | 1,157 | 163,695 | - | 383,872 |
| - | - | - | - | - | (46,236,830) | (46,236,830) |
| 324 | - | 6,132 | - | (5,999) | - | (23,267) |
| - | - | - | - | - | 22,747,531 | 22,747,531 |
| - | - | - | - | - | 27,275,886 | 27,275,886 |
| \$ (616,582) | \$ 679,325 | \$ 728,178 | \$ (233,577) | \$ 3,169,323 | \$ - | \$ 6,832,086 |

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, 2017

EXHIBIT F-1

| | Convention Bureau | State Pass-Through Loans | City Fiduciary | Total |
|---------------------------|----------------------|--------------------------------|-------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 360,740 | \$ 6,013 | \$ 431,500 | \$ 798,253 |
| Accounts receivable | 357,668 | 3,006 | 15,406 | 376,080 |
| Total assets | <u>\$ 718,408</u> | <u>\$ 9,019</u> | <u>\$ 446,906</u> | <u>\$ 1,174,333</u> |
| LIABILITIES | | | | |
| Current liabilities - | | | | |
| Accounts payable | <u>\$ 718,408</u> | <u>\$ 9,019</u> | <u>\$ 446,906</u> | <u>\$ 1,174,333</u> |

City of Bloomington
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended December 31, 2017

EXHIBIT F-2

| | Balance 1/1/2017 | Additions | Deductions | Balance 12/31/2017 |
|---------------------------------|---------------------|---------------------|---------------------|-----------------------|
| CONVENTION BUREAU | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 367,383 | \$ 5,258,634 | \$ 5,265,277 | \$ 360,740 |
| Accounts receivable | 344,175 | 392,445 | 378,952 | 357,668 |
| Total assets | <u>\$ 711,558</u> | <u>\$ 5,651,079</u> | <u>\$ 5,644,229</u> | <u>\$ 718,408</u> |
| LIABILITIES | | | | |
| Due to Convention Bureau | <u>\$ 711,558</u> | <u>\$ 5,651,079</u> | <u>\$ 5,644,229</u> | <u>\$ 718,408</u> |
| STATE PASS-THROUGH LOANS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 9,019 | \$ 36,072 | \$ 39,078 | \$ 6,013 |
| Accounts receivable | - | 39,080 | 36,074 | 3,006 |
| Total assets | <u>\$ 9,019</u> | <u>\$ 75,152</u> | <u>\$ 75,152</u> | <u>\$ 9,019</u> |
| LIABILITIES | | | | |
| Due to Loan Recipients | <u>\$ 9,019</u> | <u>\$ 75,152</u> | <u>\$ 75,152</u> | <u>\$ 9,019</u> |
| CITY FIDUCIARY | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 449,118 | \$ 417,754 | \$ 435,372 | \$ 431,500 |
| Accounts receivable | - | 61,664 | 46,258 | 15,406 |
| Total assets | <u>\$ 449,118</u> | <u>\$ 479,418</u> | <u>\$ 481,630</u> | <u>\$ 446,906</u> |
| LIABILITIES | | | | |
| Due to Other Parties | <u>\$ 449,118</u> | <u>\$ 479,418</u> | <u>\$ 481,630</u> | <u>\$ 446,906</u> |
| TOTAL - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 825,520 | \$ 5,712,460 | \$ 5,739,727 | \$ 798,253 |
| Accounts receivable | 344,175 | 493,189 | 461,284 | 376,080 |
| Total assets | <u>\$ 1,169,695</u> | <u>\$ 6,205,649</u> | <u>\$ 6,201,011</u> | <u>\$ 1,174,333</u> |
| LIABILITIES | | | | |
| Due to Convention Bureau | \$ 711,558 | \$ 5,651,079 | \$ 5,644,229 | \$ 718,408 |
| Due to Loan Recipients | 9,019 | 75,152 | 75,152 | 9,019 |
| Due to Other Parties | 449,118 | 479,418 | 481,630 | 446,906 |
| Total liabilities | <u>\$ 1,169,695</u> | <u>\$ 6,205,649</u> | <u>\$ 6,201,011</u> | <u>\$ 1,174,333</u> |

**OTHER
SUPPLEMENTARY
INFORMATION –

COMPONENT
UNITS**

**PORT AUTHORITY OF THE
CITY OF BLOOMINGTON, MINNESOTA**
Schedule of Assets, Liabilities, and Fund Balances
December 31, 2017

EXHIBIT G-1

| | Governmental Fund Types | | | Totals | |
|--|-------------------------|-------------------|----------------------|----------------------|----------------------|
| | General | Debt Service | Capital Projects | 2017 | 2016 |
| ASSETS | | | | | |
| Cash, cash equivalents, and investments | \$ 16,409 | \$ 276,634 | \$ 67,621,552 | \$ 67,914,595 | \$ 56,512,465 |
| Accounts receivable | - | - | 200,000 | 200,000 | 18,600 |
| Taxes receivable | - | - | - | - | 2,483 |
| Accrued interest receivable | - | 860 | 212,670 | 213,530 | 132,112 |
| Due from primary government | 60,826 | - | - | 60,826 | 429,476 |
| Loans receivable | - | - | 1,525,036 | 1,525,036 | 1,928,573 |
| Land held for resale | - | - | 17,150,000 | 17,150,000 | 17,150,000 |
| Total assets | <u>77,235</u> | <u>277,494</u> | <u>86,709,258</u> | <u>87,063,987</u> | <u>76,173,709</u> |
| LIABILITIES | | | | | |
| Accounts payable | 2,427 | 200 | 524,225 | 526,852 | 2,256,288 |
| Due to primary government | 34,471 | - | 2,074,795 | 2,109,266 | 2,944,953 |
| Total liabilities | <u>36,898</u> | <u>200</u> | <u>2,599,020</u> | <u>2,636,118</u> | <u>5,201,241</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflow - land held for resale | - | - | 17,150,000 | 17,150,000 | 17,150,000 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>17,150,000</u> | <u>17,150,000</u> | <u>17,150,000</u> |
| FUND BALANCES | | | | | |
| Restricted | - | 277,294 | 66,806,648 | 67,083,942 | 53,633,621 |
| Committed | - | - | 153,590 | 153,590 | 152,097 |
| Unassigned | 40,337 | - | - | 40,337 | 36,750 |
| Total fund balances | <u>40,337</u> | <u>277,294</u> | <u>66,960,238</u> | <u>67,277,869</u> | <u>53,822,468</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 77,235</u> | <u>\$ 277,494</u> | <u>\$ 86,709,258</u> | <u>\$ 87,063,987</u> | <u>\$ 76,173,709</u> |
| Reconciliation of Governmental Funds to the Statement of Net Position | | | | | |
| Total Fund Balances-Port Authority | | | | \$ 67,277,869 | \$ 53,822,468 |
| Interest Payable | | | | (90,934) | (90,934) |
| Bonds Payable | | | | (7,150,000) | (7,150,000) |
| Deferred Inflows | | | | 17,150,000 | 17,150,000 |
| Total Net Position-Port Authority | | | | <u>\$ 77,186,935</u> | <u>\$ 63,731,534</u> |

**PORT AUTHORITY OF THE
CITY OF BLOOMINGTON, MINNESOTA**
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2017

EXHIBIT G-2

| | Governmental Fund Types | | | Totals | |
|--|-------------------------|-------------------|----------------------|----------------------|----------------------|
| | General | Debt Service | Capital Projects | 2017 | 2016 |
| REVENUES | | | | | |
| Property tax increment | \$ - | \$ 211,000 | \$ 14,833,844 | \$ 15,044,844 | \$ 27,297,579 |
| Interest | - | (811) | 648,969 | 648,158 | 507,276 |
| Net change in fair value of investments | - | 2,295 | 58,005 | 60,300 | (45,995) |
| City contribution | 350,000 | - | - | 350,000 | 290,000 |
| Other | - | - | - | - | 1,010 |
| Total revenues | <u>350,000</u> | <u>212,484</u> | <u>15,540,818</u> | <u>16,103,302</u> | <u>28,049,870</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General services | 346,413 | 200 | 332,724 | 679,337 | 563,736 |
| Development services | - | - | 1,934,474 | 1,934,474 | 36,029,311 |
| Debt service: | | | | | |
| Interest | - | 218,245 | 89,351 | 307,596 | 278,399 |
| Total expenditures | <u>346,413</u> | <u>218,445</u> | <u>2,356,549</u> | <u>2,921,407</u> | <u>36,871,446</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,587</u> | <u>(5,961)</u> | <u>13,184,269</u> | <u>13,181,895</u> | <u>(8,821,576)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | 170,706 | - | 170,706 | - |
| Transfers out | - | - | (170,706) | (170,706) | - |
| Total other financing sources (uses) | <u>-</u> | <u>170,706</u> | <u>(170,706)</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | <u>3,587</u> | <u>164,745</u> | <u>13,013,563</u> | <u>13,181,895</u> | <u>(8,821,576)</u> |
| Fund balance - January 1, as previously reported | 36,750 | 112,549 | 53,673,169 | 53,822,468 | 62,644,044 |
| Prior period adjustment | - | - | 273,506 | 273,506 | - |
| Fund balance - January 1, as restated | <u>36,750</u> | <u>112,549</u> | <u>53,946,675</u> | <u>54,095,974</u> | <u>62,644,044</u> |
| Fund balance - December 31 | <u>\$ 40,337</u> | <u>\$ 277,294</u> | <u>\$ 66,960,238</u> | <u>\$ 67,277,869</u> | <u>\$ 53,822,468</u> |

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Net Position
December 31, 2017

EXHIBIT H-1

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 6,873,699 | \$ 670,647 | \$ 7,544,346 |
| Accounts receivable | 10,433,299 | - | 10,433,299 |
| Due from primary government | 57,415 | - | 57,415 |
| Inventory - land held for resale | 4,321,321 | - | 4,321,321 |
| Capital assets: | | | |
| Capital assets - nondepreciable | 130,300 | 1,470,000 | 1,600,300 |
| Capital assets - net of accumulated depreciation | - | 1,103,839 | 1,103,839 |
| Net capital assets | <u>130,300</u> | <u>2,573,839</u> | <u>2,704,139</u> |
| Total assets | <u>21,816,034</u> | <u>3,244,486</u> | <u>25,060,520</u> |
| LIABILITIES | | | |
| Accounts payable | 43,639 | 58,553 | 102,192 |
| Accrued interest payable | 51,348 | - | 51,348 |
| Due to primary government | 648,328 | 20,665 | 668,993 |
| Noncurrent liabilities: | | | |
| Due to primary government - | | | |
| Bonds payable due in more than one year | 4,134,947 | - | 4,134,947 |
| Due in more than one year | <u>-</u> | <u>1,574,720</u> | <u>1,574,720</u> |
| Total liabilities | <u>4,878,262</u> | <u>1,653,938</u> | <u>6,532,200</u> |
| NET POSITION | | | |
| Net investment in capital assets | 130,300 | 999,119 | 1,129,419 |
| Restricted for: | | | |
| Tax increment purposes | 1,661,209 | - | 1,661,209 |
| HUD rehab loans | 48,070 | - | 48,070 |
| HUD section 8 vouchers | 5,765 | - | 5,765 |
| Unrestricted | <u>15,092,428</u> | <u>591,429</u> | <u>15,683,857</u> |
| Total net position | <u>\$ 16,937,772</u> | <u>\$ 1,590,548</u> | <u>\$ 18,528,320</u> |

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Activities
For the Year Ended December 31, 2017

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 | \$ 4,842,241 | \$ 45,977 | \$ 4,368,063 | \$ - | \$ (428,201) | \$ - | \$ (428,201) |
| Development services | 3,052,680 | 2,295,969 | 840,830 | - | 84,119 | - | 84,119 |
| Interest on long-term debt and amounts due to primary government - bonds payable | 121,018 | - | - | - | (121,018) | - | (121,018) |
| Total governmental activities | 8,015,939 | 2,341,946 | 5,208,893 | - | (465,100) | - | (465,100) |
| Business-type activities: | | | | | | | |
| Property management | 207,431 | 205,261 | - | - | - | (2,170) | (2,170) |
| Assisted rental | 258,939 | 293,909 | - | - | - | 34,970 | 34,970 |
| Total business-type activities | 466,370 | 499,170 | - | - | - | 32,800 | 32,800 |
| Total | <u>\$ 8,482,309</u> | <u>\$ 2,841,116</u> | <u>\$ 5,208,893</u> | <u>\$ -</u> | (465,100) | 32,800 | (432,300) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 3,564,089 | - | 3,564,089 |
| Interest and investment earnings | | | | | 39,348 | - | 39,348 |
| Transfers | | | | | (60,000) | 60,000 | - |
| Total general revenues and transfers | | | | | <u>3,543,437</u> | <u>60,000</u> | <u>3,603,437</u> |
| Change in net position | | | | | 3,078,337 | 92,800 | 3,171,137 |
| Net position - January 1 | | | | | <u>13,859,435</u> | <u>1,497,748</u> | <u>15,357,183</u> |
| Net position - December 31 | | | | | <u>\$ 16,937,772</u> | <u>\$ 1,590,548</u> | <u>\$ 18,528,320</u> |

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON
Schedule of Assets, Liabilities, and Fund Balances
Governmental Funds
December 31, 2017

| | General Fund | Housing Development | Section 8 Vouchers |
|--|--------------------------|----------------------------|--------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 567,655 | \$ 3,239,132 | \$ 153,064 |
| Taxes receivable | 12,748 | - | - |
| Accounts receivable | - | 6,225 | 1,765 |
| Mortgage receivable | - | 1,464,781 | - |
| Due from other funds | - | 3,020,000 | - |
| Due from primary government | - | - | - |
| Due from other govts | - | - | 9,208 |
| Inventory - land for resale | - | 1,414,500 | - |
| Total assets | <u><u>\$ 580,403</u></u> | <u><u>\$ 9,144,638</u></u> | <u><u>\$ 164,037</u></u> |
| LIABILITIES | | | |
| Accounts payable | \$ 2,084 | \$ 13,765 | \$ 10,399 |
| Due to other funds | - | - | - |
| Due to primary government | 21,268 | 14,890 | 55,903 |
| Total liabilities | <u><u>23,352</u></u> | <u><u>28,655</u></u> | <u><u>66,302</u></u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow-taxes | 10,611 | - | - |
| Deferred inflow-mortgages | - | 1,055,328 | - |
| Deferred inflow-land held for resale | - | 1,414,500 | - |
| Total deferred inflows of resources | <u><u>10,611</u></u> | <u><u>2,469,828</u></u> | <u><u>-</u></u> |
| FUND BALANCES (DEFICITS) | | | |
| Nonspendable | - | 409,453 | - |
| Restricted | - | - | 5,765 |
| Committed | - | 6,236,702 | - |
| Assigned | - | - | 91,970 |
| Unassigned | 546,440 | - | - |
| Total fund balances | <u><u>546,440</u></u> | <u><u>6,646,155</u></u> | <u><u>97,735</u></u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u><u>\$ 580,403</u></u> | <u><u>\$ 9,144,638</u></u> | <u><u>\$ 164,037</u></u> |

EXHIBIT H-3

| Housing Rehabilitation | TIF Special Revenue | Capital Projects | Total Governmental Funds |
|---------------------------|---------------------------|---------------------|--------------------------------|
| \$ 1,060,398 | \$ 1,850,845 | \$ 2,605 | \$ 6,873,699 |
| - | 796 | - | 13,544 |
| 22,422 | - | - | 30,412 |
| 7,763,596 | - | 1,151,758 | 10,380,135 |
| - | - | - | 3,020,000 |
| 57,415 | - | - | 57,415 |
| - | - | - | 9,208 |
| - | 2,322,400 | 584,421 | 4,321,321 |
| <u>\$ 8,903,831</u> | <u>\$ 4,174,041</u> | <u>\$ 1,738,784</u> | <u>\$ 24,705,734</u> |
| | | | |
| \$ 908 | \$ 13,965 | \$ 2,518 | \$ 43,639 |
| - | 3,020,000 | - | 3,020,000 |
| 26,267 | - | - | 118,328 |
| <u>27,175</u> | <u>3,033,965</u> | <u>2,518</u> | <u>3,181,967</u> |
| | | | |
| - | - | - | 10,611 |
| 7,763,596 | - | 1,151,758 | 9,970,682 |
| - | 2,322,400 | 584,421 | 4,321,321 |
| <u>7,763,596</u> | <u>2,322,400</u> | <u>1,736,179</u> | <u>14,302,614</u> |
| | | | |
| - | - | - | 409,453 |
| 48,070 | 1,742,504 | - | 1,796,339 |
| 1,064,990 | - | - | 7,301,692 |
| - | - | 87 | 92,057 |
| - | (2,924,828) | - | (2,378,388) |
| <u>1,113,060</u> | <u>(1,182,324)</u> | <u>87</u> | <u>7,221,153</u> |
| | | | |
| <u>\$ 8,903,831</u> | <u>\$ 4,174,041</u> | <u>\$ 1,738,784</u> | <u>\$ 24,705,734</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, 2017

| | | |
|--|-----------|------------------|
| FUND BALANCE - TOTAL GOVERNMENTAL FUNDS | \$ | 7,221,153 |
|--|-----------|------------------|

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 | \$ 161,064 | |
| Less accumulated depreciation | <u>(30,764)</u> | 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.

14,302,614

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

(4,635,000)

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.

(29,947)

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

(51,348)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 16,937,772



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, 2017

| | General Fund | Housing Development | Section 8 Vouchers |
|--|--------------------------|----------------------------|-------------------------|
| REVENUES | | | |
| Taxes: | | | |
| Regular | \$ 292,535 | \$ 1,394,736 | \$ - |
| Tax increment | - | 20,714 | - |
| Intergovernmental | - | - | 4,368,063 |
| Sale of real property | - | - | - |
| Program | - | 7,557 | - |
| Interest | 39,348 | - | - |
| Other | 200 | 6,725 | 45,777 |
| Total revenues | <u>332,083</u> | <u>1,429,732</u> | <u>4,413,840</u> |
| EXPENDITURES | | | |
| Current: | | | |
| General services | 311,794 | - | 4,530,447 |
| Development services | - | 438,546 | - |
| Debt service: | | | |
| Administrative charges | - | - | - |
| Interest | - | - | - |
| Principal retirement | - | - | - |
| Total expenditures | <u>311,794</u> | <u>438,546</u> | <u>4,530,447</u> |
| Excess (deficiency) of revenues over expenditures | 20,289 | 991,186 | (116,607) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers to other funds | - | (160,000) | - |
| Transfers from other funds | <u>-</u> | <u>-</u> | <u>100,000</u> |
| Total other financing sources (uses) | - | (160,000) | 100,000 |
| Net change in fund balance | 20,289 | 831,186 | (16,607) |
| Fund balance (deficit) - January 1 | <u>526,151</u> | <u>5,814,969</u> | <u>114,342</u> |
| Fund balance (deficit) - December 31 | <u><u>\$ 546,440</u></u> | <u><u>\$ 6,646,155</u></u> | <u><u>\$ 97,735</u></u> |

EXHIBIT H-5

| <u>Housing Rehabilitation</u> | <u>TIF Special Revenue</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|-----------------------------------|------------------------------------|-----------------------------|---|
| \$ 395,038 | \$ - | \$ - | \$ 2,082,309 |
| - | 1,465,289 | - | 1,486,003 |
| 840,830 | - | - | 5,208,893 |
| - | - | 128,909 | 128,909 |
| 968,617 | - | - | 976,174 |
| - | - | - | 39,348 |
| - | - | - | 52,702 |
| <u>2,204,485</u> | <u>1,465,289</u> | <u>128,909</u> | <u>9,974,338</u> |
| - | - | - | 4,842,241 |
| 2,572,883 | 30,171 | 171,962 | 3,213,562 |
| - | 200 | - | 200 |
| - | 116,415 | - | 116,415 |
| - | 135,000 | - | 135,000 |
| <u>2,572,883</u> | <u>281,786</u> | <u>171,962</u> | <u>8,307,418</u> |
| (368,398) | 1,183,503 | (43,053) | 1,666,920 |
| - | - | - | (160,000) |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>100,000</u> |
| - | - | - | (60,000) |
| (368,398) | 1,183,503 | (43,053) | 1,606,920 |
| <u>1,481,458</u> | <u>(2,365,827)</u> | <u>43,140</u> | <u>5,614,233</u> |
| <u>\$ 1,113,060</u> | <u>\$ (1,182,324)</u> | <u>\$ 87</u> | <u>\$ 7,221,153</u> |

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

EXHIBIT H-6

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, 2017

| | |
|---|---------------------|
| NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS | \$ 1,606,920 |
|---|---------------------|

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. | (4,223) |
| 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. | 1,313,070 |
| 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. | 32,173 |
| 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. | 135,000 |
| 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. | 2,127 |
| 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>(6,730)</u> |

| | |
|--|----------------------------|
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 3,078,337</u> |
|--|----------------------------|

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

EXHIBIT H-7

Schedule of Fund Net Position
Proprietary Funds
December 31, 2017

| | Assisted Rental | Property Management | Total |
|----------------------------------|---------------------|------------------------|---------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 517,393 | \$ 153,254 | \$ 670,647 |
| Total current assets | <u>517,393</u> | <u>153,254</u> | <u>670,647</u> |
| 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>(1,122,357)</u> | <u>(1,059,421)</u> | <u>(2,181,778)</u> |
| Total noncurrent assets | <u>1,275,733</u> | <u>1,298,106</u> | <u>2,573,839</u> |
| Total assets | <u>1,793,126</u> | <u>1,451,360</u> | <u>3,244,486</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 4,403 | 5,557 | 9,960 |
| Due to primary government | 13,231 | 7,434 | 20,665 |
| Deposits payable | <u>7,178</u> | <u>41,415</u> | <u>48,593</u> |
| Total current liabilities | <u>24,812</u> | <u>54,406</u> | <u>79,218</u> |
| Noncurrent liabilities - | | | |
| Long-term debt | <u>-</u> | <u>1,574,720</u> | <u>1,574,720</u> |
| Total liabilities | <u>24,812</u> | <u>1,629,126</u> | <u>1,653,938</u> |
| NET POSITION | | | |
| Net investment in capital assets | 1,275,733 | (276,614) | 999,119 |
| Unrestricted | <u>492,581</u> | <u>98,848</u> | <u>591,429</u> |
| Total net position | <u>\$ 1,768,314</u> | <u>\$ (177,766)</u> | <u>\$ 1,590,548</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, 2017

EXHIBIT H-8

| | Assisted Rental | Property Management | Total |
|----------------------------------|----------------------------|----------------------------|----------------------------|
| OPERATING REVENUES | | | |
| Program income | \$ 290,755 | \$ 201,109 | \$ 491,864 |
| Other | 3,154 | 4,152 | 7,306 |
| Total operating revenues | <u>293,909</u> | <u>205,261</u> | <u>499,170</u> |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 127,549 | 73,083 | 200,632 |
| Professional services | 558 | 2,269 | 2,827 |
| City support services | 3,696 | 168 | 3,864 |
| Purchased services | 46,164 | 37,316 | 83,480 |
| Home rehabilitation | 31,035 | 46,362 | 77,397 |
| Depreciation | 49,937 | 48,233 | 98,170 |
| Total operating expenses | <u>258,939</u> | <u>207,431</u> | <u>466,370</u> |
| Operating income (loss) | 34,970 | (2,170) | 32,800 |
| Transfers from other funds | <u>-</u> | <u>60,000</u> | <u>60,000</u> |
| Change in net position | 34,970 | 57,830 | 92,800 |
| Total net position - January 1 | <u>1,733,344</u> | <u>(235,596)</u> | <u>1,497,748</u> |
| Total net position - December 31 | <u><u>\$ 1,768,314</u></u> | <u><u>\$ (177,766)</u></u> | <u><u>\$ 1,590,548</u></u> |

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Cash Flows
Proprietary Funds
Year Ended December 31, 2017

EXHIBIT H-9

| | Assisted Rental | Property Management | Total |
|---|--------------------------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from customers | \$ 293,909 | \$ 205,261 | \$ 499,170 |
| Payments to primary government | (7,750) | (2,606) | (10,356) |
| Payments to employees | (127,549) | (73,083) | (200,632) |
| Payments to suppliers | (77,770) | (109,237) | (187,007) |
| Net cash provided by operating activities | <u>80,840</u> | <u>20,335</u> | <u>101,175</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers from other funds | <u>-</u> | <u>60,000</u> | <u>60,000</u> |
| Net increase in cash and cash equivalents | 80,840 | 80,335 | 161,175 |
| Cash and cash equivalents - January 1 | <u>436,553</u> | <u>72,919</u> | <u>509,472</u> |
| Cash and cash equivalents - December 31 | <u><u>\$ 517,393</u></u> | <u><u>\$ 153,254</u></u> | <u><u>\$ 670,647</u></u> |
| Reconciliation of operating loss to net cash provided by (used in) operating activities: | | | |
| Operating income (loss) | \$ 34,970 | \$ (2,170) | \$ 32,800 |
| 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 | 348 | (4,939) | (4,591) |
| Deposits payable | (361) | (18,351) | (18,712) |
| Due to primary government | (4,054) | (2,438) | (6,492) |
| Net cash provided by operating activities | <u><u>\$ 80,840</u></u> | <u><u>\$ 20,335</u></u> | <u><u>\$ 101,175</u></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, 2017

| | <u>Budget</u> | | | Variance With |
|----------------------------|--------------------------|--------------------------|--------------------------|-------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>Final Budget</u> |
| REVENUES | | | | |
| Taxes - | | | | |
| Regular | \$ 308,582 | \$ 308,582 | \$ 292,535 | \$ (16,047) |
| Interest | - | - | 39,348 | 39,348 |
| Other | - | - | 200 | 200 |
| Total revenues | <u>308,582</u> | <u>308,582</u> | <u>332,083</u> | <u>23,501</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| General services | <u>308,582</u> | <u>338,582</u> | <u>311,794</u> | <u>26,788</u> |
| Net change in fund balance | - | (30,000) | 20,289 | 50,289 |
| Fund balance - January 1 | <u>526,151</u> | <u>526,151</u> | <u>526,151</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 526,151</u></u> | <u><u>\$ 496,151</u></u> | <u><u>\$ 546,440</u></u> | <u><u>\$ 50,289</u></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, 2017

| | <u>Budget</u> | | | Variance With Final Budget |
|---|---------------------|---------------------|---------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Taxes: | | | | |
| Regular | \$ 1,412,255 | \$ 1,392,255 | \$ 1,394,736 | \$ 2,481 |
| Tax increment | 18,500 | 18,500 | 20,714 | 2,214 |
| Sale of real property | 150,000 | - | - | - |
| Program | 7,123 | 7,123 | 7,557 | 434 |
| Other | 6,225 | 6,225 | 6,725 | 500 |
| Total revenues | <u>1,594,103</u> | <u>1,424,103</u> | <u>1,429,732</u> | <u>5,629</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Development services | 292,240 | 547,240 | 438,546 | 108,694 |
| Capital outlay - | | | | |
| Development services | 1,301,863 | - | - | - |
| Total expenditures | <u>1,594,103</u> | <u>547,240</u> | <u>438,546</u> | <u>108,694</u> |
| Excess of revenues over expenditures | - | 876,863 | 991,186 | 114,323 |
| OTHER FINANCING USES | | | | |
| Transfers to other funds | - | (140,000) | (160,000) | (20,000) |
| Net change in fund balance | - | 736,863 | 831,186 | 94,323 |
| Fund balance - January 1 | <u>5,814,969</u> | <u>5,814,969</u> | <u>5,814,969</u> | - |
| Fund balance - December 31 | <u>\$ 5,814,969</u> | <u>\$ 6,551,832</u> | <u>\$ 6,646,155</u> | <u>\$ 94,323</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, 2017

| | <u>Budget</u> | | | Variance With Final Budget |
|--|--------------------------|-------------------------|-------------------------|----------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| REVENUES | | | | |
| Intergovernmental | \$ 4,375,394 | \$ 4,345,394 | \$ 4,368,063 | \$ 22,669 |
| Other | 36,158 | 46,158 | 45,777 | (381) |
| Total revenues | <u>4,411,552</u> | <u>4,391,552</u> | <u>4,413,840</u> | <u>22,288</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| General services | <u>4,411,552</u> | <u>4,541,552</u> | <u>4,530,447</u> | <u>11,105</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | (150,000) | (116,607) | 33,393 |
| OTHER FINANCING SOURCES | | | | |
| Transfers from other funds | <u>-</u> | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| Net change in fund balance | - | (50,000) | (16,607) | 33,393 |
| Fund balance - January 1 | <u>114,342</u> | <u>114,342</u> | <u>114,342</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ 114,342</u></u> | <u><u>\$ 64,342</u></u> | <u><u>\$ 97,735</u></u> | <u><u>\$ 33,393</u></u> |

**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, 2017

| | <u>Budget</u> | | | Variance |
|----------------------------|---------------------|-------------------|---------------------|------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | <u>With Final Budget</u> |
| REVENUES | | | | |
| Taxes - | | | | |
| Regular | \$ 400,000 | \$ 400,000 | \$ 395,038 | \$ (4,962) |
| Intergovernmental | 1,707,524 | 952,524 | 840,830 | (111,694) |
| Program | 150,000 | 950,000 | 968,617 | 18,617 |
| Total revenues | <u>2,257,524</u> | <u>2,302,524</u> | <u>2,204,485</u> | <u>(98,039)</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Development services | <u>2,257,524</u> | <u>2,857,524</u> | <u>2,572,883</u> | <u>284,641</u> |
| Net change in fund balance | - | (555,000) | (368,398) | 186,602 |
| Fund balance - January 1 | <u>1,481,458</u> | <u>1,481,458</u> | <u>1,481,458</u> | - |
| Fund balance - December 31 | <u>\$ 1,481,458</u> | <u>\$ 926,458</u> | <u>\$ 1,113,060</u> | <u>\$ 186,602</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, 2017

| | Oxboro O-4 | France & Old Shakopee | Penn & American |
|--|-----------------|--------------------------|--------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 8,976 | \$ 73,564 | \$ 19,671 |
| Taxes receivable | - | - | - |
| Inventory - land for resale | - | 322,100 | - |
| Total assets | <u>\$ 8,976</u> | <u>\$ 395,664</u> | <u>\$ 19,671</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Current liabilities - | | | |
| Accounts payable | \$ 8,976 | \$ 652 | \$ 1,722 |
| Due to other funds | - | 1,000,000 | 2,000,000 |
| Total liabilities | <u>8,976</u> | <u>1,000,652</u> | <u>2,001,722</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflow-land held for resale | - | 322,100 | - |
| Total deferred inflows of resources | <u>-</u> | <u>322,100</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | |
| Restricted | - | - | - |
| Unassigned | - | (927,088) | (1,982,051) |
| Total fund balances | <u>-</u> | <u>(927,088)</u> | <u>(1,982,051)</u> |
| Total liabilities, deferred inflows of resources and fund balances (deficits) | <u>\$ 8,976</u> | <u>\$ 395,664</u> | <u>\$ 19,671</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 |
|--|---|--|---------------------|
| \$ 1,341,095 | \$ 403,228 | \$ 4,311 | \$ 1,850,845 |
| 796 | - | - | 796 |
| - | - | 2,000,300 | 2,322,400 |
| <u>\$ 1,341,891</u> | <u>\$ 403,228</u> | <u>\$ 2,004,611</u> | <u>\$ 4,174,041</u> |
| | | | |
| \$ 1,646 | \$ 969 | \$ - | \$ 13,965 |
| - | - | 20,000 | 3,020,000 |
| <u>1,646</u> | <u>969</u> | <u>20,000</u> | <u>3,033,965</u> |
| | | | |
| - | - | 2,000,300 | 2,322,400 |
| - | - | 2,000,300 | 2,322,400 |
| | | | |
| 1,340,245 | 402,259 | - | 1,742,504 |
| - | - | (15,689) | (2,924,828) |
| <u>1,340,245</u> | <u>402,259</u> | <u>(15,689)</u> | <u>(1,182,324)</u> |
| <u>\$ 1,341,891</u> | <u>\$ 403,228</u> | <u>\$ 2,004,611</u> | <u>\$ 4,174,041</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, 2017

| | <u>Oxboro O-4</u> | <u>France & Old Shakopee</u> | <u>Penn & American</u> |
|--------------------------------------|-------------------|--------------------------------------|--------------------------------|
| REVENUES | | | |
| Taxes - | | | |
| Tax increment | \$ 19,692 | \$ 40,828 | \$ 889,369 |
| Total revenues | <u>19,692</u> | <u>40,828</u> | <u>889,369</u> |
| EXPENDITURES | | | |
| Current - | | | |
| Development services | 19,692 | 6,139 | 1,722 |
| Debt service: | | | |
| Administrative charges | - | - | - |
| Interest | - | - | - |
| Principal retirement | - | - | - |
| Total expenditures | <u>19,692</u> | <u>6,139</u> | <u>1,722</u> |
| Net change in fund balance | - | 34,689 | 887,647 |
| Fund balance (deficit) - January 1 | <u>-</u> | <u>(961,777)</u> | <u>(2,869,698)</u> |
| Fund balance (deficit) - December 31 | <u>\$ -</u> | <u>\$ (927,088)</u> | <u>\$ (1,982,051)</u> |

| TIF Special Revenue | | | |
|--|---|--|----------------|
| Lyndale Green GO Tax Increment Bonds 2004A | Oxboro H-1 GO Tax Increment Bonds 2003A | Knox & American GO Tax Increment Bonds 2016A | Total |
| \$ 418,548 | \$ 96,852 | \$ - | \$ 1,465,289 |
| 418,548 | 96,852 | - | 1,465,289 |
| 1,648 | 970 | - | 30,171 |
| 100 | 100 | - | 200 |
| 73,965 | 26,225 | 16,225 | 116,415 |
| 100,000 | 35,000 | - | 135,000 |
| 175,713 | 62,295 | 16,225 | 281,786 |
| 242,835 | 34,557 | (16,225) | 1,183,503 |
| 1,097,410 | 367,702 | 536 | (2,365,827) |
| \$ 1,340,245 | \$ 402,259 | \$ (15,689) | \$ (1,182,324) |

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Financial Data Schedule - Housing Choice Vouchers
Balance Sheet
December 31, 2017

EXHIBIT I-1

ASSETS

| | | |
|-----|------------------------------------|----------------|
| 111 | Cash - Unrestricted | \$ 147,299 |
| 113 | Cash - Other Restricted | 5,765 |
| 121 | Accounts Receivable - PHA Projects | 10,973 |
| 290 | Total Assets | <u>164,037</u> |

LIABILITIES

| | | |
|-----|-------------------------------------|---------------|
| 312 | Accounts Payable <= 90 Days | 10,399 |
| 333 | Accounts Payable - Other Government | 55,903 |
| 300 | Total Liabilities | <u>66,302</u> |

NET POSITION

| | | |
|-------|---|-------------------|
| 509.3 | Restricted Fund Balance | 5,765 |
| 511.3 | Assigned Fund Balance | 91,970 |
| 513 | Total Equity - Net Assets / Position | <u>97,735</u> |
| 600 | Total Liabilities, Deferred Inflows of Resources and Equity | <u>\$ 164,037</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
For the Year Ended December 31, 2017

EXHIBIT I-2

REVENUES

| | | |
|-------|--------------------------|------------------|
| 70600 | HUD PHA Operating Grants | \$ 4,368,063 |
| 71400 | Fraud Recovery | 14,659 |
| 71500 | Other Revenue | 577,404 |
| 70000 | Total Revenue | <u>4,960,126</u> |

EXPENDITURES

| | | |
|-------|---|------------------|
| 91100 | Administrative Salaries | 299,070 |
| 91200 | Auditing Fees | 4,000 |
| 91500 | Employee Benefit contributions - Administrative | 128,880 |
| 91700 | Legal Expense | 1,230 |
| 91900 | Other | 97,228 |
| 96140 | All Other Insurance | 3,600 |
| 97300 | Housing Assistance Payments | 3,996,439 |
| 97350 | HAP Portability-In | 446,286 |
| 90000 | Total Expenses | <u>4,976,733</u> |

Excess (deficiency) of Revenues over (under) Expenses (16,607)

Net Position-Beginning 114,342

Net Position-Ending \$ 97,735

Memo Account Information

| | | |
|-------|------------------------------------|-----------|
| 11170 | Administrative Fee Equity | \$ 91,970 |
| 11180 | Housing Assistance Payments Equity | \$ 5,765 |
| 11190 | Unit Months Available | 6612 |
| 11210 | Number of Unit Months Leased | 6271 |

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, 2017

EXHIBIT I-3

ASSETS

| | | |
|-----|---------------------------------|------------------|
| 111 | Cash - Unrestricted | \$ 510,215 |
| 114 | Cash - Tenant Security Deposits | 7,178 |
| 161 | Land | 700,000 |
| 162 | Buildings | 1,698,090 |
| 166 | Accumulated Depreciation | (1,122,357) |
| 290 | Total Assets | <u>1,793,126</u> |

LIABILITIES

| | | |
|-----|-------------------------------------|---------------|
| 312 | Accounts Payable <= 90 Days | 4,403 |
| 333 | Accounts Payable - Other Government | 13,231 |
| 341 | Tenant Security Deposits | 7,178 |
| 300 | Total Liabilities | <u>24,812</u> |

NET POSITION

| | | |
|-------|---|---------------------|
| 508.3 | Nonspendable Fund Balance | 1,275,733 |
| 511.3 | Assigned Fund Balance | 492,581 |
| 513 | Total Equity - Net Assets / Position | <u>1,768,314</u> |
| 600 | Total Liabilities, Deferred Inflows of Resources and Equity | <u>\$ 1,793,126</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
For the Year Ended December 31, 2017

EXHIBIT I-4

REVENUES

| | | |
|-------|---------------------------|----------------|
| 70300 | Net Tenant Rental Revenue | \$ 116,181 |
| 70400 | Tenant Revenue - Other | 3,154 |
| 70600 | HUD PHA Operating Grants | 174,574 |
| 70000 | Total Revenue | <u>293,909</u> |

EXPENDITURES

| | | |
|-------|---|----------------|
| 91100 | Administrative Salaries | 90,529 |
| 91200 | Auditing Fees | 400 |
| 91500 | Employee Benefit contributions - Administrative | 37,020 |
| 91900 | Other | 1,718 |
| 93100 | Water | 18,090 |
| 94300 | Ordinary Maintenance and Operations Contracts | 28,086 |
| 96140 | All Other Insurance | 19,788 |
| 96200 | Other General Expenses | 3,696 |
| 96300 | Payments in Lieu of Taxes | 6,726 |
| 97100 | Extraordinary Maintenance | 2,949 |
| 97400 | Depreciation Expense | 49,937 |
| 90000 | Total Expenses | <u>258,939</u> |

| | |
|----------------------------------|--------|
| Excess of Revenues over Expenses | 34,970 |
|----------------------------------|--------|

| | |
|------------------------|------------------|
| Net Position-Beginning | <u>1,733,344</u> |
|------------------------|------------------|

| | |
|---------------------|----------------------------|
| Net Position-Ending | <u><u>\$ 1,768,314</u></u> |
|---------------------|----------------------------|

Memo Account Information

| | | |
|-------|------------------------------|-----|
| 11190 | Unit Months Available | 240 |
| 11210 | Number of Unit Months Leased | 237 |

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, 2017**

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, 2017

SECTION III

STATISTICAL INFORMATION



**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)

| | 2008 | 2009 | 2010 | 2011 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | |
| Net investment in capital assets | \$232,922,311 | \$235,909,200 | \$237,427,493 | \$239,452,569 |
| Restricted | 27,895,072 | 32,235,051 | 32,602,549 | 78,893,688 |
| Unrestricted | 124,055,525 | 123,811,008 | 127,671,490 | 84,444,842 |
| Total governmental activities net position | <u>\$384,872,908</u> | <u>\$391,955,259</u> | <u>\$397,701,532</u> | <u>\$402,791,099</u> |
| Business-type activities: | | | | |
| Net investment in capital assets | \$81,918,711 | \$82,916,273 | \$83,743,321 | \$84,427,251 |
| Restricted | 183,500 | 183,500 | 183,500 | 183,500 |
| Unrestricted | 14,147,711 | 14,605,681 | 13,691,701 | 13,264,850 |
| Total business-type activities net position | <u>\$96,249,922</u> | <u>\$97,705,454</u> | <u>\$97,618,522</u> | <u>\$97,875,601</u> |
| Primary government: | | | | |
| Net investment in capital assets | \$314,841,022 | \$318,825,473 | \$321,170,814 | \$323,879,820 |
| Restricted | 28,078,572 | 32,418,551 | 32,786,049 | 79,077,188 |
| Unrestricted | 138,203,236 | 138,416,689 | 141,363,191 | 97,709,692 |
| Total primary government net position | <u>\$481,122,830</u> | <u>\$489,660,713</u> | <u>\$495,320,054</u> | <u>\$500,666,700</u> |

Table 1

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| \$247,436,963 | \$269,230,824 | \$283,643,717 | \$300,117,784 | \$310,750,929 | \$332,133,255 |
| 82,269,101 | 91,045,904 | 67,294,971 | 68,599,352 | 73,405,143 | 69,744,412 |
| 80,282,505 | 73,886,361 | 87,228,094 | 69,232,697 | 67,390,335 | 77,768,834 |
| <u>\$409,988,569</u> | <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> |
| \$84,300,863 | \$84,457,359 | \$86,185,438 | \$85,388,894 | \$85,359,140 | \$85,330,605 |
| 183,500 | - | - | - | - | - |
| 14,968,340 | 14,056,641 | 11,782,412 | 12,401,673 | 12,352,137 | 14,919,169 |
| <u>\$99,452,703</u> | <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> |
| \$331,737,826 | \$353,688,183 | \$369,829,155 | \$385,506,678 | \$396,110,069 | \$417,463,860 |
| 82,452,601 | 91,045,904 | 67,294,971 | 68,599,352 | 73,405,143 | 69,744,412 |
| 95,250,845 | 87,943,002 | 99,010,506 | 81,634,370 | 79,742,472 | 92,688,003 |
| <u>\$509,441,272</u> | <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> |

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

| | 2008 | 2009 | 2010 | 2011 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | |
| Governmental activities: | | | | |
| General services | \$7,552,801 | \$7,749,164 | \$6,755,313 | \$7,255,182 |
| Development services | 11,446,884 | 10,440,313 | 10,201,540 | 9,993,980 |
| Public works | 18,618,172 | 16,483,155 | 16,918,065 | 16,787,405 |
| Public safety | 22,690,239 | 23,123,311 | 26,208,360 | 26,751,391 |
| Community services | 11,204,261 | 11,501,567 | 12,593,495 | 12,532,613 |
| Interest on long-term debt | 1,928,534 | 2,254,770 | 2,312,818 | 2,140,825 |
| Total governmental activities expenses | <u>73,440,891</u> | <u>71,552,280</u> | <u>74,989,591</u> | <u>75,461,396</u> |
| Business-type activities: | | | | |
| Water/wastewater | 20,445,586 | 21,095,746 | 21,186,738 | 21,876,605 |
| Storm water | 3,022,346 | 2,940,357 | 3,207,573 | 3,205,055 |
| Recreational facilities | 5,244,075 | 5,180,193 | 5,193,546 | 5,290,940 |
| Other activities | 2,515,841 | 2,190,527 | 2,097,085 | 2,272,292 |
| Total business-type activities expenses | <u>31,227,848</u> | <u>31,406,823</u> | <u>31,684,942</u> | <u>32,644,892</u> |
| Total primary government expenses | <u>\$104,668,739</u> | <u>\$102,959,103</u> | <u>\$106,674,533</u> | <u>\$108,106,288</u> |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General services | \$2,721,079 | \$2,716,248 | \$3,034,137 | \$3,002,960 |
| Development services | 2,743,925 | 2,833,463 | 2,844,876 | 3,482,579 |
| Public works | 250,770 | 1,275,586 | 795,439 | 926,935 |
| Public safety | 835,721 | 759,798 | 916,777 | 623,482 |
| Community services | 2,067,333 | 2,165,263 | 2,298,546 | 2,141,239 |
| Operating grants and contributions | 5,323,062 | 5,532,596 | 7,765,315 | 7,250,512 |
| Capital grants and contributions | 20,075,161 | 16,448,770 | 11,273,508 | 13,390,833 |
| Total governmental activities program revs | <u>34,017,051</u> | <u>31,731,724</u> | <u>28,928,598</u> | <u>30,818,540</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water/wastewater | 19,870,545 | 21,262,140 | 19,974,684 | 19,800,214 |
| Storm water | 4,152,024 | 4,463,832 | 4,491,970 | 4,373,221 |
| Recreational facilities | 3,747,232 | 3,694,046 | 3,695,146 | 3,485,848 |
| Other activities | 1,905,193 | 1,991,306 | 1,949,741 | 2,119,848 |
| Operating grants and contributions | 783,997 | 39,369 | 16,768 | 78,763 |
| Capital grants and contributions | - | - | - | 179 |
| Total business-type activities program revs | <u>30,458,991</u> | <u>31,450,693</u> | <u>30,128,309</u> | <u>29,858,073</u> |
| Total primary government program revs | <u>\$64,476,042</u> | <u>\$63,182,417</u> | <u>\$59,056,907</u> | <u>\$60,676,613</u> |
| Net (expense) revenue: | | | | |
| Governmental activities | (39,423,840) | (39,820,556) | (46,060,993) | (44,642,856) |
| Business-type activities | (768,857) | 43,870 | (1,556,633) | (2,786,819) |
| Total primary gov't net (expense) revenue | <u>(\$40,192,697)</u> | <u>(\$39,776,686)</u> | <u>(\$47,617,626)</u> | <u>(\$47,429,675)</u> |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$40,957,857 | \$41,263,207 | \$41,994,611 | \$40,962,947 |
| Business taxes | 6,818,771 | 5,808,668 | 6,200,706 | 6,874,548 |
| Unrestricted grants and contributions | 1,203,893 | 1,179,388 | 1,167,739 | 1,593,424 |
| Gain on sale of capital assets | 30,545 | 7,491 | 99,283 | 82,023 |
| Investment earnings | 6,936,739 | 2,649,119 | 2,562,594 | 2,002,925 |
| Transfers | (24,000) | (265,927) | (217,667) | (1,783,444) |
| Total governmental activities | <u>55,923,805</u> | <u>50,641,946</u> | <u>51,807,266</u> | <u>49,732,423</u> |
| Business-type activities: | | | | |
| Taxes | 768,967 | 872,387 | 1,001,875 | 1,092,948 |
| Gain on sale of capital assets | - | 809 | 7,481 | 6,367 |
| Investment earnings | 775,794 | 272,539 | 242,678 | 161,139 |
| Transfers | 24,000 | 265,927 | 217,667 | 1,783,444 |
| Total business-type activities | <u>1,568,761</u> | <u>1,411,662</u> | <u>1,469,701</u> | <u>3,043,898</u> |
| Total primary government | <u>\$57,492,566</u> | <u>\$52,053,608</u> | <u>\$53,276,967</u> | <u>\$52,776,321</u> |
| Change in net position: | | | | |
| Governmental activities | \$16,499,965 | \$10,821,390 | \$5,746,273 | \$5,089,567 |
| Business-type activities | 799,904 | 1,455,532 | (86,932) | 257,079 |
| Total primary government | <u>\$17,299,869</u> | <u>\$12,276,922</u> | <u>\$5,659,341</u> | <u>\$5,346,646</u> |

Table 2

| Fiscal Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| \$7,185,895 | \$7,527,901 | \$7,702,188 | \$7,574,572 | \$9,615,471 | \$8,683,447 |
| 9,686,546 | 12,006,241 | 23,261,857 | 11,120,055 | 18,533,117 | 16,976,729 |
| 14,229,217 | 15,162,908 | 15,620,844 | 15,922,887 | 19,389,393 | 16,680,711 |
| 26,245,526 | 28,124,185 | 29,695,195 | 30,927,415 | 35,429,025 | 29,006,295 |
| 14,787,079 | 15,894,544 | 15,720,340 | 15,987,952 | 18,455,451 | 17,298,796 |
| 2,236,062 | 3,145,420 | 1,767,122 | 1,587,935 | 1,537,926 | 1,553,254 |
| 74,370,325 | 81,861,199 | 93,767,546 | 83,120,816 | 102,960,383 | 90,199,232 |
| 21,927,951 | 22,804,577 | 23,004,075 | 23,091,127 | 24,967,519 | 25,078,431 |
| 3,181,680 | 3,229,686 | 3,446,390 | 3,453,095 | 3,693,302 | 3,691,245 |
| 5,372,380 | 5,459,451 | 5,781,663 | 5,620,253 | 6,269,405 | 6,178,658 |
| 2,294,436 | 2,479,382 | 2,851,567 | 4,285,676 | 5,788,056 | 8,419,877 |
| 32,776,447 | 33,973,096 | 35,083,695 | 36,450,151 | 40,718,282 | 43,368,211 |
| \$107,146,772 | \$115,834,295 | \$128,851,241 | \$119,570,967 | \$143,678,665 | \$133,567,443 |
| \$2,999,283 | \$3,117,163 | \$3,500,551 | \$3,906,587 | \$3,084,579 | \$3,441,225 |
| 3,601,313 | 3,692,808 | 5,166,271 | 5,788,420 | 4,551,060 | 4,675,889 |
| 433,640 | 352,955 | 385,274 | 85,841 | 216,346 | 149,818 |
| 564,118 | 664,015 | 511,613 | 559,691 | 578,786 | 636,330 |
| 2,378,476 | 2,294,859 | 2,150,551 | 2,084,066 | 2,178,829 | 2,017,744 |
| 5,407,043 | 6,277,517 | 6,524,865 | 7,103,296 | 7,838,532 | 7,405,866 |
| 14,166,562 | 32,781,014 | 16,172,833 | 17,377,334 | 27,077,936 | 24,802,770 |
| 29,550,435 | 49,180,331 | 34,411,958 | 36,905,235 | 45,526,068 | 43,129,642 |
| 20,954,786 | 20,575,176 | 20,578,287 | 21,412,966 | 23,562,178 | 25,149,599 |
| 4,519,242 | 4,736,151 | 4,873,273 | 5,269,105 | 5,528,944 | 5,854,164 |
| 3,445,419 | 3,412,602 | 3,448,585 | 3,710,670 | 3,749,856 | 3,707,859 |
| 2,349,498 | 2,137,718 | 2,264,970 | 3,617,012 | 5,242,313 | 8,247,810 |
| 267,591 | 592,432 | 854,174 | 519,824 | 335,884 | 371,202 |
| 36 | - | - | 245,654 | 584,363 | 306,382 |
| 31,536,572 | 31,454,079 | 32,019,289 | 34,775,231 | 39,003,538 | 43,637,016 |
| \$61,087,007 | \$80,634,410 | \$66,431,247 | \$71,680,466 | \$84,529,606 | \$86,766,658 |
| (44,819,890) | (32,680,868) | (59,355,588) | (46,215,581) | (57,434,315) | (47,069,590) |
| (1,239,875) | (2,519,017) | (3,064,406) | (1,674,920) | (1,714,744) | 268,805 |
| (\$46,059,765) | (\$35,199,885) | (\$62,419,994) | (\$47,890,501) | (\$59,149,059) | (\$46,800,785) |
| \$43,284,520 | \$44,775,678 | \$46,752,023 | \$48,881,455 | \$51,260,264 | \$53,080,612 |
| 7,010,018 | 8,906,394 | 14,222,910 | 14,412,263 | 16,936,341 | 16,274,658 |
| 1,232,810 | 1,202,154 | 1,850,619 | 2,877,947 | 1,977,371 | 3,825,860 |
| 58,760 | 70,765 | 4,275 | 163,564 | 87,942 | 195,169 |
| 1,551,127 | 513,017 | 1,508,213 | 1,061,308 | 901,701 | 1,815,321 |
| (1,535,643) | (189,469) | (978,759) | (5,267) | (132,730) | (21,936) |
| 51,601,592 | 55,278,539 | 63,359,281 | 67,391,270 | 71,030,889 | 75,169,684 |
| 1,253,288 | 1,366,798 | 1,451,140 | 1,414,133 | 1,427,984 | 2,112,584 |
| - | - | - | - | 21,000 | - |
| 28,046 | 24,047 | 88,357 | 78,237 | 53,740 | 135,172 |
| 1,535,643 | 189,469 | 978,759 | 5,267 | 132,730 | 21,936 |
| 2,816,977 | 1,580,314 | 2,518,256 | 1,497,637 | 1,635,454 | 2,269,692 |
| \$54,418,569 | \$56,858,853 | \$65,877,537 | \$68,888,907 | \$72,666,343 | \$77,439,376 |
| \$6,781,702 | \$22,597,671 | \$4,003,693 | \$21,175,689 | \$13,596,574 | \$28,100,094 |
| 1,577,102 | (938,703) | (546,150) | (177,283) | (79,290) | 2,538,497 |
| \$8,358,804 | \$21,658,968 | \$3,457,543 | \$20,998,406 | \$13,517,284 | \$30,638,591 |

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

| | 2008 | 2009 | 2010 | 2011 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund: | | | | |
| Reserved | \$316,429 | \$261,546 | \$328,007 | \$ - |
| Unreserved | 19,388,591 | 19,650,614 | 19,122,276 | - |
| Fund balance: | | | | |
| Nonspendable | - | - | - | - |
| Committed | - | - | - | 1,007,844 |
| Unassigned | - | - | - | 18,997,494 |
| Total general fund | <u>\$19,705,020</u> | <u>\$19,912,160</u> | <u>\$19,450,283</u> | <u>\$20,005,338</u> |
| All other governmental funds: | | | | |
| Reserved | \$11,866,315 | \$12,561,450 | \$13,047,049 | \$ - |
| Unreserved, designated, reported in: | | | | |
| Special revenue funds | 4,989,824 | 4,615,480 | 8,152,553 | - |
| Capital projects funds | 72,251,099 | 71,551,551 | 65,668,487 | - |
| Fund balance: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | 58,933,054 |
| Committed | - | - | - | 13,096,599 |
| Assigned | - | - | - | 21,312,731 |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u>\$89,107,238</u> | <u>\$88,728,481</u> | <u>\$86,868,089</u> | <u>\$93,342,384</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 | | | | | |
|---------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | 3,952 | - | 4,337 | 222 |
| 712,554 | 571,066 | 1,250,496 | 1,259,003 | 1,179,421 | 1,799,132 |
| 19,979,183 | 20,344,235 | 23,388,858 | 26,700,761 | 27,625,954 | 29,143,486 |
| <u>\$20,691,737</u> | <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> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 20,585 | 17,000 | 18,000 |
| 63,348,535 | 73,455,034 | 49,590,387 | 51,864,823 | 56,454,794 | 54,067,300 |
| 12,621,177 | 11,155,740 | 6,375,212 | 6,494,362 | 7,376,666 | 8,676,191 |
| 17,996,032 | 16,211,514 | 19,649,729 | 21,353,926 | 25,620,010 | 29,103,813 |
| - | - | - | - | - | (63,731) |
| <u>\$93,965,744</u> | <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> |

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

| | Fiscal Year | | | |
|---|--------------------|--------------------|----------------------|--------------------|
| | 2008 | 2009 | 2010 | 2011 |
| Revenues: | | | | |
| Taxes | \$40,277,913 | \$41,277,481 | \$42,020,340 | \$41,365,118 |
| Lodging and admissions taxes | 6,818,771 | 5,808,668 | 6,200,709 | 6,874,548 |
| Licenses, fees and permits | 3,774,304 | 3,732,882 | 3,623,605 | 4,474,072 |
| Fines and penalties | 1,277,684 | 1,185,711 | 1,515,366 | 1,376,797 |
| Charges for services | 2,669,727 | 2,726,102 | 2,894,200 | 2,744,425 |
| Special assessments | 2,572,993 | 2,873,470 | 3,210,522 | 3,809,554 |
| Intergovernmental | 9,145,167 | 9,120,682 | 9,041,238 | 9,804,326 |
| Investment earnings | 5,651,222 | 2,100,221 | 2,054,891 | 1,645,392 |
| Other revenues | 10,544,436 | 9,691,594 | 8,132,865 | 8,961,650 |
| Total revenues | <u>82,732,217</u> | <u>78,516,811</u> | <u>78,693,736</u> | <u>81,055,882</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General services | 5,624,310 | 6,024,864 | 5,368,743 | 5,332,137 |
| Development services | 8,481,077 | 7,996,300 | 15,408,814 | 7,454,595 |
| Public works | 11,491,947 | 11,756,830 | 11,909,318 | 11,613,863 |
| Public safety | 21,748,003 | 22,617,035 | 25,500,113 | 26,191,631 |
| Community services | 10,380,435 | 10,754,056 | 11,658,659 | 11,683,752 |
| Debt service: | | | | |
| Paying agent fees | 60,689 | 76,932 | 88,308 | 227,284 |
| Interest | 2,196,443 | 1,936,789 | 1,961,215 | 2,203,535 |
| Principal retirement | 9,345,000 | 4,610,000 | 4,335,000 | 5,020,000 |
| Capital outlay: | | | | |
| General services | 22,522 | - | - | - |
| Development services | 4,251,155 | 3,182,677 | 2,797,431 | 1,800,019 |
| Public works | 9,944,230 | 9,787,120 | 8,553,896 | 11,780,955 |
| Public safety | 281,249 | 125,671 | 759,463 | 640,353 |
| Community services | 1,061,763 | 912,968 | 865,036 | 1,310,704 |
| Total expenditures | <u>84,888,823</u> | <u>79,781,242</u> | <u>89,205,996</u> | <u>85,258,828</u> |
| Revenues over (under) expenditures | <u>(2,156,606)</u> | <u>(1,264,431)</u> | <u>(10,512,260)</u> | <u>(4,202,946)</u> |
| Other financing sources (uses): | | | | |
| Bonds issued | 9,570,000 | 7,835,000 | 8,445,000 | 12,720,000 |
| Bond premiums | 213 | (59,155) | 15,426 | 202,010 |
| Bond discounts | - | - | (18,998) | - |
| Proceeds capital assets | 2,194,455 | - | - | - |
| Transfers in | 6,059,851 | 7,860,345 | 14,113,607 | 7,509,683 |
| Transfers out | (6,543,471) | (10,804,337) | (14,365,044) | (9,199,397) |
| Total other financing sources (uses) | <u>11,281,048</u> | <u>4,831,853</u> | <u>8,189,991</u> | <u>11,232,296</u> |
| Net change in fund balance | <u>\$9,124,442</u> | <u>\$3,567,422</u> | <u>(\$2,322,269)</u> | <u>\$7,029,350</u> |
| Debt service as a percentage of noncapital expenditures | 16.5% | 9.9% | 8.2% | 10.3% |
| Debt service as percentage of total expenditures | 13.6% | 8.2% | 7.1% | 8.5% |

Table 4

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------|--------------|----------------|--------------|--------------|--------------|
| \$43,092,371 | \$45,485,284 | \$46,756,493 | \$48,852,186 | \$51,277,151 | \$53,202,530 |
| 7,010,018 | 8,906,395 | 14,222,909 | 14,412,263 | 16,936,352 | 16,274,658 |
| 4,648,260 | 4,679,509 | 5,864,807 | 6,241,921 | 4,743,748 | 5,191,270 |
| 1,283,725 | 1,493,871 | 1,216,254 | 1,251,693 | 1,057,518 | 1,243,454 |
| 2,961,413 | 2,771,138 | 3,021,925 | 3,116,814 | 2,908,551 | 2,385,511 |
| 4,438,899 | 3,738,367 | 3,645,884 | 4,469,106 | 3,943,212 | 3,820,155 |
| 10,125,744 | 14,575,098 | 14,745,267 | 17,553,679 | 14,435,816 | 21,480,304 |
| 1,239,085 | 448,813 | 1,250,209 | 833,337 | 701,235 | 1,396,754 |
| 8,077,401 | 21,432,708 | 8,612,823 | 9,870,031 | 16,056,456 | 10,369,189 |
| 82,876,916 | 103,531,183 | 99,336,571 | 106,601,030 | 112,060,039 | 115,363,825 |
| 5,741,888 | 6,301,804 | 6,804,893 | 6,741,110 | 7,431,274 | 7,487,434 |
| 11,742,179 | 9,548,984 | 19,400,112 | 8,479,242 | 14,926,374 | 10,987,159 |
| 9,362,745 | 10,007,731 | 10,464,616 | 9,989,225 | 10,778,986 | 11,333,270 |
| 25,733,989 | 27,490,143 | 28,984,753 | 29,692,500 | 32,045,686 | 31,496,674 |
| 13,979,633 | 14,983,442 | 14,709,288 | 15,396,539 | 16,131,465 | 16,410,862 |
| 281,170 | 136,333 | 43,887 | - | - | - |
| 2,074,532 | 2,342,029 | 1,973,965 | 1,697,056 | 1,680,180 | 1,746,775 |
| 7,765,000 | 8,720,000 | 17,645,000 | 7,895,000 | 6,975,000 | 8,950,000 |
| - | - | 238,249 | - | 278,450 | - |
| 2,735,526 | 17,709,054 | 12,057,284 | 14,577,484 | 10,555,736 | 4,365,969 |
| 11,225,868 | 8,076,371 | 11,681,648 | 9,044,239 | 12,314,905 | 21,983,079 |
| 269,002 | 607,105 | 80,704 | 510,613 | 90,429 | 125,739 |
| 964,706 | 750,975 | 1,779,496 | 979,392 | 496,599 | 3,305,609 |
| 91,876,238 | 106,673,971 | 125,863,895 | 105,002,400 | 113,705,084 | 118,192,570 |
| (8,999,322) | (3,142,788) | (26,527,324) | 1,598,630 | (1,645,045) | (2,828,745) |
| 11,515,000 | 9,315,000 | 7,465,000 | 5,355,000 | 11,455,000 | 6,390,000 |
| 882,240 | 476,462 | 177,674 | 400,749 | 637,349 | 528,292 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 5,748,790 | 6,205,652 | 4,213,697 | 7,268,816 | 8,063,372 | 9,075,643 |
| (7,836,949) | (7,351,067) | (6,808,000) | (7,188,369) | (7,925,954) | (8,698,959) |
| 10,309,081 | 8,646,047 | 5,048,371 | 5,836,196 | 12,229,767 | 7,294,976 |
| \$1,309,759 | \$5,503,259 | (\$21,478,953) | \$7,434,826 | \$10,584,722 | \$4,466,231 |
| 12.8% | 13.8% | 19.4% | 12.0% | 9.6% | 12.1% |
| 10.7% | 10.4% | 15.6% | 9.1% | 7.6% | 9.1% |

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) |
|--|--|---------------------------------------|-----------------------------|---|---|
| 2008 | \$81,208,773 | \$74,938,304 | \$1,626,746 | \$157,773,823 | \$15,034,222 |
| 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 |

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 2017 above relate to the January 2, 2016 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

| Adjusted Tax Capacity Value ^(e) | Total Direct Tax Rate | Estimated Market Value (EMV) | Tax Capacity as a Percent of EMV |
|--|-----------------------------|------------------------------------|--|
| \$142,739,601 | 31.97 | \$11,786,153,600 | 1.21% |
| 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% |

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 | |
| 2008 | 29.65 | 2.32 | 31.97 | 17.26 | 38.58 | 9.82 | 97.63 |
| 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 |

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 2017 | | | Payable 2008 | | |
|--------------------------------|-----------------------------|------|---|-----------------------------|------|---|
| | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value |
| Mall of America | \$19,147,996 ^(a) | 1 | 11.77% | \$13,451,796 ^(a) | 1 | 8.53% |
| Metropolitan Life Insurance | 6,244,000 ^(b) | 2 | 3.84% | - ^(b) | - | - |
| Kraus-Anderson | 2,343,046 | 3 | 1.44% | 2,102,418 | 4 | 1.33% |
| Carlson Companies | 1,592,426 | 4 | 0.98% | - | - | - |
| Workspace Property Trust | 1,523,420 ^(c) | 5 | 0.94% | 1,477,526 ^(c) | 5 | 0.94% |
| Frauenschuh | 1,076,185 | 6 | 0.66% | - | - | - |
| Artis REIT | 1,005,832 | 7 | 0.62% | - | - | - |
| Mdewakanton Sioux | 1,003,440 | 8 | 0.62% | - | - | - |
| KBS Capital Advisors | 982,000 | 9 | 0.60% | - | - | - |
| Boyd Bloomington II GSA | 933,780 | 10 | 0.57% | - | - | - |
| Teachers Insurance and Annuity | - | - | - | 4,962,604 ^(b) | 2 | 3.15% |
| United Properties | - | - | - | 2,849,212 | 3 | 1.81% |
| Duke Realty LP | - | - | - | 1,434,726 | 6 | 0.91% |
| Bloomington Central Station | - | - | - | 1,091,537 | 7 | 0.69% |
| Gateway Lake Properties | - | - | - | 1,077,434 | 8 | 0.68% |
| Bloomgate Holdings | - | - | - | 960,060 | 9 | 0.61% |
| Ryan Properties | - | - | - | 927,926 | 10 | 0.59% |
| Total | <u>\$35,852,125</u> | | <u>22.03%</u> | <u>\$30,335,239</u> | | <u>19.23%</u> |
| Total All Property | <u>\$162,706,325</u> | | | <u>\$157,773,823</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 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 <u>December 31,</u> | Taxes Levied For The <u>Fiscal Year</u> | <u>Collected Within The Fiscal Year of the Levy</u> | | Delinquent Collections in Subsequent Years ^(a) | <u>Total Collections to Date</u> | |
|--|--|---|-------------------------------|--|----------------------------------|-------------------------------|
| | | <u>Amount</u> | <u>Percentage of Levy</u> | | <u>Amount</u> | <u>Percentage of Levy</u> |
| 2008 | \$40,853,864 | \$40,456,342 | 99.03% | \$207,117 | \$40,663,459 | 99.53% |
| 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% |

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 | | | |
| 2008 | \$5,590,000 | \$37,210,000 | \$6,180,000 | \$48,980,000 | \$865,000 | \$49,845,000 | 1.4% | \$585 |
| 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 |

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 | | | | | |
| 2008 | \$5,590,000 | \$37,210,000 | \$6,180,000 | \$48,980,000 | \$10,943,810 | \$38,036,190 | 0.32% | 446 |
| 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 |
| 2017 | 5,520,000 | 54,392,867 | 4,635,000 | 64,547,867 | 21,701,505 | 42,846,362 | 0.35% | 499 |

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, 2017

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 | \$78,225,000 | 99.99% | \$78,217,178 |
| ISD No. 272 | 66,540,000 | 0.42% | 279,468 |
| ISD No. 273 | 182,230,000 | 1.34% | 2,441,882 |
| Other debt: | | | |
| Hennepin County | 925,550,000 | 8.00% | 74,044,000 |
| Hennepin County Park District | 60,560,000 | 11.17% | 6,764,552 |
| Hennepin Regional RR Authority | 31,535,000 | 11.17% | 3,522,460 |
| Metropolitan Council | 188,620,614 | 4.09% | 7,714,583 |
| Subtotal - overlapping debt | | | 172,984,122 |
| City direct debt ^(b) | 64,547,867 | 100.00% | 64,547,867 |
| Total direct and overlapping debt | | | \$237,531,989 |

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>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$353,327,586 | \$353,157,039 | \$333,655,044 | \$309,557,004 |
| Total net debt applicable to limit | <u>5,009,500</u> | <u>4,638,800</u> | <u>6,457,546</u> | <u>10,924,513</u> |
| Legal debt margin | <u>\$348,318,086</u> | <u>\$348,518,239</u> | <u>\$327,197,498</u> | <u>\$298,632,491</u> |
| | | | | |
| Total net debt applicable to the limit as a percentage of debt limit | 1.42% | 1.31% | 1.94% | 3.53% |

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.

In 2008, the debt limit increased from 2% of total assessed market value to 3% of total assessed market value.

For example, in 2017 the debt limit was \$362,404,188, the total net debt applicable to the limit was \$4,114,836, and the City could issue up to an additional \$358,289,352 of general obligation debt and still be in compliance with the above statute.

Table 12

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$303,353,544 | \$297,836,742 | \$296,243,913 | \$313,075,791 | \$343,919,310 | \$362,404,188 |
| 9,493,644 | 8,047,547 | 6,557,605 | 5,039,777 | 3,884,062 | 4,114,836 |
| <u>\$293,859,900</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> |
| 3.13% | 2.70% | 2.21% | 1.61% | 1.13% | 1.14% |

Legal Debt Margin Calculation for Fiscal Year 2017

| | |
|--------------------------------------|----------------------|
| Market value | \$12,080,139,600 |
| Debt limit (3% of market value) | <u>362,404,188</u> |
| Debt applicable to limit: | |
| General obligation bonds | 5,520,000 |
| Less: Amount set aside for repayment | |
| of general obligation debt | <u>(1,405,164)</u> |
| Total net debt applicable to limit | <u>4,114,836</u> |
| Legal debt margin | <u>\$358,289,352</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 | Net Available Revenue | Debt Service | | |
| | | | | Principal | Interest | |
| 2008 | \$7,899,256 | \$6,521,853 | \$1,377,403 | \$300,000 | \$41,496 | 4.03 |
| 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 |

Source: City of Bloomington Finance Department

^(a) Storm water utility bonds were paid off in 2009. From 2010 to 2012, the remaining enterprise bonds had pledged revenues from the Ice Garden activity in the Recreational Facilities Fund.

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

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include depreciation.

Table 13

| Improvement Bonds ^(b) | | | | Tax Increment Bonds ^(b) | | | |
|--------------------------------------|--------------|-------------|----------|------------------------------------|--------------|-----------|----------|
| Special Assessment Collections | Debt Service | | Coverage | Tax Increment Collections | Debt Service | | Coverage |
| | Principal | Interest | | | Principal | Interest | |
| \$2,518,754 | \$2,460,000 | \$1,043,280 | 0.72 | \$1,414,486 | \$760,000 | \$354,440 | 1.27 |
| 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 |

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 |
| 2008 | 85,238 | \$3,645,799,736 | \$42,772 | 10,307 | 6.4% | 6.2% |
| 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 |

Sources: (1) U.S. Census estimates were used for 2010 through 2017 and Metropolitan Council estimates were used for prior years
(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 | 2017 | | | 2008 | | |
|----------------------------------|---------------|------|--|---------------|------|--|
| | 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 | 14% |
| HealthPartners | 3,800 | 2 | 4% | 2,360 | 2 | 3% |
| Bloomington School District #271 | 1,948 | 3 | 2% | 1,735 | 4 | 2% |
| Seagate Technology | 1,522 | 4 | 2% | 2,050 | 3 | 2% |
| Donaldson Company | 1,020 | 5 | 1% | 1,300 | 6 | 1% |
| NCS Pearson | 1,013 | 6 | 1% | - | - | - |
| Toro Company | 996 | 7 | 1% | 982 | 7 | 1% |
| General Dynamics | 678 | 8 | 1% | - | - | - |
| Normandale Community College | 649 | 9 | 1% | 575 | 9 | 1% |
| Polar Semiconductor, Inc | 630 | 10 | 1% | - | - | - |
| Express Scripts | - | - | - | 1,379 | 5 | 2% |
| Thermo King/Ingersoll Rand Corp | - | - | - | 600 | 8 | 1% |
| City of Bloomington | - | - | - | 559 | 10 | 1% |
| Total | 25,256 | | 28% | 24,540 | | 27% |
| Total City Employment | 90,508 | | | 90,986 | | |

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 | 2008 | 2009 | 2010 | 2011 |
|--------------------------------|------|------|------|------|
| Governmental activities: | | | | |
| General services | 80 | 80 | 80 | 80 |
| Development services | 71 | 71 | 71 | 71 |
| Public works | 121 | 117 | 116 | 117 |
| Public safety | 153 | 153 | 153 | 152 |
| Community services | 56 | 58 | 60 | 61 |
| Total governmental activities | 481 | 479 | 480 | 481 |
| Business-type activities: | | | | |
| Water/wastewater | 54 | 54 | 54 | 54 |
| Storm water | 11 | 12 | 11 | 12 |
| Recreational facilities | 15 | 16 | 16 | 16 |
| Solid waste management | 1 | 1 | 1 | 1 |
| Contractual police | - | - | - | - |
| Motor vehicle | 5 | 5 | 6 | 5 |
| Total business-type activities | 86 | 88 | 88 | 88 |
| Total | 567 | 567 | 568 | 569 |

Source: City of Bloomington Finance Department

Table 16

| Full-Time Equivalent Employees as of December 31 | | | | | |
|--|------|------|------|------|------|
| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 80 | 80 | 80 | 80 | 82 | 84 |
| 72 | 74 | 74 | 69 | 69 | 71 |
| 118 | 117 | 117 | 117 | 118 | 121 |
| 152 | 155 | 155 | 160 | 165 | 165 |
| 62 | 60 | 60 | 60 | 59 | 55 |
| 484 | 486 | 486 | 486 | 493 | 496 |
| 54 | 54 | 54 | 54 | 54 | 54 |
| 11 | 12 | 12 | 12 | 12 | 12 |
| 16 | 18 | 18 | 18 | 18 | 18 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| - | - | - | - | - | - |
| 5 | 5 | 5 | 6 | 6 | 6 |
| 87 | 90 | 90 | 91 | 91 | 91 |
| 571 | 576 | 576 | 577 | 584 | 587 |

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

| Function/Program | Fiscal Year | | | |
|--|---------------|----------------------|---------------|----------------------|
| | 2008 | 2009 | 2010 | 2011 |
| Governmental activities: | | | | |
| General services: | | | | |
| New full-time employees hired | 23 | 19 | 15 | 33 |
| Criminal case appearances | 10,800 | 13,400 | 12,200 | 14,200 |
| Purchase orders issued | 2,047 | 1,912 | 1,788 | 1,696 |
| Development services: | | | | |
| Permits issued | 11,443 | 10,061 | 11,179 | 11,254 |
| Estimated value of permits | \$168,211,851 | \$173,870,423 | \$128,201,819 | \$263,305,005 |
| Fire inspections | 1,972 | 2,121 | 1,909 | 1,730 |
| Fire investigations | 73 | 72 | 61 | 105 |
| Public works: | | | | |
| Street resurfacing (miles) | 46 | 46 | 41 | 36 |
| Street sweeping (tons of material) | 3,447 | 4,558 | 4,552 | 3,784 |
| Public safety: | | | | |
| Bookings | 2,358 | 2,469 | 2,420 | 2,153 |
| DWI's | 630 | 624 | 624 | 593 |
| Part 1 crimes ^(a) | 3,399 | 3,459 | 3,309 | 3,358 |
| Fire department average response time | 4:17 | 4:24 | 4:31 | 4:36 |
| Fire emergency responses | 1,309 | 1,089 | 1,168 | 1,184 |
| Fires extinguished | 192 | 178 | 153 | 142 |
| Community services: | | | | |
| City website pageviews | * | * | * | 1,776,135 |
| Number of E-Subscribers | N/A | 3,050 ^(c) | 4,100 | 5,673 |
| Human services volunteers | 390 | 321 | 405 | 284 |
| Influenza immunizations | 4,875 | 9,630 | 6,780 | 4,101 ^(d) |
| Client cancer screenings | 1,079 | 1,347 | 1,170 | 1,234 |
| Business-type activities: | | | | |
| Water/wastewater utility: | | | | |
| Average daily consumption (gallons) | 11,800,000 | 11,700,000 | 10,500,000 | 10,720,000 |
| Average daily sewage treatment (gallons) | 8,550,000 | 8,190,000 | 8,285,000 | 8,570,000 |
| Storm water utility: | | | | |
| Storm mains inspected (miles) | 3 | 6 | 9 | 9 |
| Recreational facilities: | | | | |
| Golf course rounds played | 87,556 | 83,638 | 76,209 | 66,180 |
| Ice garden hours | 8,766 | 9,553 | 9,888 | 9,342 |
| Solid waste management: | | | | |
| Annual trash clean-up (tons) | 1,626 | 1,796 | 1,689 | 1,717 |
| Contractual police: | | | | |
| Overtime hours billed | 8,126 | 8,309 | 6,552 | 8,308 |
| Motor vehicle: | | | | |
| DNR transactions | 2,734 | 2,676 | 2,730 | 2,543 |
| Drivers license transactions | 18,371 | 17,170 | 17,346 | 18,209 |
| Motor vehicle transactions | 58,130 | 56,743 | 55,900 | 61,878 |

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 the City implemented E-Subscribe, a free news service to send electronic notifications to registered subscribers.

^(d) In 2009 and 2010, the new H1N1 vaccine was separate, and beginning in 2011, H1N1 was included in the regular influenza vaccine.

^(e) In 2015 and 2016, Mall of America Security significantly increased their use of police contractual services.

Table 17

| Fiscal Year | | | | | |
|---------------|---------------|---------------|--------------------------|-----------------------|---------------|
| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 43 | 44 | 44 | 51 | 46 | 40 |
| 16,000 | 20,000 | 18,000 | 20,000 | 22,000 | 20,000 |
| 1,875 | 1,457 | 1,382 | 1,026 | 995 | 878 |
| 11,362 | 16,119 | 14,413 | 12,313 | 11,856 | 10,859 |
| \$198,432,583 | \$201,614,610 | \$342,190,790 | \$485,208,914 | \$185,368,384 | \$304,605,776 |
| 2,111 | 2,643 | 2,724 | 2,851 | 2,219 | 3,024 |
| 152 | 152 | 117 | 105 | 115 | 62 |
| 43 | 31 | 36 | 40 | 38 | 41 |
| 4,263 | 3,477 | 3,834 | 2,635 | 2,850 | 3,475 |
| 2,262 | 2,349 | 2,350 | 2,218 | 2,320 | 2,256 |
| 512 | 451 | 425 | 362 | 363 | 423 |
| 3,443 | 3,524 | 3,423 | 3,118 | 3,035 | 2,812 |
| 4:31 | 4:23 | 4:16 | 4:06 | 4:14 | 4:14 |
| 1,161 | 1,221 | 1,317 | 1,510 | 1,769 | 1,802 |
| 177 | 159 | 149 | 184 | 166 | 175 |
| 1,814,332 | 1,948,674 | 1,911,818 | 1,468,653 ^(b) | 1,629,355 | 1,846,618 |
| 7,565 | 9,706 | 12,191 | 14,593 | 21,464 | 23,750 |
| 309 | 317 | 350 | 324 | 279 | 250 |
| 3,506 | 4,488 | 3,851 | 3,216 | 2,795 | 2,666 |
| 1,213 | 1,139 | 574 | 396 | 219 | 356 |
| 11,700,000 | 11,202,000 | 10,700,000 | 10,300,000 | 10,360,000 | 9,990,000 |
| 8,130,000 | 8,078,000 | 8,175,000 | 7,920,000 | 8,100,000 | 7,520,000 |
| 8 | 8 | 9 | 11 | 12 | 8 |
| 62,852 | 51,658 | 61,355 | 62,392 | 57,599 | 53,373 |
| 9,206 | 9,635 | 9,440 | 9,793 | 9,752 | 9,838 |
| 1,497 | 1,300 | 1,789 | 1,758 | 1,949 | 1,807 |
| 9,399 | 9,270 | 7,739 | 23,481 ^(e) | 25,666 ^(e) | 10,284 |
| 2,879 | 2,876 | 2,641 | 2,581 | 2,370 | 1,891 |
| 21,610 | 20,439 | 20,727 | 20,092 | 21,157 | 20,551 |
| 64,265 | 61,835 | 66,061 | 66,569 | 64,821 | 59,159 |

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

| Function/Program | Fiscal Year | | | |
|---------------------------------------|-------------|------------|------------|------------|
| | 2008 | 2009 | 2010 | 2011 |
| Governmental activities: | | | | |
| Public works: | | | | |
| Streets (miles) | 342 | 342 | 341 | 341 |
| Streetlights | 4,148 | 4,118 | 4,339 | 4,339 |
| Traffic signals | 149 | 147 | 147 | 147 |
| Emergency outdoor warning sirens | 22 | 22 | 22 | 22 |
| Emergency vehicle pre-emption systems | 121 | 121 | 121 | 121 |
| Public safety: | | | | |
| Police stations | 1 | 1 | 1 | 1 |
| Patrol units - marked and unmarked | 37 | 37 | 37 | 37 |
| Police investigator 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 | 62 | 61 | 61 | 61 |
| Soccer/football fields | 22 | 22 | 22 | 22 |
| Tennis courts | 52 | 51 | 51 | 50 |
| Picnic shelters/gazebos | 19 | 22 | 22 | 22 |
| Business-type activities: | | | | |
| Water/wastewater utility: | | | | |
| Water mains (miles) | 490 | 489 | 489 | 489 |
| Fire hydrants | 4,556 | 4,565 | 4,570 | 4,599 |
| Storage capacity (gallons) | 44,000,000 | 44,000,000 | 44,000,000 | 44,000,000 |
| Sanitary sewers (miles) | 382 | 383 | 383 | 384 |
| Storm water utility: | | | | |
| Storm sewers (miles) | 250 | 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 | | | | | |
|-------------|------------|------------|------------|------------|------------|
| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
| 342 | 342 | 342 | 342 | 342 | 342 |
| 4,339 | 4,339 | 4,339 | 4,361 | 4,361 | 4,380 |
| 147 | 144 | 144 | 143 | 143 | 143 |
| 22 | 22 | 22 | 22 | 22 | 22 |
| 121 | 121 | 121 | 122 | 122 | 122 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 37 | 37 | 37 | 37 | 37 | 37 |
| 27 | 27 | 27 | 27 | 27 | 29 |
| 6 | 6 | 6 | 6 | 6 | 6 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 54 | 54 | 54 | 54 | 54 | 53 |
| 61 | 61 | 62 | 62 | 61 | 61 |
| 22 | 22 | 22 | 22 | 22 | 22 |
| 50 | 49 | 49 | 50 | 50 | 50 |
| 22 | 22 | 22 | 22 | 22 | 22 |
| 495 | 496 | 496 | 498 | 498 | 501 |
| 4,589 | 4,617 | 4,617 | 4,665 | 4,676 | 4,677 |
| 44,000,000 | 44,000,000 | 44,000,000 | 44,000,000 | 44,000,000 | 44,000,000 |
| 384 | 384 | 384 | 385 | 385 | 385 |
| 253 | 253 | 251 | 252 | 252 | 237 |
| 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