

The Art of Creating Community

City of Bloomington, Minnesota

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended December 31, 2013

Comprehensive Annual Financial Report

of the City of
Bloomington, Minnesota

For the Year Ended
December 31, 2013

Prepared by the Finance Department

CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For the Year Ended December 31, 2013

SECTION I

INTRODUCTORY SECTION

CITY OF BLOOMINGTON, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

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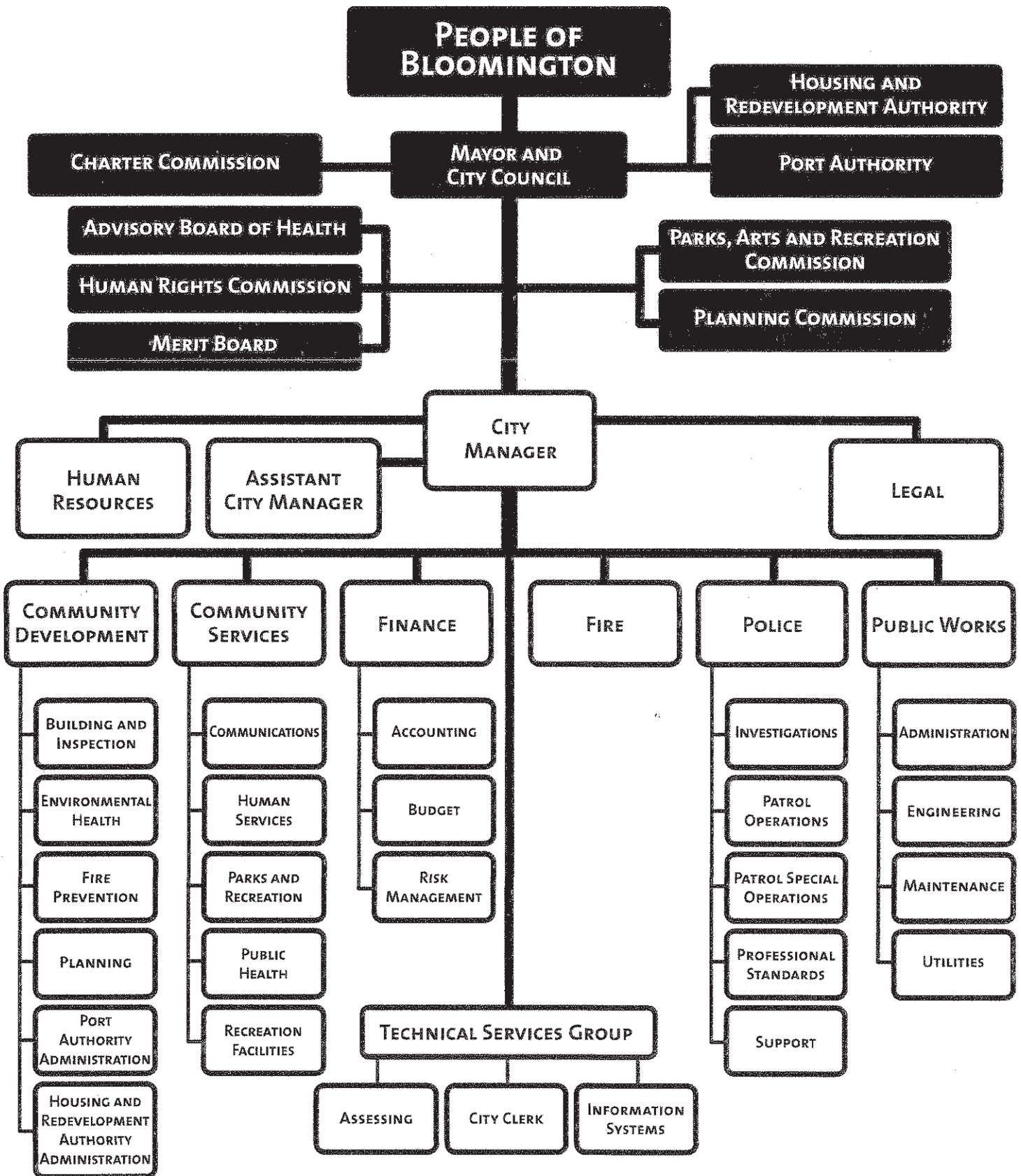
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CITY OF BLOOMINGTON, MINNESOTA

DECEMBER 31, 2013

PRINCIPAL OFFICIALS

GENE WINSTEAD, MAYOR

JACK BALOGA..... COUNCILMEMBER

TIM BUSSE..... COUNCILMEMBER

THOMAS HULTING..... COUNCILMEMBER

KAREN NORDSTROM..... COUNCILMEMBER

STEVE PETERSON..... COUNCILMEMBER

VERN WILCOX..... COUNCILMEMBER

MARK E. BERNHARDSON, CITY MANAGER



June 23, 2014

Honorable Mayor and City Council
City of Bloomington, Minnesota

Dear Mayor and City Council:

The City of Bloomington's 2013 theme of "Bloomington at its Best" helps advance the organization towards its "Imagine Bloomington 2025" strategic vision. This vision "To build and renew the community by providing services, promoting renewal and guiding growth in an even more sustainable, fiscally sound manner" truly captures the spirit of Bloomington.

As the economy strengthened, downturn strategies developed in the late 1990's that helped pave the way for the City's exclusive "Triple Triple A" bond ratings, and were engaged in 2008 and through 2010, had a diminished reliance in 2011 that allowed 2012 and 2013 to be budgeted as normal economic years with positive performance in the bulk of the funds, particularly the General Fund. The General Fund successfully ended 2013 with a \$223,564 positive performance that met the 2014 fund balance goal after a year-end transfer of \$1,310,647 to strategic priorities.

Lodging tax revenues increased in 2013, surpassing the prior peak set in 2008. While residential values declined by 2.5%, this was offset by increases commercial and apartment buildings with the total City market value declining by only 0.6% for the January 2013 assessment resulting change in total tax capacity was flat since commercial properties have a tax capacity classification double that of single family homes. As 2013 began it became very clear that supply and demand factors began working in favor of a recovery in residential values, and home price appreciation occurred at a strong pace throughout 2013. Overall City market value has been enriched with completion of the Radisson Blu at Mall of America, as well as Genesee Apartments at Penn Avenue and American Boulevard. Those projects were the beginnings of a strong development cycle that is continuing into 2014. Highway access in the community was enhanced with completion of the Diverging Diamond Interchange (DDI) at 494 and 34th Avenue, as noted in the major initiatives section.

The City's commitment to its organizational mission of being "A professional productive, learning organization that builds and renews the community by providing quality services at an affordable price" is reflected in low property tax increases, excellent bond ratings, and the high rankings awarded by residents for the second year in a row in the 2013 Citizen Survey.

2013 marked the second year a city-wide survey using a survey instrument utilized by over 500 communities nationwide. This standardized survey allows for cross quality comparisons with a variety of other communities. Bloomington results were also compared with 21 other similar communities based on factors such as size and development. Within this peer group, Bloomington scores ranked #1 in snow plowing, water and sewer services, #2 in snow removal, storm drainage, traffic enforcement and signal timing, #3 in the overall direction that the City is taking as well as its police and animal control services, and #4 for the overall quality of life, overall service provision and the value of services for taxes paid. These excellent results were the stage for the City's 2013 theme – "Bloomington at its Best." The 2014 survey is currently underway to further help City leaders gauge citizen satisfaction and assess services, policies and programs.

For 2013, the median-value homeowner paid \$66.24 per month for all property tax supported City services. This was a \$1.58 per month decline from 2012 after three consecutive years of holding the monthly cost of services level at \$67.82 per month. In setting the levy for 2014, the City Council's budget objectives included returning the monthly cost to a level at or below \$67.82 per month. The City's total net property tax dollar levy has experienced average increases of only 3.50% in past 10 years, and given the annual average growth in new development value of 1%, results in a 2.5% levy increase on existing property values which is well below the median value residential market value growth, even after factoring in the declines since 2007.

The City strives for quality excellence and its continuous efforts are reflected in the maintenance of Triple A bond ratings from Moody's, Standard & Poor's, and Fitch Ratings, an achievement shared by only 27 of more than 19,000 municipalities nationwide. In fact, Bloomington is the only city in Minnesota to hold this superior ratings combination at the end of 2013. This creates greater opportunities, results in low interest costs, and best positions the City to shape its future.

As part of its continuous quality improvement effort, the City has submitted its budget document for consideration and received Distinguished Budget awards from the Government Finance Officers Association (GFOA) each year since 1997. The Comprehensive Annual Financial Report (CAFR), in turn, reveals the successful performance of this planning and budgeting cycle. The City has received a Certificate of Achievement in Excellence in Financial Reporting from GFOA for its CAFR every year since 1971. Nationwide, only Oak Ridge, Tennessee and Montgomery County, Maryland have obtained the award as many or more times. The companion Corporate Report to the Community, within the City's newsletter *Bloomington Briefing*, is published and delivered to residents each June. The Corporate Report has received fourteen GFOA awards to date. All three documents are accessible via the City's website at www.BloomingtonMN.gov.

We thank HLB Tautges Redpath, Ltd. for the very professional manner in which they handled their duty as the City's auditor for the eighth year. I also would like to recognize Lori Economy-Scholler in her continued strong leadership role as Chief Financial Officer and credit the rest of the accounting staff led by Julie Vogel, Finance Manager, for both the exceptional manner in which our financial records are kept and the superior presentation of this information in the CAFR. The finance team's excellent guidance and continuous support of prudent financial management by City departments have proven essential in maintaining and enhancing the City's solid financial base and high standards of organization-wide financial management in the ongoing delivery of quality services to the community.

Finally, I would like to thank the Bloomington Mayor and City Council for their support and leadership in providing and maintaining a strong financial position for the City. Their long-term foresight in setting the community vision through "Imagine Bloomington 2025" and commitment to ongoing renewal and reinvestment in the community and its municipal organization's "Bloomington at its Best" approach in 2013 will continue to reward all citizens who live in, work in, and enjoy Bloomington for many years to come.

Sincerely,



Mark E. Bernhardson
City Manager



June 23, 2014

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, 2013 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 Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, independent auditor's report on compliance and on internal control over financial reporting based upon the audit of the basic financial statements performed in accordance with Government Auditing Standards, and independent auditor's report on compliance and internal control over compliance applicable to each major federal award program, are included in a separate single audit report.

Other Reporting Entity Components

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

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

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

Economic Condition and Outlook

Bloomington covers an area of 38.3 square miles and is situated 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 fifth 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, Express Scripts, Donaldson Company, Toro, Cypress Semiconductors, Ceridian Corporation, Thermo King, 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 actually attracts more visitors than all other Minnesota tourist destinations combined.

In addition, with many entertainment facilities and over 8,100 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. Bloomington is fortunate to have a diversified tax base, currently composed of approximately 54.3% commercial/industrial, 39.2% residential, and 6.5% 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 targeting significant additional growth in three districts located along I-494.

Current City Development

In 2013, the City issued building permits for 281 new residential units with a total project valuation of \$42,197,122. Significant development activity continued in 2013 as shown below. Most of the growth focused 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.

- Radisson Blu, a 12-story, 500-room upscale hotel adjacent to Mall of America (MOA), opened in March of 2013. The hotel is located on the south side of the Mall with a direct connection to the Mall via skyway.
- The Luxembourg, a 282-unit upscale apartment development, continued construction just west of Normandale Boulevard and north of West 84th Street. The development is anticipated to be ready for occupancy in 2014.
- Wealshire of Bloomington, a 130-bed memory care facility at 10601 Lyndale Avenue that opened in August of 2011, completed an 81-bed expansion in September of 2013.
- First Industrial completed a 156,000-square-foot expansion to their distribution and data center on behalf of their tenant, Best Buy Corporation.
- Toro began construction on a new 75,000 sq. ft. office building at their international headquarters campus on Lyndale Avenue.
- Construction began on the Covington Apartments in the Normandale Lake District. The 250-unit, five-story apartment building will open for occupancy in 2014.

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. March 2013 marked the opening of the Radisson Blu Mall of America – the only hotel conveniently connected by skyway to Mall of America. The hotel offers 500 superb fashion inspired rooms, a state-of-the-art fitness center, and an indoor pool. Guests can also enjoy a delicious meal at the FireLake Grill House & Cocktail Bar that features a mix of classic American heartland flavors.

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 2013, Mall of America welcomed several new restaurants, retailers, entertainment and exclusive tenants including Victorinox, Moods of Norway, Free People, and UGG.

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 Teenage Mutant Ninja Turtles Shell Shock. The ride takes guests 70 feet in the air in a matter of seconds, reaching up to 25 miles per hour. With 12 single-bucket seats at the end of a cantilevered arm that rotates around a central tower, this ride is a thrill-seeker's dream.

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, a 14-theater movie complex with a VIP theater and the STARBAR lounge, 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.

The 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 on-site improvements. The total project was \$789 million, of which, the Port Authority provided approximately \$106 million in public improvements: \$11 million in site work, \$60 million in parking facilities, \$7 million in structural roadway and bridge work, and \$28 million in land acquisition.

In 2004, a new IKEA store marked the beginning of Mall of America's expansion. The 500-room Radisson Blu Hotel broke ground in May of 2011 and was completed in March of 2013. The 13-story hotel was constructed over a new three-story parking structure and is connected to the Mall's second level via skyway. The Mall began construction in early 2014 on a 555,000-square foot integrated expansion on its north side that will include a 300 plus-room JW Marriott luxury hotel, an office tower, and 142,000 square feet of additional retail and restaurant area. At buildout, 9.8 million square feet of development is planned.

Major Initiatives

Farmers Market

In 2013, the City wrapped up its seventh season of the Bloomington Farmers Market, a Saturday morning tradition that features locally grown products, festive music, and special events. The Bloomington Farmers Market is a community gathering attended by more than 3,500 people per week. At the market, farmers, growers, and producers sell their own products directly to the public, allowing consumers to have a direct relationship with producers of the items they purchase. The market emphasizes quality and freshness, with a variety of products offered by over 40 vendors. Master Gardeners are also available onsite to answer questions about plants, trees, bugs, and gardening mysteries.

On any given Saturday, a Bloomington resident can take a quick drive to the Civic Plaza to purchase fresh fruits, vegetables, herbs, honey, baked goods, nuts, jams, and flowers. In addition, special events are scheduled in tandem to promote cultural celebrations, healthy lifestyles, recycling, sustainability, community spirit, arts and culture, and a fun time for all ages. Examples include a Global Celebration, Get Fit Day, Home Energy Squad presentations, police demonstrations, raingarden workshops, cooking demonstrations, kid's crafts, and creating reusable shopping bags from T-shirts. Some residents come just to visit with neighbors and enjoy entertainment including acoustic music, bluegrass, folk rock, dancers, and puppet shows.

In 2009 the City began using an email subscription service that provides periodic newsletter updates with interesting information on seasonal offerings, upcoming performances, local vendor stories, and delicious recipes. The popular newsletter had 3,969 subscribers by the end of 2013. The market donates fresh produce and market products to VEAP, the local foodshelf, each week. Food donations totaling 6,583 pounds were provided to VEAP by market customers and vendors in 2013. In 2011, the Bloomington Farmers Market began accepting EBT/SNAP (food stamps) and credit cards, providing greater access to nutritious foods. A new GreenPath waste reduction initiative will be implemented in 2014, adding composting and recycling stations, with the goal to reduce food and other market waste by 75 percent.

The Bloomington Farmers Market is another way the City is realizing its goal to become a healthier and more sustainable place in which to work and live.

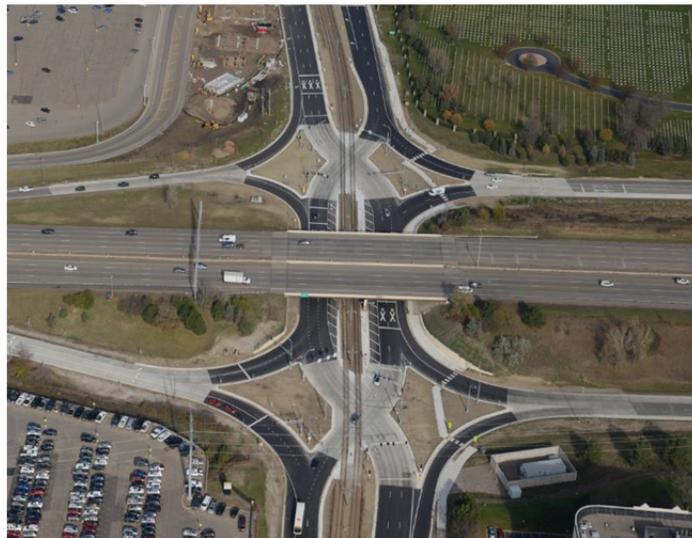
Diverging Diamond Interchange

One of the major transportation projects of 2013 was completed and opened to traffic in October, the diverging diamond interchange (DDI) at I-494 and 34th Avenue. Implementation of this new traffic solution was a strategic move to better handle current needs and prepare for increased demands of the future.

A 2008 traffic study conducted by the Minnesota Department of Transportation, Bloomington, and the Metropolitan Airports Commission (MAC) identified the need for reconstruction of the I-494 and 34th Avenue intersection to accommodate projected traffic growth in the quickly

developing South Loop District area. In 2010, various intersection alternatives were evaluated, resulting in the DDI as the preferred interchange alternative.

A DDI simplifies traffic operations at an interchange by eliminating traditional left turns that have motorists cross lanes of oncoming traffic. By using traffic signals, physical barriers, signs and pavement markings at each crossover, the new pattern temporarily switches lanes of traffic to the opposite side of the road as they cross beneath the bridge, and allows right and left turn movements to access freeway entrance ramps without stopping. The innovative design accommodates a higher number of left turning vehicles, the predominate movement at the interchange, and prepares for the future traffic growth anticipated at the Minneapolis-St. Paul International Airport and the South Loop District.



The DDI design originated in France, the first U.S. interchange opened in 2009 in Missouri, and now there over 30 completed interchanges nationwide. Only the third such interchange in Minnesota, this unique DDI is the first in the Twin Cities, and it is the first DDI in the United States to incorporate a center running light rail train. The majority of the project was funded through a Transportation Economic Development grant that was awarded in 2011. Remaining project costs were funded by the MAC and the City through a cost share agreement. Total project cost was approximately \$6.4 million, compared to the estimated \$29 million for the design alternative with next lowest cost. The value of the new interchange is expected to be recognized by a broad variety of users in the metropolitan area.

The 34th / I-494 DDI project recently received the WTS “Innovative Transportation Solutions Award” at the local level, and has been selected to receive honors as the American Public Works Association (APWA) “Public Works Project of the Year for 2014 (in the \$5-\$25 million transportation category)” at the 2014 International Public Works Congress and Exposition in Toronto, Ontario.

With its close proximity to the Minneapolis-St. Paul International Airport, the South Loop District is in the northeast area of Bloomington and encompasses the Mall of America (MOA), the busiest transit station in Minnesota (MOA Transit Center), and a growing number of new hotel, housing, office and retail developments. Development projections are anticipated to increase in the district from today through the year 2030 to include 1,491 additional hotel rooms, 1,790 additional housing units, and 13,647 additional jobs. The new diverging diamond interchange is one of many improvements being implemented to provide infrastructure to support the steady growth in quality housing and business location options and also strengthen Bloomington’s position as a premiere destination.

Relevant Financial Policies

In accordance with the City's Budgetary and Financial Control Policy, the City strives to maintain an undesignated and unreserved General Fund Balance of 50% of the General Fund portion of the tax levy and fiscal disparities for the following year. The City will also review and update 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
2010	\$54,710,503	\$19,912,160	36.4%
2011	54,436,064	19,450,283	35.7
2012	56,927,790	20,005,338	35.1
2013	59,687,288	20,691,737	34.7
2014	61,452,110	20,915,301	34.0

The City's General Fund working capital balance of \$22,051,704 at December 31, 2013 includes amounts committed for encumbrances, carryovers, and fair value adjustments for investments, which brings the total fund balance to \$20,915,301. The City anticipates that the 2014 year-end General Fund balance will remain constant (plus any commitments for carryovers or

encumbrances), based upon budgeted 2014 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, 2013 are as follows (primary government only):

	Amount	% Market Value	Bonded Debt per Capita	
			Current Year	Prior Year
General Obligation Bonded Debt	\$ 9,940,000			
Improvement Bonds	60,125,000			
General Obligation Tax Increment	3,095,000			
Net Total	<u>73,160,000</u>			
Less Debt Service Funds	<u>(27,682,870)</u>			
Total Net Bonded Debt	<u>45,477,630</u>	.46%	\$ 527	\$ 576
Overlapping Debt (1)	<u>102,904,625</u>	<u>1.04</u>	<u>1,192</u>	<u>1,012</u>
Total – 2013 Year-End	<u>\$ 148,382,255</u>	<u>1.50%</u>	<u>\$ 1,719</u>	
Total - Prior Year-End	<u>\$ 136,630,516</u>	<u>1.32%</u>		<u>\$ 1,588</u>

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

In 2013, the City retired \$4,810,000 of improvement, \$1,395,000 of general obligation, and \$3,080,000 of general obligation tax increment. The City issued \$4,180,000 of improvement bonds and \$5,135,000 of refunding improvement bonds in 2013.

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
11/04/10	\$6,235,000	BAB Improvement	5.88 years	1.77%	\$.10
11/04/10	5,900,000	Capital Improvement	5.89	2.10	.12
11/04/10	2,210,000	G.O. Pension	3.28	1.65	.06
11/15/11	7,545,000	Improvement	6.35	2.28	.15
11/15/11	2,080,000	Refunding Improvement	3.63	1.53	.09
11/15/11	3,095,000	Refunding Tax Increment	12.22	3.90	.48
06/28/12	5,615,000	Improvement	6.06	1.79	.16
06/28/12	5,900,000	Refunding Improvement	7.40	2.03	.22
11/20/13	4,180,000	Improvement	5.92	1.89	.14
11/20/13	5,135,000	Refunding Improvement	6.15	2.16	.18

In addition to general obligation bond debt activity, the City retired \$150,000 in enterprise revenue bond debt.

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 2013 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.

5-Year Community Investment Program

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 five-year Community Investment Program, 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 Community Investment Program, when and if such projects are ordered by the City Council.

The City's latest five-year Community Investment Program indicated the following totals for the five-year period of 2013-2017:

Project Category	Estimated Amount (in millions)	Approximate Sources of Funding	
City Facilities, Parks and Park Development	\$ 5	Grants, Other	40%
		Park Donations	18
		Park Capital	10
		Other	32
Alternative/Surface Transportation	182	Abatement/Assessment	9%
		Federal Funds	25
		Other Governments	40
		P.I.R. Bonds	10
		Municipal State Aid	4
		Other	12
Water, Sewer, and Stormwater Facilities	20	Cash on Hand	85%
		Bonds	15
Economic Development and Redevelopment		Assessment	11%
		Liquor/Lodging Tax	14
		Federal Funds	19
	<u>84</u>	State Funds	20
		Tax Increment	23
		Other	13
Total	<u>\$ 291</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, 2012. 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 42 consecutive years. We believe this 2013 CAFR continues to conform to Certificate of Achievement Program requirements, and we will be submitting it to GFOA.

Independent Audit

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

Acknowledgments

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

Respectfully submitted,



Lori Economy-Scholler, Chief Financial Officer
Finance Department



Juliana H. Vogel, Finance Manager
Finance Department



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Bloomington
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For The Year Ended December 31, 2013

SECTION II

FINANCIAL SECTION



CITY OF
BLOOMINGTON
MINNESOTA



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
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, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Bloomington, Minnesota'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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Bloomington, Minnesota, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City of Bloomington, Minnesota adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which resulted in accounts previously presented as liabilities being reclassified as deferred inflows of resources. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomington, Minnesota's basic financial statements. The introductory section, supplementary information, other supplementary information and the statistical section are not a required part of the basic financial statements.

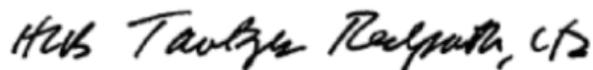
The supplementary information and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other

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 supplementary information and other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2014, on our consideration of the City of Bloomington, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bloomington, Minnesota's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "HLB Tautges Redpath, Ltd".

HLB TAUTGES REDPATH, LTD.

June 23, 2014



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As management of the City of Bloomington (the City), we offer readers of the City's financial statements a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2013. This discussion and analysis should be read in conjunction with the transmittal letter, which can be found on pages 9 - 19 of this report, and the City's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2013 fiscal year by \$532.7 million (*net position*). Of this amount, \$87.9 million (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$45.3 million is restricted for debt service, \$29.9 million is restricted for tax increment, \$12.5 million is restricted for street reconstruction, \$3.4 million is restricted for other purposes, and \$353.7 million is the City's net investment in capital assets.
- The City's total net position increased by \$23.2 million. The primary reason for the increase in net position was a result of capitalizing the majority of the capital grants and contributions received.
- As of December 31, 2013, the City's governmental funds had combined fund balances of \$121.7 million, an increase of \$7.1 million in comparison with the prior year. Approximately 40% of the combined committed, assigned, and unassigned fund balances are available to meet the City's current and future needs. The remaining 60% 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 \$20.9 million, or 35% of total General Fund expenditures. This compares to \$20.7 million from the prior year, an increase of roughly \$200,000. The General Fund working capital goal is 50% of the next year's property tax. As of December 31, 2013, the fund balance of the General Fund met the \$20.2 million goal and exceeded it by \$700,000. \$571,000 of this positive performance has been committed for budgeted carryover amounts unspent in 2013 and encumbrances for open purchase order contracts at the end of 2013 that were carried over to the 2014 budget.
- The City's total non-current liabilities increased by \$2.1 million (1%) in comparison with the prior year. The primary reason for this increase is that the City issued Permanent Improvement Revolving (PIR) bonds of \$5.1 million and also paid off an advanced refunding of \$2.9 million of tax increment bonds.
- The estimated market value for all taxable property is at \$9.9 billion for assessment year 2012 (payable in 2013). After fifteen years of steadily increasing market values, values declined as a result of the worldwide "Great Recession." Total market value in assessment year 2012 is now at a level just slightly below that in assessment year 2004.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

- Entity-wide, the City recorded \$15.8 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 and liabilities, with the difference between the two 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.

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.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 Fund, Community Development Block Grant, Improvement Bonds, Capital Projects, and Improvement Construction, 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, and facilities and parks maintenance. Because these services predominately benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements; however, some allocations have been made to business-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

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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 68 – 110 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-3 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.

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 exceeded liabilities by \$532,677,089 at December 31, 2013, as compared to \$509,441,272 at the end of 2012.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF BLOOMINGTON'S NET POSITION

	Governmental activities		Business-type activities		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	
Assets:							
Current and other assets	\$ 210,236,856	\$ 203,507,151	\$ 15,256,992	\$ 16,336,326	\$ 225,493,848	\$ 219,843,477	2.6%
Capital assets	328,356,201	309,786,963	84,457,359	84,450,863	412,813,560	394,237,826	4.7%
Total assets	<u>538,593,057</u>	<u>513,294,114</u>	<u>99,714,351</u>	<u>100,787,189</u>	<u>638,307,408</u>	<u>614,081,303</u>	3.9%
Liabilities:							
Current and other liabilities	10,158,108	11,119,882	1,200,351	1,184,486	11,358,459	12,304,368	(7.7)%
Noncurrent liabilities	94,271,860	92,185,663	-	150,000	94,271,860	92,335,663	2.1%
Total liabilities	<u>104,429,968</u>	<u>103,305,545</u>	<u>1,200,351</u>	<u>1,334,486</u>	<u>105,630,319</u>	<u>104,640,031</u>	0.9%
Net position:							
Net investment in capital asset:	269,230,824	247,436,963	84,457,359	84,300,863	353,688,183	331,737,826	6.6%
Restricted	91,045,904	82,269,101	-	183,500	91,045,904	82,452,601	10.4%
Unrestricted	<u>73,886,361</u>	<u>80,282,505</u>	<u>14,056,641</u>	<u>14,968,340</u>	<u>87,943,002</u>	<u>95,250,845</u>	(7.7)%
Total net position	<u>\$ 434,163,089</u>	<u>\$ 409,988,569</u>	<u>\$ 98,514,000</u>	<u>\$ 99,452,703</u>	<u>\$ 532,677,089</u>	<u>\$ 509,441,272</u>	

By far, the largest portion of the City's net position, \$353,688,183 (approximately 66%), 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, \$91,045,904 (approximately 17%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$87,943,002 (approximately 17%), may be used to meet the government's ongoing obligation to citizens and creditors.

As of December 31, 2013, the City had a positive net position balance for the government as a whole.

The following schedule provides a summary of the City's operations for the year ended December 31, 2013:

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF BLOOMINGTON'S CHANGES IN NET POSITION

Year Ended December 31, 2013

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2013	2012	2013	2012	2013	2012	
REVENUES:							
Program revenues:							
Charges for services	\$ 10,121,800	\$ 9,976,830	\$ 30,861,647	\$ 31,268,945	\$ 40,983,447	\$ 41,245,775	(0.6)%
Operating grants and contributions	6,277,517	5,407,043	592,432	267,591	6,869,949	5,674,634	21.1 %
Capital grants and contributions	32,781,014	14,166,562	-	36	32,781,014	14,166,598	131.4 %
General revenues:							
Property taxes	44,775,678	43,284,520	1,366,798	1,253,288	46,142,476	44,537,808	3.6 %
Business taxes	8,906,394	7,010,018	-	-	8,906,394	7,010,018	27.1 %
Grants and contributions not restricted	1,202,154	1,232,810	-	-	1,202,154	1,232,810	(2.5)%
Gain on sale of capital assets	70,765	58,760	-	-	70,765	58,760	- %
Interest and investment earnings	513,017	1,551,127	24,047	28,046	537,064	1,579,173	(66.0)%
Total revenues	<u>104,648,339</u>	<u>82,687,670</u>	<u>32,844,924</u>	<u>32,817,906</u>	<u>137,493,263</u>	<u>115,505,576</u>	<u>19.0 %</u>
EXPENSES:							
General services	7,527,901	7,185,895	-	-	7,527,901	7,185,895	4.8 %
Development services	12,006,241	9,686,546	-	-	12,006,241	9,686,546	23.9 %
Public works	15,162,908	14,229,217	-	-	15,162,908	14,229,217	6.6 %
Public safety	28,124,185	26,245,526	-	-	28,124,185	26,245,526	7.2 %
Community services	15,894,544	14,787,079	-	-	15,894,544	14,787,079	7.5 %
Interest on long-term debt	3,145,420	2,236,062	-	-	3,145,420	2,236,062	40.7 %
Water/wastewater utility	-	-	22,804,577	21,927,951	22,804,577	21,927,951	4.0 %
Storm water utility	-	-	3,229,686	3,181,680	3,229,686	3,181,680	1.5 %
Recreational facilities	-	-	5,459,451	5,372,380	5,459,451	5,372,380	1.6 %
Solid waste management	-	-	1,230,654	1,124,825	1,230,654	1,124,825	9.4 %
Contractual police services	-	-	620,702	586,648	620,702	586,648	5.8 %
Motor vehicle	-	-	628,026	582,963	628,026	582,963	7.7 %
Total expenses	<u>81,861,199</u>	<u>74,370,325</u>	<u>33,973,096</u>	<u>32,776,447</u>	<u>115,834,295</u>	<u>107,146,772</u>	<u>8.1 %</u>
Change in net position before transfers	22,787,140	8,317,345	(1,128,172)	41,459	21,658,968	8,358,804	159.1 %
Transfers	(189,469)	(1,535,643)	189,469	1,535,643	-	-	- %
Change in net position	<u>22,597,671</u>	<u>6,781,702</u>	<u>(938,703)</u>	<u>1,577,102</u>	<u>21,658,968</u>	<u>8,358,804</u>	<u>159.1 %</u>
Net position - January 1	409,988,569	402,791,099	99,452,703	97,875,601	509,441,272	500,666,700	1.8 %
Prior period adjustment - see Note 15	1,576,849	415,768	-	-	1,576,849	415,768	- %
Net position - January 1, as restated	<u>411,565,418</u>	<u>403,206,867</u>	<u>99,452,703</u>	<u>97,875,601</u>	<u>511,018,121</u>	<u>501,082,468</u>	<u>2.0 %</u>
Net position - December 31	<u>\$ 434,163,089</u>	<u>\$ 409,988,569</u>	<u>\$ 98,514,000</u>	<u>\$ 99,452,703</u>	<u>\$ 532,677,089</u>	<u>\$ 509,441,272</u>	<u>4.6 %</u>

Expenses above include \$11,706,183 of depreciation expense for governmental activities under the full accrual basis of accounting.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

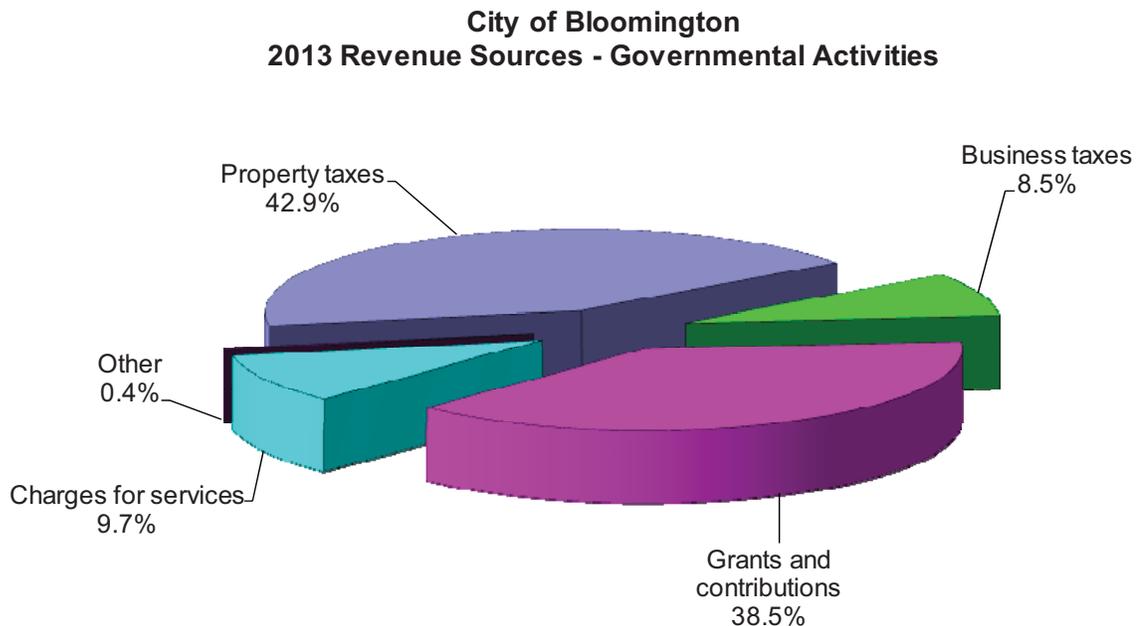
Governmental activities

As part of GASB Statement No. 34 reporting changes, internal service fund charges for services (program revenues of \$31,966,675) and expenses (\$32,924,564) were allocated to all the governmental and business-type activities. A comparison of revenue and expense changes from 2012 to 2013 follows:

Overall, governmental activities revenues increased by \$22 million. Within the total \$22 million increase, general revenues increased overall by \$2.3 million in 2013 due to a combination of several factors. Property taxes increased by \$1.5 million as a result of the exemption of the market value credit, and investment earnings decreased by \$1 million as the federal government continued to keep rates low. Local business taxes increased by \$1.9 million, resulting from increased local lodging and admission sales as the economy picked up in our lodging and admission arena.

Program revenues increased by \$19.6 million in 2013. The primary cause for this was due to an increase in capital grants and contributions. State aids for street improvements and reconstruction received in 2013 were \$16.8 million more than in 2012 due to an increase in State aid qualifying projects.

Development services expenses increased by \$2.3 million due to CIP projects and Public Safety expenses increased by \$1.9 million due to increased filled positions.



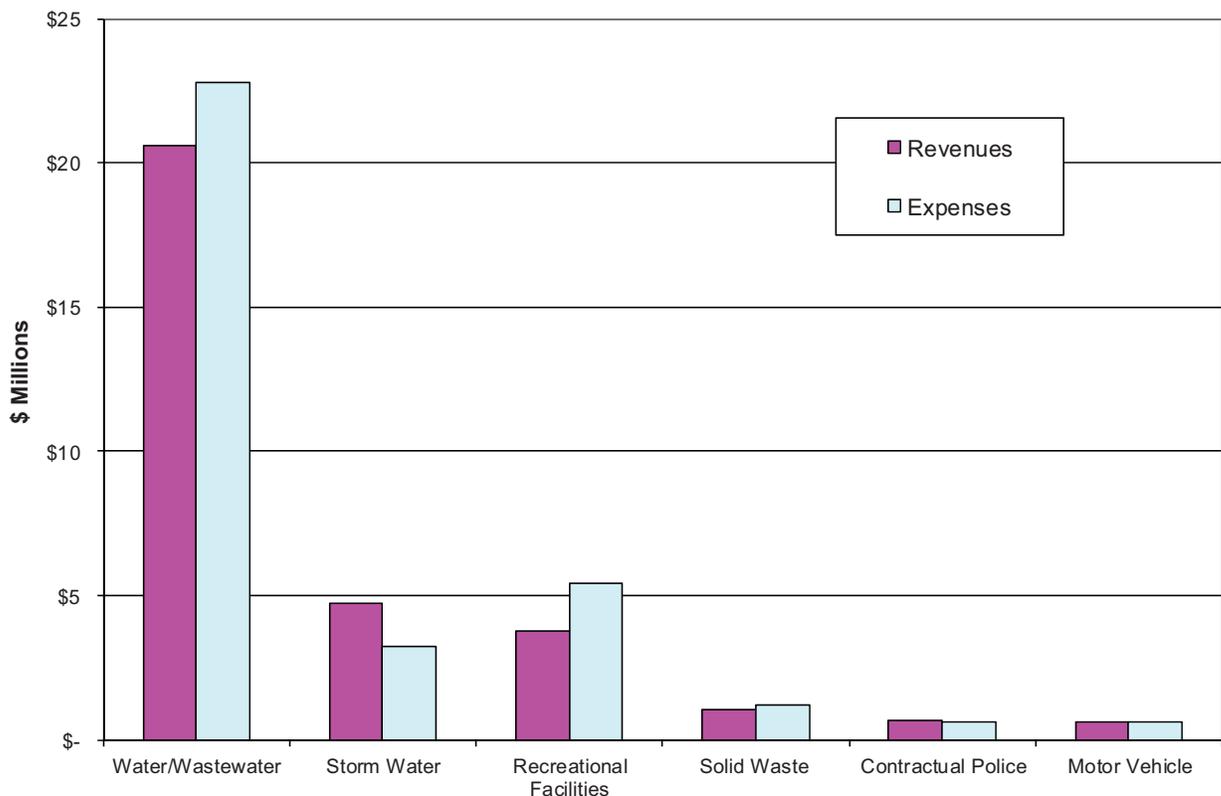
CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Business-type activities

Business-type expenses increased in 2013 by \$1.2 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
2013 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, 2013, the City's governmental funds reported combined ending fund balances of \$121,737,589, an increase of \$7.1 million in comparison with the prior year. Fund balance of \$73.5 million is *restricted* due to externally enforceable legal restrictions (creditors, grantors, contributors, and by law through constitutional provisions or enabling regulations). Approximately, \$48.3 million or 40% 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	\$ 20,915,301
Special revenue funds	4,131,948
Capital projects funds	7,608,472
Improvement construction funds	15,626,834
Total	<u>\$ 48,282,555</u>

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

**Revenues by Source
Governmental Funds**

	2013		2012		Increase (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Revenues by source:					
Taxes	\$ 54,391,679	52.5%	\$ 50,102,389	60.4%	\$ 4,289,290
Special assessments	3,738,367	3.6	4,438,899	5.4	(700,532)
Business licenses	4,679,509	4.5	4,648,260	5.6	31,249
Fines and forfeitures	1,493,871	1.5	1,283,725	1.5	210,146
Intergovernmental	14,575,098	14.1	10,125,744	12.2	4,449,354
Program income	2,771,138	2.7	2,961,413	3.6	(190,275)
Interest and investment income	448,813	0.4	1,239,085	1.5	(790,272)
Franchise fees	1,164,721	1.1	1,126,579	1.4	38,142
Contractual component unit	18,014,212	17.4	4,999,337	6.0	13,014,875
Other	2,253,775	2.2	1,951,485	2.4	302,290
Total	<u>\$ 103,531,183</u>	<u>100.0%</u>	<u>\$ 82,876,916</u>	<u>100.0%</u>	<u>\$ 20,654,267</u>

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

**Expenditures by Function
Governmental Funds**

	2013		2012		Increase (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Expenditures by Function					
General services	\$ 6,301,804	5.9%	\$ 5,741,888	6.2%	\$ 559,916
Development services	9,548,984	9.0	11,875,748	12.9	(2,193,195)
Public works	10,007,731	9.4	9,362,745	10.2	644,986
Public safety	27,490,143	25.8	25,733,989	28.1	1,756,154
Community services	14,983,442	14.0	13,979,633	15.2	1,003,809
Debt service	11,198,362	10.5	10,120,702	11.0	1,077,660
Capital outlay	27,143,505	25.4	15,061,533	16.4	11,948,403
Total	\$ 106,673,971	100.0%	\$ 91,876,238	100.0%	\$ 14,797,733

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 \$20,915,301 which was comprised of \$571,066 of committed fund balance and \$20,344,235 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 34% of total General Fund expenditures. It is important to note that the General Fund unassigned fund balance of \$20,344,235 is designated in its entirety for a working capital goal of \$20,182,474. The committed amount of \$571,066 consists of a budget carryover amount of \$312,712, and encumbrance rollover amount of \$258,354. The budget carryover represents 2013 budgeted amounts that were unspent in 2013 and were carried over to the 2014 budget. The encumbrance rollover amount represents encumbrances for open purchase order contracts at the end of 2013 that were carried over to the 2014 budget.

Overall, General Fund revenues increased from \$56 million in 2012 to \$58.2 million in 2013. This was mainly due to an increase in property tax revenue by \$1.5 million resulting from exemption of the market value credit. There were also increases in lodging and admission tax revenues of \$566,425, as well as business license revenue increase of \$111,000 due to a continued improvement in the local economy which contributed to increased lodging and entertainment sales as well as increased building construction. General Fund expenditures increased from \$55 million in 2012 to \$59 million in 2013. The majority of the increase in expenditures was due to a greater number of filled positions in 2013 than in 2012. The prior year had fewer filled positions while the City employed a 2009 downturn strategy, leaving positions vacant for an extended period after employees left or retired.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The Improvement Bonds fund balance increased by \$7 million, mostly due to bond debt issuance in 2013 that will be used to refund the 2009 Series 43 bonds in 2014. This will result in a cost savings to the City of over \$245,000.

The Capital Projects fund balance had a net increase of \$3.9 million in 2013 due in large part to an additional payment of the liquor and lodging tax that flows through the Port Authority. The reason for the payment was the defeasance of the Port Authority bonds that these funds were dedicated to in the past.

The Improvement Construction fund balance decreased \$1.4 million mostly due to transfers of \$1.7 million to the Debt Service Funds.

The fund balance of the City's Nonmajor Governmental Funds decreased by \$4.3 million during 2013. This was mainly due to a \$3.9 million principal payment for the HRA bonds and a \$1.7 million increase in Public Works capital outlay.

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 decreased by \$795,000 during the current fiscal year. Key factors in this change include:

- The Water/Wastewater Utility Fund had a decrease in net position of \$2.4 million due mostly to a decrease in service charges from a wetter than normal summer, as both fees are user based.
- The Storm Water Fund had an increase in net position of \$1.5 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 increased by \$167,400 during the current fiscal year. Key factors in this change include:

- The Information Systems Fund had an increase in net position by \$190,700 due to an increase in service charges.
- The Self Insurance Fund had a decrease of net position by \$543,273 due to an increase in liability claims, including land use claims that are expensive to defend.
- The Benefit Accrual Fund had a decrease in net position of \$367,069 due mostly to an increased number of retirements.
- The Insured Benefit Fund net position increased by \$114,000 as the City is working toward building working capital to offset future anticipated increases in health insurance expenses after a three year rate freeze that will end in 2014.
- The Public Safety Radio Fund net position increased by \$126,000 due to a decrease in Materials, Supplies, and Services.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$1.7 million increase in appropriations and can be briefly summarized as follows:

- The budget for transfers to other funds increased by \$1.3 million due to the budget amendment to transfer \$1.3 million to Strategic Priorities Fund for future construction projects.

The actual results compared to the final budget showed a \$1.6 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 \$423,943 due to a better than expected recovery in the local hotel and entertainment industries.
- Business license revenue exceeded budget by \$181,909 also due to a better than expected improvement in the local economy.
- Community services expenditures were \$449,144 under budget due to a spending reduction in administrative expenditures and 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, 2013 amount to \$412,813,560 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and structures, machinery and equipment, and distribution system. 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 \$3,096,852.
- The 2013 Pavement Management Program expended \$6,286,571 for road improvements. These improvements included 3.61 miles of reconstructed streets and 7.12 miles of overlaid streets.
- The City's State Aid Construction Fund spent \$1,763,966 on street improvement projects in 2013.

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 \$73,160,000 as compared to \$73,280,000 in the prior year. This amount is comprised of \$73,160,000 related to governmental activities and no debt related to business-type activities.

In 2013, the City issued \$4,180,000 of Capital Improvement bonds and \$5,135,000 of Public Improvement Revolving Refunding bonds which will pay off the 2009 Series 43 bonds on

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

February 1, 2014. The City retired \$9,435,000, resulting in \$73,160,000 in bonds payable as of December 31, 2013.

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 27 cities nationwide to hold this “Triple A” bond ratings combination. Additional information on the City’s long-term debt can be found in Note 6.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

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

- At December 2013, the unemployment rate in Bloomington was 4.1%, down 0.8% from a year ago. This compares favorably to the state’s December unemployment rate of 4.7% and the national rate of 6.5%.
- As of January 2013 the assessor’s total estimated market value for Bloomington is fairly stable, given economic conditions, at approximately \$9.9 billion. This is a 37% increase in total City market value since 2000, though down 16% from the 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 freeze for the years 2013-2014 and a 15% increase cap for 2015.
- The proposed Public Employees Retirement Association (PERA) pension costs to the City for 2013 are estimated at roughly \$3.74 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 2014 budget was approved without the need to reduce existing service levels. In the approved 2014 budget, there was a two percent salary increase for City employees. For 2013, there was a two and one half percent salary increase approved.
- The City uses a five-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 2014 fiscal year.

CITY OF BLOOMINGTON, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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, 2013

EXHIBIT 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Port Authority	Housing and Redevelopment Authority
ASSETS					
Cash, cash equivalents, and investments	\$ 144,331,009	\$ 11,696,350	\$ 156,027,359	\$ 46,410,634	\$ 3,673,409
Cash with escrow agent	6,082,114	-	6,082,114	-	-
Receivables, net	35,282,399	5,934,735	41,217,134	62,766	7,437,523
Prepaid items	580,290	84,714	665,004	16,500	332,198
Due from primary government	-	-	-	1,919,545	29,630
Due from component units	8,880,900	-	8,880,900	-	-
Due from other governments	-	-	-	1,076	102,673
Inventory	12,420,901	200,436	12,621,337	5,273,000	3,935,313
Internal balances	2,659,243	(2,659,243)	-	-	-
Capital assets, net of related depreciation:					
Land - nondepreciable	92,403,770	4,714,616	97,118,386	-	1,600,300
Buildings and structures	34,898,523	20,307,710	55,206,233	-	1,496,519
Machinery and equipment	13,957,408	776,661	14,734,069	-	6,282
Improvements	5,463,670	2,424,682	7,888,352	-	-
Distribution system	-	55,433,340	55,433,340	-	-
Construction in progress	14,515,713	800,350	15,316,063	-	-
Infrastructure	167,117,117	-	167,117,117	-	-
Net capital assets	328,356,201	84,457,359	412,813,560	-	3,103,101
Total assets	538,593,057	99,714,351	638,307,408	53,683,521	18,613,847
LIABILITIES					
Accounts payable and other current liabilities	6,346,041	1,139,046	7,485,087	934,853	99,811
Accrued interest payable	902,534	-	902,534	-	-
Unearned revenue	960,358	61,305	1,021,663	-	-
Due to component units	1,949,175	-	1,949,175	-	-
Due to primary government	-	-	-	5,573,160	252,070
Noncurrent liabilities:					
Due to primary government -					
Bonds payable due within one year	-	-	-	-	-
Due to primary government -					
Bonds payable due in more than one year	-	-	-	-	3,055,670
Due within one year	20,103,481	-	20,103,481	-	-
Due in more than one year	74,168,379	-	74,168,379	-	1,574,720
Total liabilities	104,429,968	1,200,351	105,630,319	6,508,013	4,982,271
NET POSITION					
Net investment in capital assets	269,230,824	84,457,359	353,688,183	-	1,528,381
Restricted for:					
Debt service	45,273,240	-	45,273,240	-	-
Tax increment	29,888,331	-	29,888,331	47,139,305	1,043,257
Street reconstruction	12,502,105	-	12,502,105	-	-
Restricted - other	3,382,228	-	3,382,228	-	-
Unrestricted	73,886,361	14,056,641	87,943,002	36,203	11,059,938
Total net position	\$ 434,163,089	\$ 98,514,000	\$ 532,677,089	\$ 47,175,508	\$ 13,631,576

See notes to the basic financial statements.

CITY OF BLOOMINGTON, MINNESOTA
Statement of Activities
Year Ended December 31, 2013

EXHIBIT 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Port Authority	Housing and Redevelopment Authority
Primary Government:									
Governmental activities:									
General Services	\$ 7,527,901	\$ 3,117,163	\$ 250,089	\$ -	\$ (4,160,649)	\$ -	\$ (4,160,649)	\$ -	\$ -
Development Services	12,006,241	3,692,808	605,203	10,231,084	2,522,854	-	2,522,854	-	-
Public Works	15,162,908	352,955	8,562	22,000,065	7,198,674	-	7,198,674	-	-
Public Safety	28,124,185	664,015	1,280,127	405,122	(25,774,921)	-	(25,774,921)	-	-
Community Services	15,894,544	2,294,859	4,133,536	144,743	(9,321,406)	-	(9,321,406)	-	-
Interest on long-term debt	3,145,420	-	-	-	(3,145,420)	-	(3,145,420)	-	-
Total governmental activities	81,861,199	10,121,800	6,277,517	32,781,014	(32,680,868)	-	(32,680,868)	-	-
Business-type activities:									
Water/Wastewater Utility	22,804,577	20,575,176	-	-	-	(2,229,401)	(2,229,401)	-	-
Storm Water Utility	3,229,686	4,736,151	-	-	-	1,506,465	1,506,465	-	-
Recreational Facilities	5,459,451	3,412,602	377,969	-	-	(1,668,880)	(1,668,880)	-	-
Solid Waste Management	1,230,654	855,350	214,463	-	-	(160,841)	(160,841)	-	-
Contractual Police	620,702	668,741	-	-	-	48,039	48,039	-	-
Motor Vehicle	628,026	613,627	-	-	-	(14,399)	(14,399)	-	-
Total business-type activities	33,973,096	30,861,647	592,432	-	-	(2,519,017)	(2,519,017)	-	-
Total primary government	\$ 115,834,295	\$ 40,983,447	\$ 6,869,949	\$ 32,781,014	(32,680,868)	(2,519,017)	(35,199,885)	-	-
Component units:									
Port Authority	\$ 21,993,458	\$ 220,000	\$ -	\$ -	-	-	-	(21,773,458)	-
Housing and Redevelopment Authority	6,577,618	858,818	5,031,753	-	-	-	-	-	(687,047)
Total component units	\$ 28,571,076	\$ 1,078,818	\$ 5,031,753	\$ -	-	-	-	(21,773,458)	(687,047)
General revenues:									
Property taxes					44,775,678	1,366,798	46,142,476	11,898,262	2,213,410
Business taxes					8,906,394	-	8,906,394	4,234,224	-
Grants and contributions not restricted					1,202,154	-	1,202,154	-	-
Gain on sale of capital assets					70,765	-	70,765	-	-
Interest and investment earnings					513,017	24,047	537,064	198,777	-
Transfers					(189,469)	189,469	-	-	-
Total general revenues and transfers					55,278,539	1,580,314	56,858,853	16,331,263	2,213,410
Change in net position					22,597,671	(938,703)	21,658,968	(5,442,195)	1,526,363
Net position - January 1					409,988,569	99,452,703	509,441,272	52,617,703	12,105,213
Prior period adjustment - see Note 15					1,576,849	-	1,576,849	-	-
Net position - January 1, as restated					411,565,418	99,452,703	511,018,121	52,617,703	12,105,213
Net position - December 31					\$ 434,163,089	\$ 98,514,000	\$ 532,677,089	\$ 47,175,508	\$ 13,631,576

See notes to the basic financial statements.



CITY OF
BLOOMINGTON
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CITY OF BLOOMINGTON, MINNESOTA

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

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

SPECIAL REVENUE FUNDS

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

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

DEBT SERVICE FUNDS

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

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

CAPITAL PROJECTS FUNDS

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

Capital Projects Fund – This fund accounts for funds and monies required for financing land acquisitions, park development, 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, sewer and water construction.

CITY OF BLOOMINGTON, MINNESOTA

Balance Sheet
Governmental Funds
December 31, 2013

	General Fund	Community Development Block Grant	Improvement Bonds
ASSETS			
Cash, cash equivalents and investments	\$ 21,154,454	\$ 35,323	\$ 20,267,972
Cash with fiscal agent	-	-	6,082,114
Accrued interest receivable	55,401	86	60,846
Taxes receivable	408,361	-	7,486
Accounts receivable	1,304,462	-	-
Loan receivable	-	-	-
Mortgages receivable	-	8,830,345	-
Land held for resale	-	-	-
Due from other funds	302,100	-	-
Due from component units	427,230	-	-
Due from other governments	164,586	28,160	-
Special assessments receivable	8,800	-	18,493,404
Total assets	\$ 23,825,394	\$ 8,893,914	\$ 44,911,822
LIABILITIES			
Accounts payable	\$ 1,683,233	\$ 17,402	\$ 27,514
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to component units	-	29,630	-
Due to other governments	567	-	-
Unearned revenue	772,083	-	-
Deposits payable	41,521	-	-
Total liabilities	2,497,404	47,032	27,514
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - mortgages	-	8,830,345	-
Deferred inflows - taxes	403,889	-	-
Deferred inflows - state aid	-	-	-
Deferred inflows - special assessments	8,800	-	18,493,404
Deferred inflows - land held for resale	-	-	-
Total deferred inflows of resources	412,689	8,830,345	18,493,404
FUND BALANCES			
Nonspendable	-	-	-
Restricted	-	16,537	26,390,904
Committed	571,066	-	-
Assigned	-	-	-
Unassigned	20,344,235	-	-
Total fund balances	20,915,301	16,537	26,390,904
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,825,394	\$ 8,893,914	\$ 44,911,822

See notes to the basic financial statements.

EXHIBIT 3

Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 32,080,071	\$ 17,584,809	\$ 21,657,996	\$ 112,780,625
-	-	-	6,082,114
67,789	48,854	52,674	285,650
61	224	5,114	421,246
66,177	-	334,226	1,704,865
1,751,821	-	-	1,751,821
-	-	-	8,830,345
11,507,604	-	606,477	12,114,081
-	-	-	302,100
5,273,000	-	-	5,700,230
953,279	392,869	530,671	2,069,565
1,837,756	-	-	20,339,960
<u>\$ 53,537,558</u>	<u>\$ 18,026,756</u>	<u>\$ 23,187,158</u>	<u>\$ 172,382,602</u>
\$ 441,118	\$ 230,616	\$ 263,080	\$ 2,662,963
798,507	1,034,759	161,232	1,994,498
-	100	202,000	202,100
1,919,545	-	-	1,949,175
-	-	-	567
-	-	188,275	960,358
21,635	-	725,907	789,063
<u>3,180,805</u>	<u>1,265,475</u>	<u>1,540,494</u>	<u>8,558,724</u>
-	-	-	8,830,345
-	-	-	403,889
-	270,869	127,145	398,014
1,837,756	-	-	20,339,960
11,507,604	-	606,477	12,114,081
<u>13,345,360</u>	<u>270,869</u>	<u>733,622</u>	<u>42,086,289</u>
-	-	-	-
29,987,601	863,578	16,196,414	73,455,034
7,023,792	-	4,131,948	11,726,806
-	15,626,834	584,680	16,211,514
-	-	-	20,344,235
<u>37,011,393</u>	<u>16,490,412</u>	<u>20,913,042</u>	<u>121,737,589</u>
<u>\$ 53,537,558</u>	<u>\$ 18,026,756</u>	<u>\$ 23,187,158</u>	<u>\$ 172,382,602</u>



CITY OF
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CITY OF BLOOMINGTON, MINNESOTA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2013

EXHIBIT 4

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 121,737,589

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	\$ 397,120,300	
Less accumulated depreciation	<u>(121,036,572)</u>	276,083,728

Governmental funds do not report a liability for accrued interest until due and payable. (865,852)

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	63,413,562	
Add allocation to business-type activities	<u>3,026,632</u>	66,440,194

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (68,360,000)

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. (4,491,840)

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. (1,445,377)

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. 3,178,367

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 deferred in the governmental funds. 41,886,280

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 434,163,089

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, 2013

	General Fund	Community Development Block Grant	Improvement Bonds
REVENUES			
Property taxes	\$ 36,151,137	\$ -	\$ 2,556,645
Fiscal disparities	3,175,944	-	219,231
Special assessments	19,666	-	3,718,701
Lodging and admissions tax	7,576,443	-	-
Business licenses	4,679,509	-	-
Fines and forfeitures	1,192,785	-	-
Intergovernmental	2,305,754	282,215	-
Program income	2,274,315	325,589	-
Interest	119,366	302	112,206
Net change in fair value of investments	(134,591)	(302)	(139,794)
Other	798,065	-	125,016
Franchise fees	-	-	-
Contractual payments from component unit	-	-	-
Total revenues	<u>58,158,393</u>	<u>607,804</u>	<u>6,592,005</u>
EXPENDITURES			
Current:			
General services	6,200,317	-	24,756
Development services	6,477,924	615,449	-
Public works	9,820,699	-	-
Public safety	24,469,127	-	-
Community services	11,976,263	-	-
Debt service:			
Administrative charges	-	-	118,967
Interest	-	-	1,805,825
Principal retirement	-	-	4,810,000
Capital outlay:			
Development services	-	-	-
Public works	-	-	-
Public safety	106,499	-	-
Community services	58,913	-	-
Total expenditures	<u>59,109,742</u>	<u>615,449</u>	<u>6,759,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(951,349)</u>	<u>(7,645)</u>	<u>(167,543)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,744,198	-	1,760,527
Transfers to other funds	(1,569,285)	(18,276)	-
Issuance of debt	-	-	5,179,750
Premium on bonds issued	-	-	278,496
Total other financing sources (uses)	<u>1,174,913</u>	<u>(18,276)</u>	<u>7,218,773</u>
Net change in fund balance	<u>223,564</u>	<u>(25,921)</u>	<u>7,051,230</u>
Fund balance - January 1	20,691,737	42,458	19,339,674
Prior period adjustment - see Note 15	-	-	-
Fund balance - January 1, as restated	<u>20,691,737</u>	<u>42,458</u>	<u>19,339,674</u>
Fund balance - December 31	<u>\$ 20,915,301</u>	<u>\$ 16,537</u>	<u>\$ 26,390,904</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
\$ 691,955	\$ 1,166,585	\$ 1,315,461	\$ 41,881,783
21,692	79,478	107,156	3,603,501
-	-	-	3,738,367
1,329,952	-	-	8,906,395
-	-	-	4,679,509
-	-	301,086	1,493,871
5,743,310	1,412,595	4,831,224	14,575,098
-	-	171,234	2,771,138
573,606	189,803	119,524	1,114,807
(194,829)	(103,381)	(93,097)	(665,994)
652,891	150	677,653	2,253,775
-	-	1,164,721	1,164,721
18,014,212	-	-	18,014,212
<u>26,832,789</u>	<u>2,745,230</u>	<u>8,594,962</u>	<u>103,531,183</u>
-	74,184	2,547	6,301,804
2,359,655	88,259	7,697	9,548,984
-	187,032	-	10,007,731
-	-	3,021,016	27,490,143
32,811	-	2,974,368	14,983,442
-	14,310	3,056	136,333
109,491	40,720	385,993	2,342,029
-	-	3,910,000	8,720,000
17,709,054	-	-	17,709,054
-	6,289,871	1,786,500	8,076,371
-	-	500,606	607,105
621,858	-	70,204	750,975
<u>20,832,869</u>	<u>6,694,376</u>	<u>12,661,987</u>	<u>106,673,971</u>
<u>5,999,920</u>	<u>(3,949,146)</u>	<u>(4,067,025)</u>	<u>(3,142,788)</u>
1,591,031	-	109,896	6,205,652
(3,681,468)	(1,760,527)	(321,511)	(7,351,067)
-	4,135,250	-	9,315,000
-	197,966	-	476,462
<u>(2,090,437)</u>	<u>2,572,689</u>	<u>(211,615)</u>	<u>8,646,047</u>
<u>3,909,483</u>	<u>(1,376,457)</u>	<u>(4,278,640)</u>	<u>5,503,259</u>
31,525,061	17,866,869	25,191,682	114,657,481
1,576,849	-	-	1,576,849
<u>33,101,910</u>	<u>17,866,869</u>	<u>25,191,682</u>	<u>116,234,330</u>
<u>\$ 37,011,393</u>	<u>\$ 16,490,412</u>	<u>\$ 20,913,042</u>	<u>\$ 121,737,589</u>



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of
 Governmental Funds to the Statement of Activities
 Year Ended December 31, 2013

EXHIBIT 6

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,503,259

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. Losses on disposal of capital assets are not reported in the fund statements.

Capital outlays	\$ 27,143,505	
Capital outlay not capitalized	(430,377)	
Depreciation expense	(8,107,152)	
Loss on disposal of assets	<u>(1,925)</u>	18,604,051

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	(9,315,000)	
Principal paid	<u>8,720,000</u>	(595,000)

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. (476,462)

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. (1,500,949)

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	(167,372)	
Add allocation to business-type activities	<u>143,683</u>	(23,689)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,226,554

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. 24,907

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. (165,000)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 22,597,671

See notes to the basic financial statements.



CITY OF
BLOOMINGTON
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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, 2013

Business-type Activities - Enterprise Funds

	<u>Water/Wastewater Utility</u>	<u>Storm Water Utility</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,807,796	\$ 3,872,521
Accrued interest receivable	11,665	9,411
Taxes receivable	113,265	-
Accounts receivable	4,049,149	1,154,141
Prepaid items	8,814	-
Due from other funds	467,389	-
Due from other governments	-	-
Inventory	200,436	-
Total current assets	<u>9,658,514</u>	<u>5,036,073</u>
Noncurrent assets:		
Land	2,280,001	478,858
Buildings and structures	18,410,023	791,498
Machinery and equipment	1,359,954	8,542
Improvements	2,117,458	1,908,426
Distribution system	91,521,738	34,742,828
Construction in progress	95,950	-
Accumulated depreciation	<u>(66,652,181)</u>	<u>(12,141,476)</u>
Total noncurrent assets	<u>49,132,943</u>	<u>25,788,676</u>
Total assets	<u>58,791,457</u>	<u>30,824,749</u>
LIABILITIES		
Current liabilities:		
Accounts payable	624,656	42,769
Estimated claims payable	-	-
Due to other funds	-	-
Retainage payable	-	19,742
Unearned revenue	-	-
Bonds payable	-	-
Accrued interest payable	-	-
Deposits payable	45,618	-
Total current liabilities	<u>670,274</u>	<u>62,511</u>
Noncurrent liabilities:		
Benefits payable	-	-
Bonds payable	-	-
Estimated claims payable	-	-
Deposits payable	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	<u>670,274</u>	<u>62,511</u>
NET POSITION		
Net investment in capital assets	49,132,943	25,788,676
Unrestricted	8,988,240	4,973,562
Total net position	<u>\$ 58,121,183</u>	<u>\$ 30,762,238</u>

See notes to the basic financial statements.

EXHIBIT 7

Recreational Facilities	Nonmajor Proprietary Funds	Total	Governmental Activities - Internal Service Funds
\$ 1,798,069	\$ 1,217,964	\$ 11,696,350	\$ 31,550,384
4,322	2,955	28,353	76,645
233	66,157	179,655	-
147,057	376,376	5,726,723	4,057
75,900	-	84,714	580,290
-	-	467,389	-
-	-	-	550
-	-	200,436	306,820
<u>2,025,581</u>	<u>1,663,452</u>	<u>18,383,620</u>	<u>32,518,746</u>
1,955,757	-	4,714,616	11,432,262
15,631,459	-	34,832,980	40,152,287
1,217,249	91,863	2,677,608	33,338,780
2,208,900	-	6,234,784	624,517
-	-	126,264,566	-
704,400	-	800,350	-
<u>(12,188,081)</u>	<u>(85,806)</u>	<u>(91,067,544)</u>	<u>(33,275,370)</u>
<u>9,529,685</u>	<u>6,057</u>	<u>84,457,360</u>	<u>52,272,476</u>
<u>11,555,266</u>	<u>1,669,509</u>	<u>102,840,980</u>	<u>84,791,222</u>
226,649	133,189	1,027,263	1,547,111
-	-	-	1,143,931
-	100,000	100,000	467,389
35,220	-	54,962	-
20,227	41,078	61,305	-
-	-	-	565,000
-	-	-	37,457
-	11,200	56,818	-
<u>282,096</u>	<u>285,467</u>	<u>1,300,348</u>	<u>3,760,888</u>
-	-	-	12,329,861
-	-	-	4,235,000
-	-	-	1,051,911
-	-	-	-
-	-	-	17,616,772
<u>282,096</u>	<u>285,467</u>	<u>1,300,348</u>	<u>21,377,660</u>
9,529,685	6,057	84,457,360	47,472,476
1,743,485	1,377,985	17,083,272	15,941,086
<u>\$ 11,273,169</u>	<u>\$ 1,384,042</u>	<u>101,540,632</u>	<u>\$ 63,413,562</u>

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

(3,026,632)
\$ 98,514,000

CITY OF BLOOMINGTON, MINNESOTA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2013

Business-type Activities - Enterprise Funds

	<u>Water/Wastewater Utility</u>	<u>Storm Water Utility</u>
Operating revenues:		
Charges for services	\$ 20,542,311	\$ 4,724,553
Other	24,186	11,597
Total operating revenues	<u>20,566,497</u>	<u>4,736,150</u>
Operating expenses:		
Salaries and benefits	4,918,426	1,113,205
Materials, supplies and service	5,985,953	924,594
Depreciation	2,204,038	1,181,409
Water purchased	3,471,434	-
Wastewater disposal cost	6,158,073	-
Total operating expenses	<u>22,737,924</u>	<u>3,219,208</u>
Operating income (loss)	<u>(2,171,427)</u>	<u>1,516,942</u>
Nonoperating revenues (expenses):		
Taxes	78,235	-
Fiscal disparities	-	-
Intergovernmental	-	-
Interest income	39,031	33,986
Net change in fair value of investments	(27,409)	(22,585)
Gain (loss) on sale of capital assets	8,679	-
Other	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	<u>98,536</u>	<u>11,401</u>
Income (loss) before transfers	(2,072,891)	1,528,343
Transfers from other funds	-	-
Transfers to other funds	<u>(384,030)</u>	<u>(24,996)</u>
Change in net position	(2,456,921)	1,503,347
Total net position - January 1	<u>60,578,104</u>	<u>29,258,891</u>
Total net position - December 31	<u>\$ 58,121,183</u>	<u>\$ 30,762,238</u>

See notes to the basic financial statements.

EXHIBIT 8

Recreational Facilities	Nonmajor Proprietary Funds	Total	Governmental Activities - Internal Service Funds
\$ 3,411,894	\$ 2,117,852	\$ 30,796,610	\$ 31,905,899
-	19,866	55,649	60,776
<u>3,411,894</u>	<u>2,137,718</u>	<u>30,852,259</u>	<u>31,966,675</u>
2,254,576	1,307,412	9,593,619	16,288,603
2,467,331	1,161,646	10,539,524	13,036,930
678,295	2,423	4,066,165	3,599,031
-	-	3,471,434	-
-	-	6,158,073	-
<u>5,400,202</u>	<u>2,471,481</u>	<u>33,828,815</u>	<u>32,924,564</u>
<u>(1,988,308)</u>	<u>(333,763)</u>	<u>(2,976,556)</u>	<u>(957,889)</u>
1,213,473	36,073	1,327,781	-
39,016	-	39,016	-
32,320	214,463	246,783	-
12,558	8,476	94,051	257,560
(12,300)	(7,706)	(70,000)	(193,357)
(9,300)	-	(621)	(75,275)
355,657	-	355,657	-
(599)	-	(599)	(154,357)
<u>1,630,825</u>	<u>251,306</u>	<u>1,992,068</u>	<u>(165,429)</u>
(357,483)	(82,457)	(984,488)	(1,123,318)
396,538	249,996	646,534	1,115,846
-	(48,039)	(457,065)	(159,900)
39,055	119,500	(795,019)	(167,372)
<u>11,234,114</u>	<u>1,264,542</u>	<u>63,580,934</u>	<u>63,580,934</u>
<u>\$ 11,273,169</u>	<u>\$ 1,384,042</u>	<u>\$ 63,413,562</u>	<u>\$ 63,413,562</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Change in net position of business-type activities (p. 43)

(143,683)
\$ (938,702)

CITY OF BLOOMINGTON, MINNESOTA

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2013

Business-type Activities - Enterprise Funds

	<u>Water/Wastewater Utility</u>	<u>Stormwater Utility</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash from interfund services provided	\$ 50,733	\$ -
Cash receipts from customers	20,200,045	4,685,933
Other cash receipts	195,166	-
Cash payments to other funds	(2,736,142)	(955,334)
Payments to employees	(4,896,932)	(1,113,729)
Payments to suppliers	<u>(12,995,094)</u>	<u>(47,742)</u>
Net cash provided by (used in) operating activities	<u>(182,224)</u>	<u>2,569,128</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	-	-
Transfers from other funds	-	-
Transfers to other funds	(384,030)	(24,996)
Subsidy from endowment fund	-	-
Taxes	78,235	-
Net cash provided by noncapital financing activities	<u>(305,795)</u>	<u>(24,996)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond payments	-	-
Insurance proceeds	-	-
Interest and other payments	-	-
Proceeds from sale of capital assets	-	-
Purchase of capital assets	<u>(698,996)</u>	<u>(2,617,576)</u>
Net cash used in capital and related financing activities	<u>(698,996)</u>	<u>(2,617,576)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	<u>11,621</u>	<u>11,401</u>
Net cash provided by investing activities	<u>11,621</u>	<u>11,401</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,175,394)</u>	<u>(62,043)</u>
Cash and cash equivalents - January 1	<u>5,965,832</u>	<u>3,934,564</u>
Cash and cash equivalents - December 31	<u>\$ 4,790,438</u>	<u>\$ 3,872,521</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (2,171,427)	\$ 1,516,942
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	2,204,038	1,181,409
Changes in assets and liabilities:		
Accounts receivable	(157,656)	(50,217)
Other operating receivables	-	-
Interfund receipts	35,954	-
Inventory	34,801	-
Accounts payable	(127,934)	(79,006)
Interfund payables	-	-
Net cash provided by (used in) operating activities	<u>\$ (182,224)</u>	<u>\$ 2,569,128</u>
Noncash Investing, Capital & Financing Activities-		
Conversion of Interfund Loan to Operating Transfer	\$ -	\$ -

See notes to the basic financial statements.

EXHIBIT 9

Recreational Facilities	Nonmajor Proprietary Funds	Total	Governmental Activities - Internal Service Funds
\$ -	\$ -	\$ 50,733	\$ 31,973,347
3,363,900	2,097,753	30,347,631	-
218	10,466	205,850	-
(1,403,811)	(251,026)	(5,346,313)	(2,863,055)
(2,250,510)	(1,298,543)	(9,559,714)	(16,162,667)
(900,292)	(867,831)	(14,810,959)	(9,464,280)
<u>(1,190,495)</u>	<u>(309,181)</u>	<u>887,228</u>	<u>3,483,345</u>
32,320	214,463	246,783	-
396,538	249,996	646,534	1,115,846
-	(48,039)	(457,065)	(159,900)
10,008	-	10,008	-
1,252,488	36,073	1,366,796	-
<u>1,691,354</u>	<u>452,493</u>	<u>1,813,056</u>	<u>955,946</u>
(150,000)	-	(150,000)	(565,000)
345,649	-	345,649	-
(532)	-	(532)	(90,531)
-	-	-	219,137
<u>(774,070)</u>	<u>-</u>	<u>(4,090,642)</u>	<u>(3,858,631)</u>
<u>(578,953)</u>	<u>-</u>	<u>(3,895,525)</u>	<u>(4,295,025)</u>
258	771	24,051	64,201
<u>258</u>	<u>771</u>	<u>24,051</u>	<u>64,201</u>
(77,836)	144,083	(1,171,190)	208,467
<u>1,875,905</u>	<u>1,073,881</u>	<u>12,850,182</u>	<u>31,341,917</u>
<u>\$ 1,798,069</u>	<u>\$ 1,217,964</u>	<u>\$ 11,678,992</u>	<u>\$ 31,550,384</u>
\$ (1,988,308)	\$ (333,763)	\$ (2,976,556)	\$ (957,889)
678,295	2,423	4,066,165	3,599,031
(47,995)	(29,498)	(285,366)	(27,336)
217	-	217	34,557
-	-	35,954	(550)
-	-	34,801	(14,673)
167,296	56,657	17,013	886,158
-	(5,000)	(5,000)	(35,953)
<u>\$ (1,190,495)</u>	<u>\$ (309,181)</u>	<u>\$ 887,228</u>	<u>\$ 3,483,345</u>
\$ -	\$ -	\$ -	\$ -



CITY OF
BLOOMINGTON
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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 governmental units.

City of Bloomington
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2013

EXHIBIT 10

	Private-Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 999,217	\$ 287,282
Accounts receivable	-	274,640
Accrued interest receivable	2,692	-
Total assets	1,001,909	561,922
 LIABILITIES		
Current liabilities -		
Accounts payable	-	561,922
 NET POSITION		
Held in trust	\$ 1,001,909	\$ -

See notes to the basic financial statements.

City of Bloomington
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended December 31, 2013

EXHIBIT 11

	<u>Private-Purpose Trust</u>
ADDITIONS	
Investment earnings - Interest	<u>\$ 5,333</u>
DEDUCTIONS	
Current: General services	<u>11,707</u>
Change in net position	(6,374)
Net position - January 1	<u>1,008,283</u>
Net position - December 31	<u><u>\$ 1,001,909</u></u>

See notes to the basic financial statements.



CITY OF
BLOOMINGTON
MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BLOOMINGTON, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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 Revenue Bonds, 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, and water 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 support services, information systems, equipment, public safety radios, self-insurance, insured benefits, benefit accruals, and facilities and parks maintenance, 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 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, consignment sales of bus tickets for Metro Mobility, and State Pass-Through Loans. 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 net current assets.

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 fiduciary 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. All applicable GASB pronouncements have been applied to the proprietary funds.

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, Energy Efficiency Block Grant, and South Loop Revolving Development Services.

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 2a7 like external investment pools, 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.

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 fair market 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. The estimated useful lives are as follows:

	Years
Land improvements	20-50
Buildings and structures	15-95
Distribution system	30
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. Although employees no longer accrue sick leave, they are entitled to draw upon any unused sick leave previously earned. Employees are not compensated for unused sick leave upon termination.

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, 2013, there were seven series of Industrial and Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$89.6 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, with a settlement in 2013 relating to December 2012 tax collections.

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 Benefit Accrual internal service fund had a negative net position balance of \$1,845,800 on December 31, 2013. 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 \$3,855,882 as of December 31, 2013. This fund accounts for Tax Increment Financing (TIF) districts' activity. The negative balance will be covered in the future primarily by TIF funding.

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.

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, 2013, the carrying amount of the City's deposits with financial institutions was \$85,571 and the bank balances totaled \$1,652,867.

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, 2013, 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, 2013, the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than Six Months</u>	<u>Six Months To One Year</u>	<u>One Year to Two Years</u>	<u>Two Years to Six Years</u>
Money Market	\$ 38,894,166	\$38,894,166	\$ -	\$ -	\$ -
Treasury Bills	17,202,155	-	2,536,325	4,156,480	10,509,350
Federal Agriculture Mortgage Corporation	10,373,609	-	-	5,348,609	5,025,000
4M Term Series	5,000,000	5,000,000	-	-	-
Federal Home Loan Bank	33,873,895	8,035,920	-	5,000,150	20,837,825
Federal Home Loan Mortgage Corporation Note	22,824,800	-	3,003,000	9,986,550	9,835,250
Federal National Mortgage Association Note	17,066,726	-	-	-	17,066,726
Municipal Bonds	18,075,050	2,122,850	-	440,431	15,511,769
Total investments	163,310,401	<u>\$54,052,936</u>	<u>\$ 5,539,325</u>	<u>\$ 24,932,220</u>	<u>\$78,785,920</u>
Total deposits	85,571				
Total investments and deposits	<u>163,395,972</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, 2013, 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). Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 3 years from the date of purchase. 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. At December 31, 2013, the City held no investments in commercial paper. Also, the City’s investments in money market funds, Federal Farm Credit, Federal Home Loan Banks, Federal Home Loan 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 AA 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 2a7-like pool and the fair value of the position in the pool is the same as the value of pool shares.

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. No more than 3% of the entity's total investment portfolio is invested in a single corporation. More than 5% of the City's investments are in the following governmental agencies: Federal Home Loan Bank (21%), Federal Home Loan Mortgage Corporation (14%), Federal Agriculture Mortgage Corporation (6%), Federal National Mortgage Association (10%), United States Treasuries (11%), and municipals (11%).

Securities Lending Transactions - Minnesota State Statutes authorize governmental entities to enter into securities lending agreements with specified institutions. At no time during 2013 did the City have any activity or balance in this type of an investment.

The following table reconciles cash, cash equivalents, and investments to the basic financial statements at December 31, 2013:

Governmental funds	\$ 118,862,739
Proprietary funds:	
Enterprise	11,696,350
Internal service	31,550,384
	<hr/>
Government-wide	162,109,473
Fiduciary funds	1,286,499
	<hr/>
Total cash, cash equivalents, and investment	163,395,972
Less restricted cash and investments	0
	<hr/>
Net cash, cash equivalents, and investments	<u>\$ 163,395,972</u>

3. CAPITAL ASSETS

During 2013 the City's capitalization threshold was \$10,000. Capital asset activity for the year ended December 31, 2013 was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Additions	Retirements	
Governmental activities:				
Capital assets not being depreciated -				
Land	\$ 92,302,701	\$ 101,069	\$ -	\$ 92,403,770
Construction in progress	-	14,515,713	-	14,515,713
Total capital assets not being depreciated	<u>92,302,701</u>	<u>14,616,782</u>	<u>-</u>	<u>106,919,483</u>
Capital assets being depreciated:				
Buildings and structures	68,938,801	113,019	(2,962)	69,048,858
Machinery and equipment	37,937,348	4,296,542	(2,318,383)	39,915,507
Improvements	9,340,100	577,989	-	9,918,089
Infrastructure	245,898,777	10,967,427	-	256,866,204
Total capital assets being depreciated	<u>362,115,026</u>	<u>15,954,977</u>	<u>(2,321,345)</u>	<u>375,748,658</u>
Less accumulated depreciation for:				
Buildings and structures	(32,690,247)	(1,461,125)	1,037	(34,150,335)
Machinery and equipment	(25,146,427)	(2,835,642)	2,023,970	(25,958,099)
Improvements	(4,006,166)	(448,253)	-	(4,454,419)
Infrastructure	(82,787,924)	(6,961,163)	-	(89,749,087)
Total accumulated depreciation	<u>(144,630,764)</u>	<u>(11,706,183)</u>	<u>2,025,007</u>	<u>(154,311,940)</u>
Total capital assets being depreciated, net	<u>217,484,262</u>	<u>4,248,794</u>	<u>(296,338)</u>	<u>221,436,718</u>
Governmental capital assets, net	<u>309,786,963</u>	<u>18,865,576</u>	<u>(296,338)</u>	<u>328,356,201</u>
Business-type activities:				
Capital assets not being depreciated -				
Land	4,714,616	-	-	4,714,616
Construction in progress	1,207,719	800,350	(1,207,719)	800,350
Total capital assets not being depreciated	<u>5,922,335</u>	<u>800,350</u>	<u>(1,207,719)</u>	<u>5,514,966</u>
Capital assets being depreciated:				
Buildings and structures	33,865,364	1,269,310	(301,694)	34,832,980
Machinery and equipment	2,571,365	123,170	(16,927)	2,677,608
Distribution system	123,167,714	3,096,852	-	126,264,566
Improvements	6,234,784	-	-	6,234,784
Total capital assets being depreciated	<u>165,839,227</u>	<u>4,489,332</u>	<u>(318,621)</u>	<u>170,009,938</u>
Less accumulated depreciation for:				
Buildings and structures	(14,062,439)	(755,225)	292,394	(14,525,270)
Machinery and equipment	(1,792,227)	(125,647)	16,927	(1,900,947)
Distribution system	(67,816,342)	(3,014,884)	-	(70,831,226)
Improvements	(3,639,691)	(170,411)	-	(3,810,102)
Total accumulated depreciation	<u>(87,310,699)</u>	<u>(4,066,167)</u>	<u>309,321</u>	<u>(91,067,545)</u>
Total capital assets being depreciated, net	<u>78,528,528</u>	<u>423,165</u>	<u>(9,300)</u>	<u>78,942,393</u>
Business-type activities capital assets, net	<u>\$ 84,450,863</u>	<u>\$ 1,223,515</u>	<u>\$ (1,217,019)</u>	<u>\$ 84,457,359</u>

Depreciation expense was charged to governmental functions at December 31, 2013 as follows:

General services	\$ 1,545,996
Development services	1,692,018
Public works	7,073,770
Public safety	800,527
Community services	593,872
Total depreciation expense	<u>\$ 11,706,183</u>

4. COMMITTED CONTRACTS

At December 31, 2013, the City had commitments for twelve uncompleted construction contracts with a remaining balance of \$10,159,317.

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.

	<u>2013</u>	<u>2012</u>
Unpaid claims at beginning of year	\$1,787,826	\$1,549,095
Claims paid	(1,364,729)	(923,133)
New claims	1,772,745	1,161,864
Unpaid claims at end of year	<u>\$2,195,842</u>	<u>\$1,787,826</u>

6. LONG-TERM DEBT

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

<u>Type of Bonds</u>	<u>Maturities</u>	<u>Rates</u>	<u>Balance at 12/31/13</u>
Governmental activities:			
Governmental funds:			
General obligation (G.O.) bonds	2014-2021	1.00 - 4.00%	\$ 5,140,000
G.O. improvement bonds	2014-2031	.80 - 5.70	60,125,000
G.O. tax increment bonds	2014-2032	3.00 - 4.30	<u>3,095,000</u>
Total governmental funds			<u>68,360,000</u>
Internal service funds:			
G.O. capital improvement bonds	2014-2021	.60 - 2.60	<u>4,800,000</u>
Total bonds			<u>\$ 73,160,000</u>

Changes in long-term liabilities during 2013 are summarized as follows:

	Balance at 01/01/13	Additions	Retirements	Balance at 12/31/13	Due Within One Year
Governmental activities:					
G.O. bonds	\$ 11,335,000	\$ -	\$ 1,395,000	\$ 9,940,000	\$ 1,425,000
G.O. improvement bonds	55,620,000	9,315,000	4,810,000	60,125,000	16,660,000
G.O. tax increment bonds	6,175,000	-	3,080,000	3,095,000	125,000
Unamortized bond prems	1,048,281	476,462	79,366	1,445,377	100,610
Benefits payable	12,554,722	1,959,340	1,535,261	12,978,801	648,940
Estimated claims payable	1,787,826	1,772,745	1,364,729	2,195,842	1,143,931
OPEB liability	3,664,834	1,222,982	395,976	4,491,840	-
Total governmental	<u>92,185,663</u>	<u>14,746,529</u>	<u>12,660,332</u>	<u>94,271,860</u>	<u>20,103,481</u>
Business-type activities -					
Enterprise bonds	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Total business-type	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 92,335,663</u>	<u>\$ 14,746,529</u>	<u>\$ 12,810,332</u>	<u>\$ 94,271,860</u>	<u>\$ 20,103,481</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 \$10,636,262) are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2014	\$ 18,210,000	\$ 1,940,327	\$ -	\$ -	\$ 20,150,327
2015	7,245,000	1,534,844	-	-	8,779,884
2016	7,135,000	1,385,438	-	-	8,520,438
2017	6,690,000	1,184,870	-	-	7,874,870
2018	6,230,000	994,355	-	-	7,224,355
2019-2023	20,490,000	2,696,246	-	-	23,186,246
2024-2028	5,535,000	805,333	-	-	6,340,333
2029-2032	1,625,000	94,849	-	-	1,719,849
Total	<u>\$ 73,160,000</u>	<u>\$ 10,636,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,796,262</u>

On November 20, 2013, the City issued \$4,180,000 of General Obligation Permanent Improvement Revolving Fund Bonds, Series 47 with an effective rate of 1.89%, the proceeds of which were used to provide funding for public improvements.

Crossover Refunding

On June 15, 2012, the City issued \$5,900,000 of General Obligation Permanent Improvement Refunding Bonds, Series 2012A with an effective rate of 2.03%. Proceeds will be used to effect a crossover refunding of \$6,000,000 of the City's outstanding General Obligation Permanent Improvement Bonds of 2004, Series 39, dated November 1, 2004 with an effective rate of 3.91% (to advance refund the February 2015 through February 2025 maturities).

The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the interest on the refunding bonds before the crossover date and called principal on the refunded bonds on February 1, 2014.

The City advance refunded the 2004 General Obligation Permanent Improvement Bonds to reduce its total debt service payments over the next 11 years by \$572,010 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$506,854.

The City is responsible for the debt service of the refunded bonds through the crossover date (February 1, 2014) and the debt service of the refunding bonds after the crossover date. The debt service of the refunding bonds before the crossover date is payable from the escrow account. Assets held with the escrow agent total \$6,082,114 at December 31, 2013.

The financial statements present each bond issue and the escrow account assets pursuant to GASB Statement No. 7. The effect on the financial statements is to report greater debt than, in substance, the City will be responsible for paying.

The General Obligation Permanent Improvement Refunding Bonds of 2012 are crossover bonds whereby the City and the escrow agent are responsible for debt service payments as follows:

Year Ending December 31,	Refunded Bonds Total	Refunding Bonds Total	Debt Service Commitment	
			Escrow Account	City
2014	\$ 6,873,748	\$ 177,000	\$ 6,088,500	\$ 962,248
2015	-	905,900	-	905,900
2016	-	652,225	-	652,225
2017	-	651,850	-	651,850
2018	-	636,250	-	636,250
2019	-	620,650	-	620,650
2020	-	605,050	-	605,050
2021	-	589,450	-	589,450
2022	-	573,850	-	573,850
2023	-	553,325	-	553,325
2024	-	532,950	-	532,950
2025	-	517,650	-	517,650
Total	<u>\$ 6,873,748</u>	<u>\$ 7,016,150</u>	<u>\$ 6,088,500</u>	<u>\$ 7,801,398</u>

Current Refunding

On November 20, 2013, the City issued \$5,135,000 of General Obligation Permanent Improvement Refunding Bonds, Series 2013A with an effective rate of 2.16%. Proceeds will be used to refund \$5,320,000 of the City's outstanding Taxable General Obligation Permanent Improvement Revolving Fund Bonds, Series 2009 (February 2015 through February 2030 maturities) on February 1, 2014. The Series 2009 bonds have an effective interest rate of 2.86%.

The City refunded the 2009 Taxable General Obligation Permanent Improvement Refunding bonds to reduce its total debt service payments over the next 16 years by \$244,700 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$202,416.

The following is a schedule of bonds payable at December 31, 2013:

<u>Type of Bonds</u>	<u>Original Amount</u>	<u>Maturities</u>	<u>Rates</u>	<u>Balance at Dec. 31, 2013</u>
Governmental Activities:				
General Obligation (G.O.) Bonds:				
2007 Art Center Refunding	\$ 5,590,000	2014-2021	4.00%	\$ 3,790,000
2010 Fire Pension	2,210,000	2014-2016	1.00 - 1.90%	1,350,000
2010 Capital Improvement	5,900,000	2014-2021	.60 - 2.60%	4,800,000
Total G.O. Bonds	<u>13,700,000</u>			<u>9,940,000</u>
General Obligation (G.O.) Improvement Bonds:				
2004 PIR, Thirty-Nine Series	12,750,000	2014	4.00%	6,735,000
2006 PIR, Forty Series	5,855,000	2014-2017	4.00%	2,445,000
2007 PIR, Forty-One Series	5,915,000	2014-2028	4.00 - 4.50%	3,465,000
2008 PIR, Forty-Two Series	9,570,000	2014-2029	3.25 - 5.00%	7,145,000
2009 PIR, Forty-Three Series	7,835,000	2014-2030	.85 - 5.70%	5,935,000
2010 PIR, Forty-Four Series	6,235,000	2014-2021	.80 - 3.50%	5,065,000
2011 PIR Refunding, Thirty-Eight Series	2,080,000	2014-2018	2.00 - 2.50%	1,670,000
2011 PIR, Forty-Five Series	7,545,000	2014-2031	2.00 - 3.375%	6,835,000
2012 PIR Refunding, Thirty-Nine Series	5,900,000	2015-2025	3.00%	5,900,000
2012 PIR, Forty-Six Series	5,615,000	2014-2023	2.00 - 3.00%	5,615,000
2013 PIR Refunding, Forty-Three Series	5,135,000	2015-2030	2.40 - 3.25%	5,135,000
2013 PIR, Forty-Seven Series	4,180,000	2015-2024	2.10 - 3.00%	4,180,000
Total G.O. Improvement Bonds	<u>78,615,000</u>			<u>60,125,000</u>
General Obligation (G.O.) Tax Increment Bonds:				
2011 Serial Refunding Bonds	3,095,000	2014-2032	3.00 - 4.30%	3,095,000
Total G.O. Tax Increment Bonds	<u>3,095,000</u>			<u>3,095,000</u>
Total governmental activities	<u>95,410,000</u>			<u>73,160,000</u>
Total bonds payable	<u>\$ 95,410,000</u>			<u>\$ 73,160,000</u>

PIR = Permanent Improvement Revolving

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
<u>Governmental Activities:</u>								
General Obligation (G.O.) Bonds:								
2007 G.O. Arts Center Refunding Bds Feb-07	Refund 2000 Arts Center Bonds - Crossover	Debt Service Tax Levy	100%	n/a	2007 - 2021	\$ 4,423,000	\$ 554,500	\$ 554,500
2010 G.O. Fire Pension Bonds Nov-10	Payment of a portion of the City's Pension Obligation	Debt Service Tax Levy	100%	n/a	2012 - 2016	1,390,900	465,262	465,262
2010 Capital Improvement Bonds Nov-10	Paid Port Authority Lease Revenue Bonds	Debt Service Tax Levy	100%	n/a	2012 - 2021	5,227,906	657,723	657,723
General Obligation (G.O.) Improvement Bonds:								
2004 PIR Bonds, Thirty-Nine Series Mar-05	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	64% 36%	n/a n/a	2005 - 2025	6,873,747	1,030,445	1,030,445
2006 PIR Bonds, Forty Series Nov-06	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	33% 67%	n/a n/a	2006 - 2017	2,640,300	699,600	699,600
2007 PIR Bonds, Forty-One Series Dec-07	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	55% 45%	n/a n/a	2007 - 2028	4,088,384	655,669	655,669
2008 PIR Bonds, Forty-Two Series Oct-08	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	76% 24%	n/a n/a	2008 - 2029	9,374,604	968,667	968,667
2009 PIR Bonds, Forty-Three Series Dec-09	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	73% 27%	n/a n/a	2009 - 2030	6,053,942	859,035	859,035
2010 PIR Bonds, Forty-Four Series Nov-10	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	39% 61%	n/a n/a	2012 - 2021	5,667,751	728,942	728,942
2011 PIR Bonds, Forty-Five Series Nov-11	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	28% 72%	n/a n/a	2013 - 2031	7,690,588	868,088	868,088
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	1,771,537	452,528	452,528
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	7,016,150	199,617	199,617
2012 PIR Bonds, Forty-Six Srs Jun-12	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	48% 52%	n/a n/a	2014 - 2023	6,356,537	153,237	153,237
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	6,069,621	-	-
2013 PIR Bonds, Forty-Seven Srs Nov-13	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	24% 76%	n/a n/a	2015 - 2024	4,778,545	-	-
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	4,372,748	113,315	113,315

General Obligation (G.O.) Bonds:

- 2007 Art Center Refunding. The City has pledged future tax ad valorem revenue to repay the \$5,590,000 bonds issued in February 2007. Proceeds from the bonds refunded the 2000 Arts Center Bonds on February 1, 2008. 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 \$4,423,000, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$554,500 and \$554,500, respectively.
- 2010 Fire Pension Bonds. The City has pledged future tax ad valorem revenue to repay the \$2,210,000 bonds issued in November 2010. Proceeds from the bonds were used to fund a portion of the City's required contribution to the single-employer public employee retirement plan operated by the Bloomington Fire Department Relief Association. 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 \$1,390,900, payable through February 2016. For the current year, principal and interest paid and total tax levy revenues were \$465,262 and \$465,262, respectively.
- 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 \$5,227,906, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$657,723 and \$657,723, respectively.

General Obligation (G.O.) Improvement Bonds:

- 2004 PIR, Thirty-Nine Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$12,750,000 bonds issued in March 2005. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 36% and special assessments were projected to produce 64% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$6,873,747, payable through February 2025. These bonds will be refunded on February 1, 2014 with proceeds from the 2012 PIR Refunding Bonds. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$1,030,445 and \$1,030,445, respectively.
- 2006 PIR, Forty Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$5,855,000 bonds issued in November 2006. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 67% and special assessments were projected to produce 33% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,640,300, payable through February 2017. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$699,600 and \$699,600, respectively.
- 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 \$4,088,384, payable through February 2028. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$655,669 and \$655,669, 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 \$9,374,604, payable through February 2029. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$968,667 and \$968,667 respectively.
- 2009 PIR, Forty-Three Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$7,835,000 bonds issued in December 2009. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 27% and special assessments were projected to produce 73% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$6,053,942, payable through February 2030. These bonds will be refunded on February 1, 2014 with proceeds from the 2013 Serial Refunding Bonds. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$859,035, and \$859,035, 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 \$5,667,751, payable through February 2021. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$728,924 and \$728,924, 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 \$7,690,588, payable through February 2031. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$868,088 and \$868,088, 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 \$1,771,537, payable through February 2018. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$452,528 and \$452,528, 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 will refund 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 \$7,016,150, payable through February 2025. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$199,617 and \$199,617, 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 \$6,356,537, payable through February 2023. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$153,237 and \$153,237, 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 will refund 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 \$6,069,621, payable through February 2030. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$0 and \$0, 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 \$4,778,545, payable through February 2024. 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 \$4,372,748, payable through February 2032. For the current year, principal and interest paid and total tax increment revenues were \$113,315 and \$113,315, respectively.

7. FUND BALANCE/NET POSITION

A. GOVERNMENTAL CLASSIFICATIONS

At December 31, 2013, a summary of the governmental fund balance classifications is as follows:

	General Fund	Community Development Block Grant	Improvement Bonds	Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for:							
Debt service	\$ -	\$ -	\$ 26,390,904	\$ -	\$ -	\$ 1,291,466	\$ 27,682,370
Abatement purposes	-	-	-	-	863,578	-	863,578
Tax increment purposes	-	-	-	29,888,331	-	-	29,888,331
Public safety	-	-	-	-	-	1,009,863	1,009,863
Public health	-	-	-	-	-	157,819	157,819
Grant purposes	-	16,537	-	-	-	19,122	35,659
Art Center	-	-	-	99,270	-	-	99,270
Cemetery	-	-	-	-	-	1,216,039	1,216,039
Street reconstruction	-	-	-	-	-	12,502,105	12,502,105
Total restricted	-	16,537	26,390,904	29,987,601	863,578	16,196,414	73,455,034
Committed:							
Encumbrances	258,354	-	-	-	-	-	258,354
Budget carryovers	312,712	-	-	-	-	-	312,712
Capital purposes	-	-	-	-	-	113,924	113,924
Park development	-	-	-	1,644,267	-	-	1,644,267
Public safety	-	-	-	-	-	3,395,993	3,395,993
Future projects	-	-	-	5,379,525	-	-	5,379,525
Communications	-	-	-	-	-	622,031	622,031
Total committed	571,066	-	-	7,023,792	-	4,131,948	11,726,806
Assigned for:							
Capital purposes	-	-	-	-	-	584,680	584,680
Street reconstruction	-	-	-	-	15,626,834	-	15,626,834
Total assigned	-	-	-	-	15,626,834	584,680	16,211,514
Unassigned	20,344,235	-	-	-	-	-	20,344,235
Total fund balances	\$ 20,915,301	\$ 16,537	\$ 26,390,904	\$ 37,011,393	\$ 16,490,412	\$ 20,913,042	\$121,737,589

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. This revenue source is received in two installments during the year – June and December. As such, it is the City’s goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes.

The policy states the City will maintain a fund balance in the General Fund for working capital purposes of 50% of the following year’s general gross tax levy.

At December 31, 2013, the fund balance of the General Fund was \$20,915,301, 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, 2013:

Fund/Component Unit		Receivable	Payable
General Fund	(1)	\$ 302,100	\$ -
Enterprise Funds:			
Water/Wastewater Fund	(2)	467,389	-
Internal Service Fund	(2)	-	467,389
Improvement construction	(1)		100
Nonmajor enterprise funds	(1)	-	100,000
Nonmajor governmental funds	(1)	-	202,000
Total		<u>769,489</u>	<u>769,489</u>
Primary Government:			
General Fund		\$ 427,230	\$ -
Community Development Block Grant Fund		-	29,630
Capital Projects Fund		5,273,000	1,919,545
Bonds receivable – due:			
Within one year		125,000	-
In more than one year		3,055,670	-
Component Units:			
Housing and Redevelopment Authority:			
Primary government		29,630	127,070
Bonds payable – due:			
Within one year		-	125,000
In more than one year		-	3,055,670
Port Authority		1,919,545	5,573,160
		<u>\$ 11,599,564</u>	<u>\$ 11,599,564</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, 2013:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Community Dev. Block Grant	\$ 18,276
	Capital Projects	2,474,879
	Nonmajor Governmental	203,004
	Nonmajor Enterprise	48,039
Total General		<u>2,744,198</u>
Capital Projects	Water/Wastewater Utility	280,384
	General Fund	1,310,647
Total Capital Projects		<u>1,591,031</u>
Nonmajor Governmental	Internal Service	<u>109,896</u>
Nonmajor Enterprise	General Fund	<u>249,996</u>
Recreational Facilities	Capital Projects	<u>396,538</u>
Improvement Bonds	Improvement Construction	<u>1,760,527</u>
Internal Service	Nonmajor Governmental	118,507
	Storm Water	24,996
	Internal Service	50,004
	Water/Wastewater Utility	103,646
	General Fund	8,642
Total Internal Service	Capital Projects	<u>810,051</u>
		<u>1,115,846</u>
Total		<u>\$ 7,968,032</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

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.

A. 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, 2013.

B. 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 BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

PLAN DESCRIPTION

All full-time and certain part-time employees of the City of Bloomington (except for the City Manager who may choose to be exempt from coverage at time of employment) are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

The majority of City members belong to the GERF Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

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

The benefit provisions stated in the previous 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.

The State's actuarial accrued liability for GERF at June 30, 2013 was \$19,379,769,000; the unfunded actuarial accrued liability was \$5,266,474,000 or a funded ratio of 72.8%. The State's actuarial accrued liability for PEPFF at June 30, 2013 was \$7,304,032,000; the unfunded actuarial accrued liability was \$1,371,087,000 and the funded ratio was 81.2%.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained by writing to PERA, 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103-2088, calling (651) 296-7460 or 1-800-652-9026, or on the web at www.mnpera.org.

FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERS Coordinated Plan members were required to contribute 6.25% of their annual covered salary in 2013. PEPFF members were required to contribute 9.60% of their annual covered salary in 2013. The City is required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERS members and 14.40% for PEPFF members.

The City's contributions to the General Employees Retirement Fund for the years ended December 31, 2013, 2012, and 2011 were \$2,233,242, \$2,122,329, and \$2,091,971, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2013, 2012, and 2011 were \$1,642,645, \$1,541,070, and \$1,513,066, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

RELATED-PARTY INVESTMENTS

As of June 30, 2013 and for the fiscal year then ended, PERA held minimal, if any, securities issued by the City, its components, or other related parties.

B. BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION (THE ASSOCIATION)

PLAN DESCRIPTION

The City may levy taxes on behalf of a single-employer public employee retirement plan operated by the Association for volunteer firefighters.

Volunteer firefighters of the City are members of the Association. A member of the Association who has completed 20 or more years of service as a volunteer of the Fire Department shall, after age 50 and retirement, be entitled to a basic pension of 33-1/3% of the average of the highest paid non-officer police officer's pay over the last 3 years, in conformance with the by-laws of the Association. Disability benefits are the same as a normal pension and are payable while the member remains disabled. After age 50, the normal retirement benefit is payable. These benefit provisions and all other requirements are consistent with enabling Minnesota Statutes.

Volunteers of the Fire Department are required to contribute \$144 per year of their gross earnings to the Association. If a member leaves the department after 20 years of service, the accumulated contributions plus earned interest are refunded to the member or designated beneficiary. The City levies property taxes at the direction of and for the benefit of the Association and passes through state aids allocated to the plan, all in accordance with enabling Minnesota Statutes.

The Association's actuarial accrued liability is determined as part of an annual actuarial valuation on January 1, 2014. Significant methods are as follows:

- The most recent actuarial valuation date is January 1, 2014.
- Actuarial cost is determined using the Entry Age Normal Cost Method expressed as a level percentage of earnings.
- Actuarial value of assets is market value.
- The unfunded accrued liability is amortized using a 20-year rolling end date.

Significant actuarial assumptions are as follows:

- Investment rate of return: 6% per annum.
- Payroll increase : 4% for 2014, and 4% per annum thereafter
- Cost of Living Adjustment (COLA): Based on increases in index salary
- Inflation rate: N/A
- Mortality assumptions:
 - Pre-retirement - RP 2000 Non-annuitant Generational Mortality Table with white collar adjustment, set back two years for males and females.
 - Post-retirement - RP 2000 Annuitant Generational Mortality Table with white collar adjustment, for males and females.
 - Post-disability - RP 2000 Non-annuitant Mortality Table with white collar adjustment, set forward eight years for males and females.

From 2007 to 2013 there were no significant changes to plan provisions and actuarial methods and assumptions.

The Association issues a publicly available financial report that includes financial statements and required supplementary information for the Association. That report may be obtained by writing to the Bloomington Fire Department Relief Association, 1800 West Old Shakopee Road, Bloomington, MN 55431, or by calling (952) 563-8700.

FUNDING POLICY

The Association's funding policy provides for contributions from the State and the City in amounts sufficient to accumulate sufficient assets to pay benefits when due. The annual contribution is the sum of the normal cost, the state contribution payment, and the provision for administrative expenses. The normal cost is a level percentage of pay assuming each firefighter would earn the same as a Bloomington police officer. The Bloomington Fire Department is comprised of volunteers; therefore, there are no covered payroll percentage calculations.

For the year ended December 31, 2013, the City made a contribution of \$1,911,112 to the Association. For the years ended 2012 and 2011, the City contributed \$ 1,852,639 and \$3,129,651, respectively. During the year, the City recognized as revenue and an expenditure on-behalf payments of \$401,714 made by the State of Minnesota for the Fire Relief Association. The City's contributions were in conformance to the contractually required contributions for each year as set by state statute.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

Three-year trend information for the Association is as follows:

<u>Fiscal Year Ended</u>	<u>Annual Required Contributions</u>	<u>City Contributions</u>	<u>State Contribution</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
12/31/11	\$3,316,111	\$3,129,651	\$356,741	105%	-
12/31/12	2,105,542	1,852,639	361,567	105	-
12/31/13	2,199,801	1,911,112	401,714	105	-

Note: The annual required contributions are actuarially determined. The City, if necessary, and State are required by statute to make contributions, all of which have been made. The State's contributions on behalf of the City are recorded in a non-major special revenue fund as revenues and expenditures.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress for the Association

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) (B)</u>	<u>Unfunded AAL (UAAL) (B)-(A)</u>	<u>Funded Ratio (A)/(B)</u>	<u>Annual Covered Payroll* (Previous FY) (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
12/31/11	\$110,822,777	\$107,951,877	\$(2,870,900)	102.7%	\$ 9,069,840	(31.7)%
12/31/12	122,544,915	124,210,384	1,665,469	98.7	9,668,988	17.2
12/31/13	143,611,691	129,441,911	(14,169,780)	111.0	10,110,384	(140.2)

*Annual covered payroll is based on the assumption that each active plan member earns the most recent three-year average salary rates of the highest paid non-supervisory police officer in the City of Bloomington. Because all active plan members are volunteers, there is no actual payroll.

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 2013, the City paid \$75,591 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 2013, the City recognized as revenue a \$29,480 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 2013, participants consisted of:

Retirees and beneficiaries currently purchasing health insurance through the City	139
Active employees with coverage	531
Active employees without coverage	<u>1</u>
Total	<u>671</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, 2013, was calculated as follows:

Annual required contribution (ARC)	\$ 1,216,416
Interest on net OPEB obligation	146,593
Adjustment to ARC	<u>(140,027)</u>
Annual OPEB cost	1,222,982
Contributions made during the year (1)	<u>(395,976)</u>
Increase (decrease) in net OPEB obligation	827,006
Net OPEB obligation – beginning of year	<u>3,664,834</u>
 Net OPEB obligation – end of year	 <u>\$ 4,491,840</u>

(1) Employer contributions (Pay-As-You-Go costs) in 2013 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 2013 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
12/31/11	\$ 1,270,373	\$ 374,400	29.5%	\$ 2,828,088
12/31/12	1,323,996	487,250	36.8	3,664,834
12/31/13	1,222,982	395,976	32.4	4,491,840

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)
01/01/11	\$ -	\$ 12,909,543	\$ 12,909,543	0.0%	\$ 35,177,000	36.7%
01/01/12	-	13,849,388	13,849,388	0.0	36,760,000	37.7
01/01/13	-	11,193,424	11,193,424	0.0	37,374,000	29.9

*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, 2013 is 24 years.

In the January 1, 2013 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 85% of males and 65% of females. Current and future retirees were assumed to have no dependent children.
- Healthcare Cost Trend Rate – an initial rate of 9.5%, reducing to 5% over 10 years.

13. RECEIVABLES AND DEFERRED INFLOWS

Receivables not expected to be collected within one year are mortgages receivable of \$7,947,311 and deferred special assessments receivable of \$18,305,964. 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	\$ 403,889	\$ -	\$ 8,800	\$ -	\$ -	\$ 412,689
Community Development						
Block Grant	-	-	-	8,830,345	-	8,830,345
Capital Projects	-	-	1,837,756	-	11,507,604	13,345,360
Improvement Construction	-	270,869	-	-	-	270,869
Improvement Bonds	-	-	18,493,404	-	-	18,493,404
Total Major Funds	403,889	270,869	20,339,960	8,830,345	11,507,604	41,352,667
Nonmajor Funds	-	127,145	-	-	606,477	733,622
Total Deferred Inflows	<u>\$ 403,889</u>	<u>\$ 398,014</u>	<u>\$ 20,339,960</u>	<u>\$ 8,830,345</u>	<u>\$ 12,114,081</u>	<u>\$ 42,086,289</u>

14. SUBSEQUENT EVENT

Management has evaluated subsequent events through June 23, 2014, the date the Independent Auditor's Report was available to be issued, and concluded that there are no subsequent events that require disclosure.

15. PRIOR PERIOD ADJUSTMENT

In early 2013, three state aid reimbursements were received and recorded as 2013 revenue in error; they should have been 2012 revenue. This resulted in a \$1,576,849 prior period adjustment to the 2013 beginning fund balance of the Capital Projects Fund.

16. INDIVIDUAL COMPONENT UNIT DISCLOSURES

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

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

Cash, Cash Equivalents, and Investments

A. DEPOSITS

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

Custodial Credit Risk-Deposits – Custodial credit risk is the risk that in event of a bank failure, the Port Authority’s deposits may not be returned to it. Minnesota Statutes require that all Port Authority deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasury or in a financial institution other than that furnishing the collateral. As of December 31, 2013, 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.

At December 31, 2013, the carrying amount of the Port Authority’s deposits with financial institutions and the bank balances totaled \$50,921.

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, 2013, the Port Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than Six Months</u>	<u>Six Months To One Year</u>	<u>One Year to Two Years</u>	<u>Two Years to Five Years</u>
Money Market	\$ 22,103,893	\$22,103,893	\$ -	\$ -	\$ -
Federal Home Loan Banks Note	10,023,800	5,022,700	-	5,001,100	-
Federal Home Loan Mortgage Corporation Note	3,003,000	-	-	3,003,000	-
Federal National Mortgage Association Note	3,006,540	-	-	-	3,006,540
Municipal	8,222,480	3,197,820	-	5,024,660	-
Total investments	46,359,713	<u>\$30,324,413</u>	<u>\$ -</u>	<u>\$ 13,028,760</u>	<u>\$ 3,006,540</u>
Total deposits	<u>50,921</u>				
Total cash, cash equivalents, and investments	<u>\$ 46,410,634</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, 2013, 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.

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

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, 2013 the Port Authority held no commercial paper. The Port Authority's investments in money market funds, Federal Home Loan Banks, Federal Home Loan 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 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: Municipals (18%), Federal Home Loan Banks (22%), Federal Home Loan Mortgage Corporation (6%) and Federal National Mortgage Association (6%).

Long-term Debt

On December 29, 2010, the Port Authority issued \$14,550,000 of Taxable General Obligation Parking Ramp Bonds; the effective interest is undisclosed in the bond documents. The proceeds of the bonds were used to finance the construction of an approximately 500-space parking ramp to be located adjacent to the Mall of America. The hotel was built above the parking ramp. On August 1, 2013 the Port Authority called the bonds.

The Special Tax Revenue Refunding Bonds are special obligations of the Port Authority, payable solely from revenues specifically appropriated (tax increment, lodging, and liquor taxes) for payment of such bonds. On December 6, 2013 the Port Authority placed \$4,649,485 into an irrevocable trust with an escrow agent to be used solely for satisfying schedule payments of both interest and principal of the Special Tax Revenue Refunding Bonds of 2009. Because the possibility that the Port Authority will be required to make future payments on that debt is remote, the debt is considered defeased (paid) for accounting and financial reporting purposes and is no longer reported as a liability. The amount of debt defeased but still outstanding including principal and interest on the bonds is \$4,650,475, payable through February 2016. The defeasance resulted in an economic loss of \$1,732. The defeasance also eliminates future administrative costs associated with holding the bonds until maturity. The combined benefit of eliminating the lien on future revenues and reducing administrative expenses through retirement, exceed the extra \$1,732 of costs.

In October 2005, a \$5,273,000 loan was approved between the Port Authority and the City for the Bloomington Central Station project. The loan will be repaid to the City within 10 years with an interest rate of 4%. The loan will be repaid with proceeds from the sale of land by the Port Authority.

Changes in long-term debt during 2013 are summarized as follows:

	Balance at 01/01/13	Additions	Retired	Balance at 12/31/13	Due Within One Year
Special Tax Revenue Refunding Bonds	\$ 5,875,000	\$ -	\$ (5,875,000)	\$ -	\$ -
Unamortized Bond Premiums	48,328		(48,328)	-	-
Parking Ramp Bonds	14,550,000	-	(14,550,000)	-	-
Loan from City	5,273,000	-	-	5,273,000	-
Total	<u>\$ 25,746,328</u>	<u>\$ -</u>	<u>\$(20,473,328)</u>	<u>\$ 5,273,000</u>	<u>\$ -</u>

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

Due from/to the City

The Port Authority issued a loan to the City in 2012 for the Mall of America ramp lighting project. The amount due on that loan is \$1,723,008. A grant payment was made into the City for the Lindau Lane project for a portion of the project that is otherwise paid by the Port Authority. At December 31, 2013 the balance owed by the City to the Port Authority was \$1,919,545.

At December 31, 2013, the Port Authority owed the City \$300,160 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 \$5,273,000, the proceeds of which were used to purchase land in the northeast quadrant of Bloomington Central Station.

Governmental Classifications

At December 31, 2013, a summary of the governmental fund balance classifications is as follows:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Nonspendable - Prepaid items	\$ -	\$ -	\$ 16,500	\$ 16,500
Restricted for - Tax increment purposes	-	-	47,139,305	47,139,305
Unassigned	<u>19,703</u>	<u>-</u>	<u>-</u>	<u>19,703</u>
Total fund balances	<u>\$ 19,703</u>	<u>\$ -</u>	<u>\$ 47,155,805</u>	<u>\$ 47,175,508</u>

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, 2013 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	\$ 498,491	\$ 144,749

Investment balances at December 31, 2013 were:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Percentage of Total</u>
Money market	01/01/14	\$ 3,528,660	100%
Total investments		3,528,660	<u>100.0%</u>
Total deposits		<u>144,749</u>	
Net cash, cash equivalents, and investments		<u>\$ 3,673,409</u>	

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

Capital Assets and Land Held for Resale

Changes in general capital assets during 2013 are summarized as follows:

	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/13</u>
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	<u>(21,970)</u>	<u>(2,512)</u>	<u>-</u>	<u>(24,482)</u>
Total capital assets being depreciated, net	<u>8,794</u>	<u>(2,512)</u>		<u>6,282</u>
Governmental activities capital assets, net	<u>\$ 139,094</u>	<u>\$ (2,512)</u>	<u>\$ -</u>	<u>\$ 136,582</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	<u>(1,690,928)</u>	<u>(98,170)</u>	<u>-</u>	<u>(1,789,098)</u>
Total capital assets being depreciated, net	<u>1,594,689</u>	<u>(98,170)</u>	<u>-</u>	<u>1,496,519</u>
Business-type activities capital assets, net	<u>\$3,064,689</u>	<u>\$ (98,170)</u>	<u>\$ -</u>	<u>\$ 2,966,519</u>

Land held for resale activity for the year ended December 31, 2013, was as follows:

	<u>Balance 1/1/13</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/13</u>
Land Held for Resale (Inventory)	<u>\$ 4,094,913</u>	<u>\$ -</u>	<u>\$ (159,600)</u>	<u>\$ 3,935,313</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 12/31/13</u>
Governmental activities -				
Due to primary government:				
2011 Crossover Refunding Bonds	\$ 3,095,000	2014-2032	3.00 – 4.35%	\$ 3,095,000
Total	<u>\$ 3,095,000</u>			<u>\$ 3,095,000</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 2013 are summarized as follows:

	<u>Balance 1/01/13</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/13</u>	<u>Due Within One Year</u>
Governmental Activities:					
Due to Primary Government- Bonds Payable	\$3,080,000	\$ 3,095,000	\$ (3,080,000)	\$ 3,095,000	\$ 125,000
Business-type Activities -					
Enterprise Fund Loan Agreements	1,574,720	-	-	1,574,720	-
Total	<u>\$ 4,654,720</u>	<u>\$ 3,095,000</u>	<u>\$ (3,080,000)</u>	<u>\$ 4,669,720</u>	<u>\$ 125,000</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	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 125,000	\$ 111,440	\$ -	\$ -	\$ 236,440
2015	120,000	107,765	-	-	227,765
2016	125,000	104,090	-	-	229,090
2017	135,000	100,190	-	-	235,190
2018	135,000	96,140	-	-	231,140
2019-2023	725,000	417,038	594,450	-	1,736,488
2024-2028	900,000	272,043	730,270	-	1,902,313
2029-2032	830,000	69,042	250,000	-	1,149,042
Total	<u>\$ 3,095,000</u>	<u>\$ 1,277,748</u>	<u>\$ 1,574,720</u>	<u>\$ -</u>	<u>\$ 5,947,468</u>

Fund Balance Classifications

At December 31, 2013 a summary of the governmental fund balance classifications is as follows:

	<u>General Fund</u>	<u>Housing Develop</u>	<u>Redevelop</u>	<u>Section 8 Vouchers</u>	<u>Housing Rehab</u>	<u>TIF Special Revenue</u>	<u>Capital Projects</u>	<u>Totals</u>
Nonspendable:								
Long term receivables	\$ -	\$ 380,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 380,520
Prepaid items	-	-	-	332,198	-	-	-	332,198
Restricted for:								
Tax increment purposes	-	-	177,811	-	-	951,116	-	1,128,927
HUD rental assistance	-	-	-	-	-	-	-	-
Committed to:								
Development activities	-	4,943,392	-	-	-	-	-	4,943,392
Rehabilitation loans	-	-	-	-	1,764,123	-	-	1,764,123
Unassigned	526,197	-	-	(232,506)	-	(4,806,998)	-	(4,513,307)
Total fund balances	<u>\$ 526,197</u>	<u>\$ 5,323,912</u>	<u>\$ 177,811</u>	<u>\$ 99,692</u>	<u>\$ 1,764,123</u>	<u>\$ (3,855,882)</u>	<u>\$ -</u>	<u>\$ 4,035,853</u>

Due to the City

At December 31, 2013, the HRA owed the City \$127,070 for services and facilities provided to the HRA and \$125,000 for the current portion and \$3,055,670 for the long-term portion of the debt obligation.

Due to HRA

At December 31, 2013, the City owed a total of \$29,630 to the HRA for various HRA residential housing programs.

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, 2013, there is one series of Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$2.3 million.

The following table shows the balance of the conduit debt obligations as of December 31, 2013:

	<u>Original Balance</u>	<u>Beginning Balance 1/01/13</u>	<u>Additions</u>	<u>Less Payments/ Refinance</u>	<u>Ending Balance 12/31/13</u>
Masonic Homes	\$ 4,000,000	\$ 2,400,000	\$ -	\$ (100,000)	\$ 2,300,000

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 loans (including interest) from repayments will be recognized as revenue by the HRA when received. The Neighborhood loan balances outstanding, including interest, total \$4,251,825. 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 provides \$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 outstanding balances are recognized on the balance sheet as mortgage receivable and deferred inflow.

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 Hennepin 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 Hennepin County. The HRA and Hennepin County alternate the loans which are committed in terms of who is the mortgage holder. The HRA loans are recognized as mortgages receivable and deferred inflows 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.

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

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 2013 the mortgage note and interest totaling \$686,607 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, 2013:

	<u>Balance</u> <u>01/01/13</u>	<u>Additions</u>	<u>Interest</u>	<u>Payments</u> <u>Received</u>	<u>Balance</u> <u>12/31/13</u>
Neighborhood Loans	\$ 4,468,487	\$ 33,323	\$ 82,783	\$ (332,768)	\$ 4,251,825
Foreclosure Loans	388,706	30,743	19,465	(4,552)	434,362
CEP II Loans	111,994	106,787	6,788	(8,591)	216,978
Essex Knoll	320,000	-	-	-	320,000
Bloomington Family					
Townhomes	674,427	-	12,180	-	686,607
Bloomington Southview LP	150,000	-	-	-	150,000
Bloomington Southview LP	223,806	-	6,714	-	230,520
Blooming Glen	231,742	-	6,000	-	237,742
Blooming Glen	290,000	-	-	-	290,000
Crossings at Valley View	600,000	-	-	-	600,000
VEPP	2	-	-	-	2
	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total	<u>\$ 7,459,164</u>	<u>\$ 170,853</u>	<u>\$ 133,930</u>	<u>\$ (345,911)</u>	<u>\$ 7,418,036</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.

Value in Excess of Purchase Price (VEPP) Agreements

The HRA owns two VEPP agreements with face values totaling \$17,648. 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.

REQUIRED SUPPLEMENTARY INFORMATION



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION

EXHIBIT A-1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 General Fund
 Year Ended December 31, 2013

	Budget		Actual	Variance
	Original	Final		With Final Budget
REVENUES				
Property taxes	\$ 35,939,839	\$ 35,939,839	\$ 36,151,137	\$ 211,298
Fiscal disparities	3,000,000	3,000,000	3,175,944	175,944
Special assessments	-	-	19,666	19,666
Lodging and admissions tax	7,152,500	7,152,500	7,576,443	423,943
Business licenses	4,497,600	4,497,600	4,679,509	181,909
Fines and forfeitures	1,202,500	1,202,500	1,192,785	(9,715)
Intergovernmental	2,142,153	2,331,444	2,305,754	(25,690)
Program income	2,174,818	2,185,932	2,274,315	88,383
Interest	175,000	175,000	119,366	(55,634)
Net change in fair value of investments	-	-	(134,591)	(134,591)
Other	725,000	777,222	798,065	20,843
Total revenues	<u>57,009,410</u>	<u>57,262,037</u>	<u>58,158,393</u>	<u>896,356</u>
EXPENDITURES				
General Government	551,807	551,807	526,980	24,827
City Manager's Office	351,994	351,994	209,991	142,003
Legal	1,222,521	1,222,521	1,203,931	18,590
Human Resources	637,059	667,759	578,490	89,269
Finance	1,041,153	1,050,266	1,007,740	42,526
Public Safety	24,664,061	24,861,850	24,575,627	286,223
Community Development	6,641,010	6,641,602	6,477,924	163,678
Community Services	12,470,305	12,484,320	12,035,176	449,144
Public Works	9,817,082	9,935,715	9,820,699	115,016
Technical Services	2,609,782	2,602,082	2,623,184	(21,102)
Reduction for estimated unspent	(2,075,774)	(2,075,774)	-	(2,075,774)
Contingency	1,506,288	1,506,288	50,000	1,456,288
Total expenditures	<u>59,437,288</u>	<u>59,800,430</u>	<u>59,109,742</u>	<u>690,688</u>
Excess (deficiency) of revenues over (under) expenditures	(2,427,878)	(2,538,393)	(951,349)	1,587,044
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,677,878	2,677,878	2,744,198	66,320
Transfers to other funds	(250,000)	(1,560,647)	(1,569,285)	(8,638)
Total other financing sources	<u>2,427,878</u>	<u>1,117,231</u>	<u>1,174,913</u>	<u>57,682</u>
Net change in fund balance	-	(1,421,162)	223,564	1,644,726
Fund balance - January 1	<u>20,691,737</u>	<u>20,691,737</u>	<u>20,691,737</u>	<u>-</u>
Fund balance - December 31	<u>\$ 20,691,737</u>	<u>\$ 19,270,575</u>	<u>\$ 20,915,301</u>	<u>\$ 1,644,726</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
 Year Ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 795,652	\$ 282,215	\$ (513,437)
Program income	-	400,000	325,589	(74,411)
Total revenues	<u>-</u>	<u>1,195,652</u>	<u>607,804</u>	<u>(587,848)</u>
EXPENDITURES				
Current -				
Development services	-	1,165,652	615,449	550,203
Total expenditures	<u>-</u>	<u>1,165,652</u>	<u>615,449</u>	<u>550,203</u>
Excess (deficiency) of revenues over (under) expenditures	-	30,000	(7,645)	(37,645)
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	<u>-</u>	<u>(30,000)</u>	<u>(18,276)</u>	<u>11,724</u>
Net change in fund balance	-	-	(25,921)	(25,921)
Fund balance - January 1	<u>42,458</u>	<u>42,458</u>	<u>42,458</u>	<u>-</u>
Fund balance - December 31	<u>\$ 42,458</u>	<u>\$ 42,458</u>	<u>\$ 16,537</u>	<u>\$ (25,921)</u>

CITY OF BLOOMINGTON, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress - Retiree Health Plan
 Year Ended December 31, 2013

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)
January 1, 2011	\$ -	\$ 12,909,543	\$ 12,909,543	0.0%	\$ 35,177,000	36.7%
January 1, 2012	-	13,849,388	13,849,388	0.0%	36,760,000	37.7%
January 1, 2013	-	11,193,424	11,193,424	0.0%	37,374,000	29.9%

*Using the entry age normal actuarial pay cost method.

CITY OF BLOOMINGTON, MINNESOTA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

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. Within the General Fund, the Technical Services Department expenditures exceeded budget by \$21,102 due to a staffing position that was filled at a higher rate than was budgeted. The Community Development Block Grant Fund expenditures did not exceed the legal level of budgetary control for fiscal year ended December 31, 2013.

SUPPLEMENTARY INFORMATION



CITY OF
BLOOMINGTON
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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 Special Revenue 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 Special Revenue 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 Special Revenue 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.

Energy Efficiency Block Grant Fund - This fund was established to account for a federal grant awarded in 2009.

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.

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

Escrow Trust 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.

State Aid Construction – This fund accounts for the state allotment of gasoline tax collections for road construction.

CITY OF BLOOMINGTON, MINNESOTA
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2013

	Special Revenue						
	Public Health Special Revenue	Public Safety Special Revenue	Communications	Parks Grants	Energy Efficiency Block Grant	Community Landscape	South Loop Revolving Dev
ASSETS							
Cash, cash equivalents and investments	\$ 28,143	\$ 4,375,152	\$ 416,956	\$ 177,354	\$ -	\$ 1,102	\$ 112,549
Accrued interest receivable	53	10,656	1,017	432	-	-	273
Taxes receivable	-	4,949	-	-	-	-	-
Accounts receivable	32,830	3,864	297,488	-	-	-	-
Land held for resale	-	-	-	-	-	-	-
Due from other governments	217,849	177,147	-	-	-	-	-
Total assets	\$ 278,875	\$ 4,571,768	\$ 715,461	\$ 177,786	\$ -	\$ 1,102	\$ 112,822
LIABILITIES							
Accounts payable	\$ 49,445	\$ 5,912	\$ 93,430	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-	-
Due to other funds	42,000	160,000	-	-	-	-	-
Unearned revenue	29,611	-	-	158,664	-	-	-
Deposits payable	-	-	-	-	-	-	-
Total liabilities	121,056	165,912	93,430	158,664	-	-	-
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - state aid	-	-	-	-	-	-	-
Deferred inflows - land held for resale	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-
FUND BALANCES							
Restricted	157,819	1,009,863	-	19,122	-	-	-
Committed	-	3,395,993	622,031	-	-	1,102	112,822
Assigned	-	-	-	-	-	-	-
Total fund balances	157,819	4,405,856	622,031	19,122	-	1,102	112,822
Total liabilities, deferred inflows of resources, and fund balances	\$ 278,875	\$ 4,571,768	\$ 715,461	\$ 177,786	\$ -	\$ 1,102	\$ 112,822

EXHIBIT B-1

Cemetery Trust		Debt Service			Capital Projects			Total Nonmajor Governmental Funds
	Total	Tax Increment	General Obligation Bonds	Total	Escrow Trust	State Aid Construction	Total	
\$ 1,213,084	\$ 6,324,340	\$ 8,940	\$ 1,279,226	\$ 1,288,166	\$ 1,319,632	\$ 12,725,858	\$ 14,045,490	\$ 21,657,996
2,955	15,386	22	3,113	3,135	3,224	30,929	34,153	52,674
-	4,949	-	165	165	-	-	-	5,114
-	334,182	-	-	-	44	-	44	334,226
-	-	-	-	-	-	606,477	606,477	606,477
-	394,996	-	-	-	-	135,675	135,675	530,671
<u>\$ 1,216,039</u>	<u>\$ 7,073,853</u>	<u>\$ 8,962</u>	<u>\$ 1,282,504</u>	<u>\$ 1,291,466</u>	<u>\$ 1,322,900</u>	<u>\$ 13,498,939</u>	<u>\$ 14,821,839</u>	<u>\$ 23,187,158</u>
\$ -	\$ 148,787	\$ -	\$ -	\$ -	\$ 12,313	101,980	\$ 114,293	\$ 263,080
-	-	-	-	-	-	161,232	161,232	161,232
-	202,000	-	-	-	-	-	-	202,000
-	188,275	-	-	-	-	-	-	188,275
-	-	-	-	-	725,907	-	725,907	725,907
-	539,062	-	-	-	738,220	263,212	1,001,432	1,540,494
-	-	-	-	-	-	127,145	127,145	127,145
-	-	-	-	-	-	606,477	606,477	606,477
-	-	-	-	-	-	733,622	733,622	733,622
1,216,039	2,402,843	8,962	1,282,504	1,291,466	-	12,502,105	12,502,105	16,196,414
-	4,131,948	-	-	-	-	-	-	4,131,948
-	-	-	-	-	584,680	-	584,680	584,680
1,216,039	6,534,791	8,962	1,282,504	1,291,466	584,680	12,502,105	13,086,785	20,913,042
<u>\$ 1,216,039</u>	<u>\$ 7,073,853</u>	<u>\$ 8,962</u>	<u>\$ 1,282,504</u>	<u>\$ 1,291,466</u>	<u>\$ 1,322,900</u>	<u>\$ 13,498,939</u>	<u>\$ 14,821,839</u>	<u>\$ 23,187,158</u>

CITY OF BLOOMINGTON, MINNESOTA
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2013

	Special Revenue						
	Public Health Special Revenue	Public Safety Special Revenue	Communications	Park Grants	Energy Efficiency Block Grant	Community Landscape	South Loop Revolving Dev
REVENUES							
Property taxes	\$ -	\$ 322,758	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal disparities	-	21,989	-	-	-	-	-
Fines and forfeitures	-	301,086	-	-	-	-	-
Intergovernmental	1,527,795	1,390,093	-	11,254	-	-	-
Program income	156,234	-	15,000	-	-	-	-
Interest	(425)	45,213	3,900	1,433	-	-	929
Net change in fair value of investments	(299)	(29,511)	(2,521)	(1,220)	-	-	(657)
Other	-	96,360	102,254	-	-	1,102	-
Franchise fees	-	-	1,164,721	-	-	-	-
Total revenues	<u>1,683,305</u>	<u>2,147,988</u>	<u>1,283,354</u>	<u>11,467</u>	<u>-</u>	<u>1,102</u>	<u>272</u>
EXPENDITURES							
Current:							
General services	-	-	-	-	-	-	-
Development services	-	-	-	-	-	-	7,697
Public safety	-	3,021,016	-	-	-	-	-
Community services	1,661,735	-	1,301,379	11,254	-	-	-
Debt service:							
Administrative charges	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Principal retirement	-	-	-	-	-	-	-
Capital outlay:							
Public works	-	-	-	-	22,534	-	-
Public safety	-	500,606	-	-	-	-	-
Community services	-	-	70,204	-	-	-	-
Total expenditures	<u>1,661,735</u>	<u>3,521,622</u>	<u>1,371,583</u>	<u>11,254</u>	<u>22,534</u>	<u>-</u>	<u>7,697</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,570</u>	<u>(1,373,634)</u>	<u>(88,229)</u>	<u>213</u>	<u>(22,534)</u>	<u>1,102</u>	<u>(7,425)</u>
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	-	109,896	-	-	-	-
Transfers to other funds	-	(271,507)	(50,004)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(271,507)</u>	<u>59,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>21,570</u>	<u>(1,645,141)</u>	<u>(28,337)</u>	<u>213</u>	<u>(22,534)</u>	<u>1,102</u>	<u>(7,425)</u>
Fund balance - January 1	<u>136,249</u>	<u>6,050,997</u>	<u>650,368</u>	<u>18,909</u>	<u>22,534</u>	<u>-</u>	<u>120,247</u>
Fund balance - December 31	<u>\$ 157,819</u>	<u>\$ 4,405,856</u>	<u>\$ 622,031</u>	<u>\$ 19,122</u>	<u>\$ -</u>	<u>\$ 1,102</u>	<u>\$ 112,822</u>

EXHIBIT B-2

Cemetery Trust	Total	Debt Service			Capital Projects			Total Nonmajor Governmental Funds
		Tax Increment	General Obligation Bonds	Total	Escrow Trust	State Aid Construction	Total	
\$ -	\$ 322,758	\$ -	\$ 992,703	\$ 992,703	\$ -	\$ -	\$ -	\$ 1,315,461
-	21,989	-	85,167	85,167	-	-	-	107,156
-	301,086	-	-	-	-	-	-	301,086
-	2,929,142	-	-	-	-	1,902,082	1,902,082	4,831,224
-	171,234	-	-	-	-	-	-	171,234
10,118	61,168	(68,076)	4,383	(63,693)	13,943	108,106	122,049	119,524
(7,587)	(41,795)	44,297	(7,969)	36,328	(8,294)	(79,336)	(87,630)	(93,097)
68,600	268,316	307,126	-	307,126	-	102,211	102,211	677,653
-	1,164,721	-	-	-	-	-	-	1,164,721
71,131	5,198,619	283,347	1,074,284	1,357,631	5,649	2,033,063	2,038,712	8,594,962
2,547	2,547	-	-	-	-	\$ -	\$ -	\$ 2,547
-	7,697	-	-	-	-	-	-	7,697
-	3,021,016	-	-	-	-	-	-	3,021,016
-	2,974,368	-	-	-	-	-	-	2,974,368
-	-	2,456	600	3,056	-	-	-	3,056
-	-	196,231	189,762	385,993	-	-	-	385,993
-	-	3,080,000	830,000	3,910,000	-	-	-	3,910,000
-	22,534	-	-	-	-	1,763,966	1,763,966	1,786,500
-	500,606	-	-	-	-	-	-	500,606
-	70,204	-	-	-	-	-	-	70,204
2,547	6,598,972	3,278,687	1,020,362	4,299,049	-	1,763,966	1,763,966	12,661,987
68,584	(1,400,353)	(2,995,340)	53,922	(2,941,418)	5,649	269,097	274,746	(4,067,025)
-	109,896	-	-	-	-	-	-	109,896
-	(321,511)	-	-	-	-	-	-	(321,511)
-	(211,615)	-	-	-	-	-	-	(211,615)
68,584	(1,611,968)	(2,995,340)	53,922	(2,941,418)	5,649	269,097	274,746	(4,278,640)
1,147,455	8,146,759	3,004,302	1,228,582	4,232,884	579,031	12,233,008	12,812,039	25,191,682
\$ 1,216,039	\$ 6,534,791	\$ 8,962	\$ 1,282,504	\$ 1,291,466	\$ 584,680	\$ 12,502,105	\$ 13,086,785	\$ 20,913,042

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, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,227,196	\$ 1,729,298	\$ 1,527,795	\$ (201,503)
Program income	172,490	172,490	156,234	(16,256)
Interest	-	-	(425)	(425)
Net change in fair value of investments	-	-	(299)	(299)
Total revenues	<u>1,399,686</u>	<u>1,901,788</u>	<u>1,683,305</u>	<u>(218,483)</u>
EXPENDITURES				
Current -				
Community services	<u>1,400,639</u>	<u>1,882,741</u>	<u>1,661,735</u>	<u>221,006</u>
Net change in fund balance	(953)	19,047	21,570	2,523
Fund balance - January 1	<u>136,249</u>	<u>136,249</u>	<u>136,249</u>	<u>-</u>
Fund balance - December 31	<u>\$ 135,296</u>	<u>\$ 155,296</u>	<u>\$ 157,819</u>	<u>\$ 2,523</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, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 347,713	\$ 347,713	\$ 322,758	\$ (24,955)
Fiscal disparities	-	-	21,989	21,989
Fines and forfeitures	257,000	257,000	301,086	44,086
Intergovernmental	500,065	743,714	1,390,093	646,379
Interest	31,176	31,176	45,213	14,037
Net change in fair value of investments	-	-	(29,511)	(29,511)
Total revenues	1,135,954	1,379,603	2,147,988	768,385
EXPENDITURES				
Current -				
Public safety	2,671,299	2,900,932	3,021,016	(120,084)
Capital outlay	-	588,654	500,606	88,048
Total expenditures	2,671,299	3,489,586	3,521,622	(32,036)
Excess (deficiency) of revenues over (under) expenditures	(1,535,345)	(2,109,983)	(1,373,634)	736,349
OTHER FINANCING USES				
Transfers to other funds	(302,500)	(302,500)	(271,507)	(30,993)
Total other financing sources (uses)	(302,500)	(302,500)	(271,507)	30,993
Net change in fund balance	(1,837,845)	(2,412,483)	(1,645,141)	767,342
Fund balance - January 1	6,050,997	6,050,997	6,050,997	-
Fund balance - December 31	\$ 4,213,152	\$ 3,638,514	\$ 4,405,856	\$ 767,342

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Communications
Year Ended December 31, 2013

	Budget		Actual	Variance
	Original	Final		With Final Budget
REVENUES				
Program income	\$ -	\$ -	\$ 15,000	\$ 15,000
Interest	7,000	7,000	3,900	(3,100)
Net change in fair value of investments	-	-	(2,521)	(2,521)
Other	95,900	95,900	102,254	6,354
Franchise fees	1,115,000	1,115,000	1,164,721	49,721
Total revenues	<u>1,217,900</u>	<u>1,217,900</u>	<u>1,283,354</u>	<u>65,454</u>
EXPENDITURES				
Current -				
Community services	1,403,006	1,394,998	1,301,379	93,619
Capital outlay	113,600	83,455	70,204	13,251
Total expenditures	<u>1,516,606</u>	<u>1,478,453</u>	<u>1,371,583</u>	<u>106,870</u>
Excess (deficiency) of revenues over (under) expenditures	(298,706)	(260,553)	(88,229)	172,324
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	109,901	109,901	109,896	(5)
Transfers to other funds	(50,000)	(50,000)	(50,004)	4
Total other financing sources (uses)	<u>59,901</u>	<u>59,901</u>	<u>59,892</u>	<u>(9)</u>
Net change in fund balance	(238,805)	(200,652)	(28,337)	172,315
Fund balance - January 1	<u>650,368</u>	<u>650,368</u>	<u>650,368</u>	<u>-</u>
Fund balance - December 31	<u>\$ 411,563</u>	<u>\$ 449,716</u>	<u>\$ 622,031</u>	<u>\$ 172,315</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-4

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

Park Grants

Year Ended December 31, 2013

	Budget		Actual	Variance
	Original	Final		With Final Budget
REVENUES				
Intergovernmental	\$ 70,540	\$ 70,540	\$ 11,254	\$ (59,286)
Interest	1,170	1,170	1,433	263
Net change in fair value of investments	-	-	(1,220)	(1,220)
Contributions	1,000	1,000	-	(1,000)
Total revenues	<u>72,710</u>	<u>72,710</u>	<u>11,467</u>	<u>(61,243)</u>
EXPENDITURES				
Current -				
Community services	106,000	106,000	11,254	94,746
Total expenditures	<u>106,000</u>	<u>106,000</u>	<u>11,254</u>	<u>94,746</u>
Net change in fund balance	(33,290)	(33,290)	213	33,503
Fund balance - January 1	<u>18,909</u>	<u>18,909</u>	<u>18,909</u>	<u>-</u>
Fund balance - December 31	<u>\$ (14,381)</u>	<u>\$ (14,381)</u>	<u>\$ 19,122</u>	<u>\$ 33,503</u>

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-5

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Energy Efficiency Block Grant
 Year Ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
EXPENDITURES				
Current -				
Public works	\$ -	\$ -	\$ 22,534	\$ (22,534)
Total expenditures	-	-	22,534	(22,534)
Net change in fund balance	-	-	(22,534)	(22,534)
Fund balance - January 1	22,534	22,534	22,534	-
Fund balance - December 31	\$ 22,534	\$ 22,534	\$ -	\$ (22,534)

CITY OF BLOOMINGTON, MINNESOTA

EXHIBIT C-6

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 South Loop Revolving Development Services
 Year Ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Program income	\$ 72,000	\$ 72,000	\$ -	\$ (72,000)
Interest	-	-	929	929
Net change in fair value of investments	-	-	(657)	(657)
Total revenues	72,000	72,000	272	(71,728)
EXPENDITURES				
Current -				
Development services	36,720	44,416	7,697	36,719
Debt service:				
Interest	1,500	1,500	-	1,500
Principal retirement	28,500	28,500	-	28,500
Total expenditures	66,720	74,416	7,697	66,719
Net change in fund balance	5,280	(2,416)	(7,425)	(5,009)
Fund balance - January 1	120,247	120,247	120,247	-
Fund balance - December 31	\$ 125,527	\$ 117,831	\$ 112,822	\$ (5,009)



CITY OF
BLOOMINGTON
MINNESOTA

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, 2013

EXHIBIT D-1

	Solid Waste Management	Contractual Police	Motor Vehicle	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 893,981	\$ 872	\$ 323,111	\$ 1,217,964
Accrued interest receivable	2,170	-	785	2,955
Taxes receivable	66,157	-	-	66,157
Accounts receivable	234,756	141,620	-	376,376
Total current assets	1,197,064	142,492	323,896	1,663,452
Noncurrent assets:				
Machinery and equipment	91,863	-	-	91,863
Accumulated depreciation	(85,806)	-	-	(85,806)
Total noncurrent assets	6,057	-	-	6,057
Total assets	1,203,121	142,492	323,896	1,669,509
 LIABILITIES				
Current liabilities:				
Accounts payable	35,630	31,292	66,267	133,189
Due to other funds	-	100,000	-	100,000
Unearned revenue	41,078	-	-	41,078
Deposits payable	-	11,200	-	11,200
Total current liabilities	76,708	142,492	66,267	285,467
Total liabilities	76,708	142,492	66,267	285,467
 NET POSITION				
Net investment in capital assets	6,057	-	-	6,057
Unrestricted	1,120,356	-	257,629	1,377,985
Total net position	\$ 1,126,413	\$ -	\$ 257,629	\$ 1,384,042

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Nonmajor Enterprise Funds
Year Ended December 31, 2013

EXHIBIT D-2

	Solid Waste Management	Contractual Police	Motor Vehicle	Total
Operating revenues -				
Charges for services	\$ 835,484	\$ 668,741	\$ 613,627	\$ 2,117,852
Other	19,866	-	-	19,866
Total operating revenues	<u>855,350</u>	<u>668,741</u>	<u>613,627</u>	<u>2,137,718</u>
Operating expenses:				
Salaries and benefits	206,653	596,066	504,693	1,307,412
Materials, supplies and service	1,017,990	24,636	119,020	1,161,646
Depreciation	2,423	-	-	2,423
Total operating expenses	<u>1,227,066</u>	<u>620,702</u>	<u>623,713</u>	<u>2,471,481</u>
Operating income (loss)	<u>(371,716)</u>	<u>48,039</u>	<u>(10,086)</u>	<u>(333,763)</u>
Nonoperating revenues:				
Taxes	36,073	-	-	36,073
Intergovernmental	214,463	-	-	214,463
Interest income	6,822	-	1,654	8,476
Net change in fair value of investments	(5,697)	-	(2,009)	(7,706)
Total nonoperating revenues	<u>251,661</u>	<u>-</u>	<u>(355)</u>	<u>251,306</u>
Income (loss) before transfers	(120,055)	48,039	(10,441)	(82,457)
Transfers from other funds	249,996	-	-	249,996
Transfers to other funds	-	(48,039)	-	(48,039)
Change in net position	129,941	-	(10,441)	119,500
Total net position - January 1	<u>996,472</u>	<u>-</u>	<u>268,070</u>	<u>1,264,542</u>
Total net position - December 31	<u>\$ 1,126,413</u>	<u>\$ -</u>	<u>\$ 257,629</u>	<u>\$ 1,384,042</u>

CITY OF BLOOMINGTON, MINNESOTA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

Year Ended December 31, 2013

EXHIBIT D-3

	<u>Solid Waste Management</u>	<u>Contractual Police</u>	<u>Motor Vehicle</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 826,326	\$ 657,405	\$ 614,022	\$ 2,097,753
Other cash receipts	10,466	-	-	10,466
Cash payments to other funds	(123,853)	(18,380)	(108,793)	(251,026)
Payments to employees	(206,229)	(590,191)	(502,123)	(1,298,543)
Payments to suppliers	<u>(874,715)</u>	<u>(3,979)</u>	<u>10,863</u>	<u>(867,831)</u>
Net cash provided by (used in) operating activities	<u>(368,005)</u>	<u>44,855</u>	<u>13,969</u>	<u>(309,181)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants	214,463	-	-	214,463
Transfers from other funds	249,996	-	-	249,996
Transfers to other funds	-	(48,039)	-	(48,039)
Taxes	<u>36,073</u>	<u>-</u>	<u>-</u>	<u>36,073</u>
Net cash provided by noncapital financing activities	<u>500,532</u>	<u>(48,039)</u>	<u>-</u>	<u>452,493</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	<u>1,126</u>	<u>-</u>	<u>(355)</u>	<u>771</u>
Net cash provided by investing activities	<u>1,126</u>	<u>-</u>	<u>(355)</u>	<u>771</u>
Net increase (decrease) in cash and cash equivalents	<u>133,653</u>	<u>(3,184)</u>	<u>13,614</u>	<u>144,083</u>
Cash and cash equivalents - January 1	<u>760,328</u>	<u>4,056</u>	<u>309,497</u>	<u>1,073,881</u>
Cash and cash equivalents - December 31	<u>\$ 893,981</u>	<u>\$ 872</u>	<u>\$ 323,111</u>	<u>\$ 1,217,964</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (371,716)	\$ 48,039	\$ (10,086)	\$ (333,763)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities -				
Depreciation	2,423	-	-	2,423
Changes in assets and liabilities:				
Customer receivables	(18,557)	(11,336)	395	(29,498)
Accounts payable - other	-	-	4,759	4,759
Accounts payable - supplier	19,422	7,277	16,332	43,031
Interfund payables	-	(5,000)	-	(5,000)
Salaries and benefits payable	423	5,875	2,569	8,867
Net cash used in operating activities	<u>\$ (368,005)</u>	<u>\$ 44,855</u>	<u>\$ 13,969</u>	<u>\$ (309,181)</u>

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.

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2013

	Information Systems	Equipment Division	Support Services
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,758,136	\$ 4,973,611	\$ 248,757
Accrued interest receivable	6,703	12,087	605
Accounts receivable	98	-	1,435
Prepaid items	384,495	-	-
Due from other governments	-	-	-
Inventory	-	306,820	-
Total current assets	<u>3,149,432</u>	<u>5,292,518</u>	<u>250,797</u>
Noncurrent assets:			
Land	-	-	-
Buildings and structures	-	-	-
Machinery and equipment	1,518,468	25,323,756	331,754
Improvements	-	26,827	-
Accumulated depreciation	(383,882)	(16,973,803)	(314,602)
Total noncurrent assets	<u>1,134,586</u>	<u>8,376,780</u>	<u>17,152</u>
Total assets	<u>4,284,018</u>	<u>13,669,298</u>	<u>267,949</u>
LIABILITIES			
Current liabilities:			
Accounts payable	320,224	207,458	8,284
Estimated claims payable	-	-	-
Due to other funds	-	-	-
Current bonds payable	-	-	-
Accrued interest payable	-	-	-
Total current liabilities	<u>320,224</u>	<u>207,458</u>	<u>8,284</u>
Noncurrent liabilities:			
Benefits payable	-	-	-
Bonds payable	-	-	-
Estimated claims payable	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>320,224</u>	<u>207,458</u>	<u>8,284</u>
NET POSITION			
Net investment in capital assets	1,134,586	8,376,780	17,152
Unrestricted	2,829,208	5,085,060	242,513
Total net position	<u>\$ 3,963,794</u>	<u>\$ 13,461,840</u>	<u>\$ 259,665</u>

EXHIBIT E-1

Public Safety Radio	Self- Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	Total
\$ 1,003,902	\$ 2,295,165	\$ 11,145,013	\$ 3,526,020	\$ 5,599,780	\$ 31,550,384
2,440	5,546	27,087	8,570	13,607	76,645
-	665	-	1,859	-	4,057
-	195,795	-	-	-	580,290
-	-	-	-	550	550
-	-	-	-	-	306,820
<u>1,006,342</u>	<u>2,497,171</u>	<u>11,172,100</u>	<u>3,536,449</u>	<u>5,613,937</u>	<u>32,518,746</u>
-	-	-	-	11,432,262	11,432,262
305,383	-	-	-	39,846,904	40,152,287
1,649,457	-	-	-	4,515,345	33,338,780
-	-	-	-	597,690	624,517
(959,073)	-	-	-	(14,644,010)	(33,275,370)
<u>995,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,748,191</u>	<u>52,272,476</u>
<u>2,002,109</u>	<u>2,497,171</u>	<u>11,172,100</u>	<u>3,536,449</u>	<u>47,362,128</u>	<u>84,791,222</u>
18,491	15,578	688,039	3,114	285,923	1,547,111
-	1,143,931	-	-	-	1,143,931
-	-	-	-	467,389	467,389
-	-	-	-	565,000	565,000
-	-	-	-	37,457	37,457
<u>18,491</u>	<u>1,159,509</u>	<u>688,039</u>	<u>3,114</u>	<u>1,355,769</u>	<u>3,760,888</u>
-	-	12,329,861	-	-	12,329,861
-	-	-	-	4,235,000	4,235,000
-	1,051,911	-	-	-	1,051,911
<u>-</u>	<u>1,051,911</u>	<u>12,329,861</u>	<u>-</u>	<u>4,235,000</u>	<u>17,616,772</u>
<u>18,491</u>	<u>2,211,420</u>	<u>13,017,900</u>	<u>3,114</u>	<u>5,590,769</u>	<u>21,377,660</u>
995,767	-	-	-	36,948,191	47,472,476
987,851	285,751	(1,845,800)	3,533,335	4,823,168	15,941,086
<u>\$ 1,983,618</u>	<u>\$ 285,751</u>	<u>\$ (1,845,800)</u>	<u>\$ 3,533,335</u>	<u>\$ 41,771,359</u>	<u>\$ 63,413,562</u>

CITY OF BLOOMINGTON, MINNESOTA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
Year Ended December 31, 2013

	Information Systems	Equipment Division	Support Services
Operating revenues:			
Charges for services	\$ 4,075,404	\$ 5,920,639	\$ 472,492
Other	7,485	28,291	-
Total operating revenues	<u>4,082,889</u>	<u>5,948,930</u>	<u>472,492</u>
Operating expenses:			
Salaries and benefits	1,422,318	1,226,544	197,581
Materials, supplies and service	2,486,175	3,062,951	269,928
Depreciation	141,797	1,829,670	28,015
Total operating expenses	<u>4,050,290</u>	<u>6,119,165</u>	<u>495,524</u>
Operating income (loss)	<u>32,599</u>	<u>(170,235)</u>	<u>(23,032)</u>
Nonoperating revenues (expenses):			
Interest income	19,460	40,568	2,062
Net change in fair value of investments	(16,115)	(29,634)	(1,540)
Gain (loss) on sale of capital assets	(185,327)	116,441	-
Interest expense	-	-	-
Total nonoperating revenues (expenses)	<u>(181,982)</u>	<u>127,375</u>	<u>522</u>
Income (loss) before transfers	(149,383)	(42,860)	(22,510)
Transfers from other funds	500,000	24,996	-
Transfers to other funds	<u>(159,900)</u>	<u>-</u>	<u>-</u>
Change in net position	190,717	(17,864)	(22,510)
Total net position - January 1	<u>3,773,077</u>	<u>13,479,704</u>	<u>282,175</u>
Total net position - December 31	<u>\$ 3,963,794</u>	<u>\$ 13,461,840</u>	<u>\$ 259,665</u>

EXHIBIT E-2

Public Safety Radio	Self- Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	Total
\$ 345,168	\$ 1,527,166	\$ 1,564,512	\$ 8,261,450	\$ 9,739,068	\$ 31,905,899
-	-	-	25,000	-	60,776
<u>345,168</u>	<u>1,527,166</u>	<u>1,564,512</u>	<u>8,286,450</u>	<u>9,739,068</u>	<u>31,966,675</u>
102,501	-	1,959,340	8,207,552	3,172,767	16,288,603
195,904	2,076,966	-	-	4,945,006	13,036,930
149,679	-	-	-	1,449,870	3,599,031
<u>448,084</u>	<u>2,076,966</u>	<u>1,959,340</u>	<u>8,207,552</u>	<u>9,567,643</u>	<u>32,924,564</u>
<u>(102,916)</u>	<u>(549,800)</u>	<u>(394,828)</u>	<u>78,898</u>	<u>171,425</u>	<u>(957,889)</u>
9,515	20,175	96,187	26,394	43,199	257,560
(6,058)	(13,648)	(68,428)	(21,851)	(36,083)	(193,357)
(7,073)	-	-	-	684	(75,275)
-	-	-	-	(154,357)	(154,357)
<u>(3,616)</u>	<u>6,527</u>	<u>27,759</u>	<u>4,543</u>	<u>(146,557)</u>	<u>(165,429)</u>
(106,532)	(543,273)	(367,069)	83,441	24,868	(1,123,318)
232,515	-	-	31,000	327,335	1,115,846
-	-	-	-	-	(159,900)
125,983	(543,273)	(367,069)	114,441	352,203	(167,372)
<u>1,857,635</u>	<u>829,024</u>	<u>(1,478,731)</u>	<u>3,418,894</u>	<u>41,419,156</u>	<u>63,580,934</u>
<u>\$ 1,983,618</u>	<u>\$ 285,751</u>	<u>\$ (1,845,800)</u>	<u>\$ 3,533,335</u>	<u>\$ 41,771,359</u>	<u>\$ 63,413,562</u>

CITY OF BLOOMINGTON, MINNESOTA

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2013

	<u>Information Systems</u>	<u>Equipment Division</u>	<u>Support Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash from interfund services provided	\$ 4,039,930	\$ 5,957,252	\$ 472,805
Cash payments to other funds	(213,856)	(696,215)	(86,867)
Payments to employees	(1,420,534)	(1,218,385)	(196,478)
Payments to suppliers	(2,102,000)	(2,391,437)	(182,227)
Net cash provided by (used in) operating activities	<u>303,540</u>	<u>1,651,215</u>	<u>7,233</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from other funds	500,000	24,996	-
Transfers to other funds	<u>(159,900)</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>340,100</u>	<u>24,996</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Bond payments	-	-	-
Interest and other payments	-	-	-
Proceeds from sale of capital assets	-	218,453	-
Purchase of capital assets	<u>(956,426)</u>	<u>(2,226,055)</u>	<u>-</u>
Net cash provided by (used in) capital and related financing activities	<u>(956,426)</u>	<u>(2,007,602)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>3,346</u>	<u>10,933</u>	<u>522</u>
Net cash provided by investing activities	<u>3,346</u>	<u>10,933</u>	<u>522</u>
Net increase (decrease) in cash and cash equivalents	<u>(309,440)</u>	<u>(320,458)</u>	<u>7,755</u>
Cash and cash equivalents - January 1	<u>3,067,576</u>	<u>5,294,069</u>	<u>241,002</u>
Cash and cash equivalents - December 31	<u>\$ 2,758,136</u>	<u>\$ 4,973,611</u>	<u>\$ 248,757</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 32,599	\$ (170,235)	\$ (23,032)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities -			
Depreciation	141,797	1,829,670	28,015
Changes in assets and liabilities:			
Accounts receivable	(47,934)	8,322	-
Other operating receivables	4,975		313
Interfund receipts	-	-	-
Inventory	-	(14,673)	-
Accounts payable - other	-	(2,451)	833
Accounts payable - supplier	170,319	(7,577)	-
Interfund payables	-	-	-
Salaries and benefits payable	1,784	8,159	1,104
Net cash provided by (used in) operating activities	<u>\$ 303,540</u>	<u>\$ 1,651,215</u>	<u>\$ 7,233</u>

Public Safety Radio	Self- Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	Total
\$ 346,678	\$ 1,542,838	\$ 1,579,432	\$ 8,290,202	\$ 9,744,210	\$ 31,973,347
(15,739)	(121,357)	-	-	(1,729,021)	(2,863,055)
(102,221)	-	(1,920,241)	(8,143,934)	(3,160,874)	(16,162,667)
(179,386)	(1,547,979)	423,957	(63,435)	(3,421,773)	(9,464,280)
<u>49,332</u>	<u>(126,498)</u>	<u>83,148</u>	<u>82,833</u>	<u>1,432,542</u>	<u>3,483,345</u>
232,515	-	-	31,000	327,335	1,115,846
-	-	-	-	-	(159,900)
<u>232,515</u>	<u>-</u>	<u>-</u>	<u>31,000</u>	<u>327,335</u>	<u>955,946</u>
-	-	-	-	(565,000)	(565,000)
-	-	-	-	(90,531)	(90,531)
-	-	-	-	684	219,137
<u>(336,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(339,669)</u>	<u>(3,858,631)</u>
<u>(336,481)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(994,516)</u>	<u>(4,295,025)</u>
3,457	6,529	27,760	4,542	7,112	64,201
<u>3,457</u>	<u>6,529</u>	<u>27,760</u>	<u>4,542</u>	<u>7,112</u>	<u>64,201</u>
(51,177)	(119,969)	110,908	118,375	772,473	208,467
<u>1,055,079</u>	<u>2,415,134</u>	<u>11,034,105</u>	<u>3,407,645</u>	<u>4,827,307</u>	<u>31,341,917</u>
<u>\$ 1,003,902</u>	<u>\$ 2,295,165</u>	<u>\$ 11,145,013</u>	<u>\$ 3,526,020</u>	<u>\$ 5,599,780</u>	<u>\$ 31,550,384</u>
\$ (102,916)	\$ (549,800)	\$ (394,828)	\$ 78,898	\$ 171,425	\$ (957,889)
149,679	-	-	-	1,449,870	3,599,031
-	12,050	-	(655)	881	(27,336)
1,510	3,622	14,920	4,407	4,810	34,557
-	-	-	-	(550)	(550)
-	-	-	-	-	(14,673)
212	408,016	423,957	183	(19,100)	811,650
567	(386)	-	-	(150,735)	12,188
-	-	-	-	(35,953)	(35,953)
280	-	39,099	-	11,894	62,320
<u>\$ 49,332</u>	<u>\$ (126,498)</u>	<u>\$ 83,148</u>	<u>\$ 82,833</u>	<u>\$ 1,432,542</u>	<u>\$ 3,483,345</u>

CITY OF BLOOMINGTON, MINNESOTA

FIDUCIARY FUNDS - AGENCY

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

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

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

Metro Mobility Fund – This agency fund accounts for City consignment sales of bus tickets for Metro Mobility, a service for riders with disabilities for mobility impairments.

City of Bloomington
Combining Statement of Fiduciary Net Position
Agency Funds
December 31, 2013

EXHIBIT F-1

	Convention Bureau	State Pass-Through Loans	Metro Mobility	Total
ASSETS				
Cash and cash equivalents	\$ 284,448	\$ -	\$ 2,834	\$ 287,282
Accounts receivable	274,640	-	-	274,640
Total assets	<u>559,088</u>	<u>-</u>	<u>2,834</u>	<u>561,922</u>
LIABILITIES				
Current liabilities -				
Accounts payable	<u>559,088</u>	<u>-</u>	<u>2,834</u>	<u>561,922</u>
NET POSITION	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Bloomington
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended December 31, 2013

EXHIBIT F-2

	Balance 1/1/2013	Additions	Deductions	Balance 12/31/2013
CONVENTION BUREAU				
ASSETS				
Cash and cash equivalents	\$ 256,393	\$ 4,096,940	\$ 4,068,885	\$ 284,448
Accounts receivable	247,370	275,610	248,340	274,640
Total assets	<u>\$ 503,763</u>	<u>\$ 4,372,550</u>	<u>\$ 4,317,225</u>	<u>\$ 559,088</u>
LIABILITIES				
Due to Convention Bureau	<u>\$ 503,763</u>	<u>\$ 4,372,550</u>	<u>\$ 4,317,225</u>	<u>\$ 559,088</u>
STATE PASS-THROUGH LOANS				
ASSETS				
Cash and cash equivalents	<u>\$ 6,945</u>	<u>\$ 552,967</u>	<u>\$ 559,912</u>	<u>\$ -</u>
LIABILITIES				
Due to Loan Recipients	<u>\$ 6,945</u>	<u>\$ 552,967</u>	<u>\$ 559,912</u>	<u>\$ -</u>
METRO MOBILITY				
ASSETS				
Cash and cash equivalents	<u>\$ 3,494</u>	<u>\$ 12,840</u>	<u>\$ 13,500</u>	<u>\$ 2,834</u>
LIABILITIES				
Due to Metro Mobility	<u>\$ 3,494</u>	<u>\$ 12,840</u>	<u>\$ 13,500</u>	<u>\$ 2,834</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 266,832	\$ 4,662,747	\$ 4,642,297	\$ 287,282
Accounts receivable	247,370	275,610	248,340	274,640
Total assets	<u>\$ 514,202</u>	<u>\$ 4,938,357</u>	<u>\$ 4,890,637</u>	<u>\$ 561,922</u>
LIABILITIES				
Due to Convention Bureau	503,763	4,372,550	4,317,225	559,088
Due to Loan Recipients	6,945	552,967	559,912	-
Due to Metro Mobility	3,494	12,840	13,500	2,834
Total liabilities	<u>\$ 514,202</u>	<u>\$ 4,938,357</u>	<u>\$ 4,890,637</u>	<u>\$ 561,922</u>

**OTHER
SUPPLEMENTARY
INFORMATION –

COMPONENT
UNITS**

**PORT AUTHORITY OF THE
CITY OF BLOOMINGTON, MINNESOTA**
Schedule of Assets, Liabilities, and Fund Balances
December 31, 2013

EXHIBIT G-1

	Governmental Fund Types			Totals	
	General	Debt Service	Capital Projects	2013	2012
ASSETS					
Cash, cash equivalents, and investments	\$ 44,471	\$ -	\$ 46,366,163	\$ 46,410,634	\$ 71,507,480
Taxes receivable	-	-	1,076	1,076	19,935
Accrued interest receivable	-	-	62,766	62,766	108,043
Prepaid items	-	-	16,500	16,500	104
Due from primary government	-	-	1,919,545	1,919,545	2,933,075
Land held for resale	-	-	5,273,000	5,273,000	5,273,000
Total assets	44,471	-	53,639,050	53,683,521	79,841,637
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	-	-	934,853	934,853	256,676
Due to primary government	24,768	-	5,548,392	5,573,160	6,337,262
Total liabilities	24,768	-	6,483,245	6,508,013	6,593,938
Fund Balances:					
Nonspendable	-	-	16,500	16,500	104
Restricted	-	-	47,139,305	47,139,305	72,389,279
Committed	-	-	-	-	826,000
Unassigned	19,703	-	-	19,703	32,316
Total fund balances	19,703	-	47,155,805	47,175,508	73,247,699
Total liabilities and fund balances	\$ 44,471	\$ -	\$ 53,639,050	\$ 53,683,521	\$ 79,841,637

**PORT AUTHORITY OF THE
CITY OF BLOOMINGTON, MINNESOTA**

EXHIBIT G-2

Schedule of Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2013

	Governmental Fund Types			Totals	
	General	Debt Service	Capital Projects	2013	2012
REVENUES					
Taxes - lodging and liquor	\$ -	\$ 4,234,224	\$ -	\$ 4,234,224	\$ 5,218,349
Property tax increment	-	10,917,368	980,894	11,898,262	9,353,818
Interest	-	70,304	327,973	398,277	455,132
Net change in fair value of investments	-	(61,740)	(137,760)	(199,500)	(69,551)
Other	220,000	-	-	220,000	120,000
Total revenues	<u>220,000</u>	<u>15,160,156</u>	<u>1,171,107</u>	<u>16,551,263</u>	<u>15,077,748</u>
EXPENDITURES					
Current:					
General services	236,423	11,876	456,834	705,133	623,784
Development services	-	9,809,609	10,688,522	20,498,131	11,445,561
Debt service:					
Principal retirement	-	20,425,000	-	20,425,000	1,395,000
Interest	-	784,270	210,920	995,190	840,930
Total expenditures	<u>236,423</u>	<u>31,030,755</u>	<u>11,356,276</u>	<u>42,623,454</u>	<u>14,305,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,423)</u>	<u>(15,870,599)</u>	<u>(10,185,169)</u>	<u>(26,072,191)</u>	<u>772,473</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,810	17,806,976	17,726,330	35,537,116	7,550,499
Transfers out	-	(16,536,503)	(19,000,613)	(35,537,116)	(7,550,499)
Total other financing sources (uses)	<u>3,810</u>	<u>1,270,473</u>	<u>(1,274,283)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(12,613)	(14,600,126)	(11,459,452)	(26,072,191)	772,473
Fund balance - January 1	<u>32,316</u>	<u>14,600,126</u>	<u>58,615,257</u>	<u>73,247,699</u>	<u>72,475,226</u>
Fund balance - December 31	<u>\$ 19,703</u>	<u>\$ -</u>	<u>\$ 47,155,805</u>	<u>\$ 47,175,508</u>	<u>\$ 73,247,699</u>

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

EXHIBIT H-1

Statement of Net Position
December 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,331,418	\$ 341,991	\$ 3,673,409
Accounts receivable	7,437,375	148	7,437,523
Prepaid items	332,198	-	332,198
Due from primary government	29,630	-	29,630
Due from other government	102,673	-	102,673
Inventory - land held for resale	3,935,313	-	3,935,313
Land	130,300	1,470,000	1,600,300
Buildings and structures, net of accumulated depreciation	-	1,496,519	1,496,519
Machinery and equipment, net of accumulated depreciation	6,282	-	6,282
	15,305,189	3,308,658	18,613,847
LIABILITIES			
Accounts payable	39,169	60,642	99,811
Due to primary government	230,325	21,745	252,070
Noncurrent liabilities:			
Due to primary government -			
Bonds payable due in more than one year	3,055,670	-	3,055,670
Due in more than one year	-	1,574,720	1,574,720
	3,325,164	1,657,107	4,982,271
NET POSITION			
Net investment in capital assets	136,582	1,391,799	1,528,381
Restricted for:			
Tax increment purposes	1,043,257	-	1,043,257
Unrestricted	10,800,186	259,752	11,059,938
	\$ 11,980,025	\$ 1,651,551	\$ 13,631,576

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Statement of Activities
For the Year Ended December 31, 2013

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	\$ 4,530,217	\$ 44,307	\$ 4,028,326	\$ -	\$ (457,584)	\$ -	\$ (457,584)
Development services	1,416,998	337,783	1,003,427	-	(75,788)	-	(75,788)
Interest on long-term debt and amounts due to primary government - bonds payable	145,608	-	-	-	(145,608)	-	(145,608)
Total governmental activities	<u>6,092,823</u>	<u>382,090</u>	<u>5,031,753</u>	<u>-</u>	<u>(678,980)</u>	<u>-</u>	<u>(678,980)</u>
Business-type activities:							
Property management	211,611	194,647	-	-	-	(16,964)	(16,964)
Assisted rental	273,184	282,081	-	-	-	8,897	8,897
Total business-type activities	<u>484,795</u>	<u>476,728</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,067)</u>	<u>(8,067)</u>
Total	<u>\$ 6,577,618</u>	<u>\$ 858,818</u>	<u>\$ 5,031,753</u>	<u>-</u>	<u>(678,980)</u>	<u>(8,067)</u>	<u>(687,047)</u>
General revenues:							
Property taxes					2,194,004	19,406	2,213,410
Change in net position					1,515,024	11,339	1,526,363
Net position - January 1					10,465,001	1,640,212	12,105,213
Net position - December 31					<u>\$ 11,980,025</u>	<u>\$ 1,651,551</u>	<u>\$ 13,631,576</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Schedule of Assets, Liabilities, and Fund Balances
Governmental Funds
December 31, 2013

	General Fund	Housing Development	Redevelopment	Section 8 Vouchers
ASSETS				
Cash and cash equivalents	\$ 555,606	\$ 113,979	\$ 177,811	\$ 14,082
Taxes receivable	15,431	-	-	-
Accounts receivable	-	-	-	3,290
Mortgage receivable	-	1,387,129	-	-
Prepaid items	-	-	-	332,198
Due from other funds	-	4,850,000	-	-
Due from primary government	-	-	-	-
Due from other govts	-	-	-	43,852
Inventory - land for resale	-	-	-	-
Total assets	\$ 571,037	\$ 6,351,108	\$ 177,811	\$ 393,422
LIABILITIES				
Liabilities:				
Accounts payable	\$ 1,145	\$ 11,725	\$ -	\$ 3,811
Due to other funds	-	-	-	250,000
Due to primary government	28,264	8,862	-	39,919
Total liabilities	29,409	20,587	-	293,730
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow-taxes	15,431	-	-	-
Deferred inflow-mortgages	-	1,006,609	-	-
Deferred inflow-land held for resale	-	-	-	-
Total deferred inflows of resources	15,431	1,006,609	-	-
FUND BALANCES				
Fund Balances (Deficits):				
Nonspendable	-	380,520	-	332,198
Restricted	-	-	177,811	-
Committed	-	4,943,392	-	-
Unassigned	526,197	-	-	(232,506)
Total fund balances	526,197	5,323,912	177,811	99,692
Total liabilities, deferred inflows of resources and fund balances	\$ 571,037	\$ 6,351,108	\$ 177,811	\$ 393,422

EXHIBIT H-3

Housing Rehabilitation	TIF Special Revenue	Capital Projects	Total Governmental Funds
\$ 1,456,572	\$ 1,013,360	\$ 8	\$ 3,331,418
-	618	-	16,049
-	-	-	3,290
4,903,165	-	1,127,742	7,418,036
-	-	-	332,198
250,000	-	-	5,100,000
29,630	-	-	29,630
58,821	-	-	102,673
-	3,513,100	422,213	3,935,313
<u>\$ 6,698,188</u>	<u>\$ 4,527,078</u>	<u>\$ 1,549,963</u>	<u>\$ 20,268,607</u>
\$ 2,620	\$ 19,860	\$ 8	\$ 39,169
-	4,850,000	-	5,100,000
28,280	-	-	105,325
<u>30,900</u>	<u>4,869,860</u>	<u>8</u>	<u>5,244,494</u>
-	-	-	\$ 15,431
4,903,165	-	1,127,742	7,037,516
-	3,513,100	422,213	3,935,313
<u>4,903,165</u>	<u>3,513,100</u>	<u>1,549,955</u>	<u>10,988,260</u>
-	-	-	712,718
-	951,116	-	1,128,927
1,764,123	-	-	6,707,515
-	(4,806,998)	-	(4,513,307)
<u>1,764,123</u>	<u>(3,855,882)</u>	<u>-</u>	<u>4,035,853</u>
<u>\$ 6,698,188</u>	<u>\$ 4,527,078</u>	<u>\$ 1,549,963</u>	<u>\$ 20,268,607</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, 2013

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 4,035,853

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		(24,482)	136,582

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.

10,988,260

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

(3,095,000)

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.

(38,455)

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

(47,215)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 11,980,025



CITY OF
BLOOMINGTON
MINNESOTA

HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2013

	General Fund	Housing Development	Redevelopment
REVENUES			
Taxes:			
Regular	\$ 251,075	\$ 1,294,345	\$ -
Tax increment	-	32,456	-
Intergovernmental revenues:			
Grants	-	-	-
Homestead credit/market value credit	2	-	-
Sale of real property	-	-	-
Program	-	-	-
Interest	(1,425)	-	-
Other	800	74,575	-
Total revenues	<u>250,452</u>	<u>1,401,376</u>	<u>-</u>
EXPENDITURES			
Current:			
General services	239,454	-	-
Development services	-	129,052	-
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>239,454</u>	<u>129,052</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	10,998	1,272,324	-
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	-	(110,116)	-
Transfers from other funds	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(110,116)</u>	<u>-</u>
Net change in fund balance	10,998	1,162,208	-
Fund balance (deficit) - January 1	<u>515,199</u>	<u>4,161,704</u>	<u>177,811</u>
Fund balance (deficit) - December 31	<u>\$ 526,197</u>	<u>\$ 5,323,912</u>	<u>\$ 177,811</u>

EXHIBIT H-5

<u>Section 8 Vouchers</u>	<u>Housing Rehabilitation</u>	<u>TIF Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ -	\$ 197,760	\$ -	\$ -	\$ 1,743,180
-	-	422,895	-	455,351
4,028,324	1,003,427	-	-	5,031,751
-	-	-	-	2
-	-	-	139,757	139,757
-	311,050	-	-	311,050
-	-	-	-	(1,425)
44,932	-	-	-	120,307
<u>4,073,256</u>	<u>1,512,237</u>	<u>422,895</u>	<u>139,757</u>	<u>7,799,973</u>
4,234,569	-	48,716	-	4,522,739
-	1,036,243	-	11,278	1,176,573
-	-	4,965	-	4,965
-	-	139,573	-	139,573
-	-	165,000	-	165,000
<u>4,234,569</u>	<u>1,036,243</u>	<u>358,254</u>	<u>11,278</u>	<u>6,008,850</u>
(161,313)	475,994	64,641	128,479	1,791,123
-	-	-	-	(110,116)
<u>30,000</u>	<u>37,041</u>	<u>-</u>	<u>43,075</u>	<u>110,116</u>
<u>30,000</u>	<u>37,041</u>	<u>-</u>	<u>43,075</u>	<u>-</u>
(131,313)	513,035	64,641	171,554	1,791,123
<u>231,005</u>	<u>1,251,088</u>	<u>(3,920,523)</u>	<u>(171,554)</u>	<u>2,244,730</u>
<u>\$ 99,692</u>	<u>\$ 1,764,123</u>	<u>\$ (3,855,882)</u>	<u>\$ -</u>	<u>\$ 4,035,853</u>

**HOUSING AND REDEVELOPMENT AUTHORITY
IN AND FOR THE CITY OF BLOOMINGTON**
Reconciliation of the Schedule of Revenues,
Expenditures, and Changes in Fund Balances of
Governmental Funds to the Schedule of Activities
For The Year Ended December 31, 2013

EXHIBIT H-6

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,791,123

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

Governmental funds report capital outlay as expenditures. However, in the Schedule of Net Position, the cost of these assets is capitalized and depreciated over their estimated useful lives as depreciation expense:		
Depreciation expense	(2,513)	(2,513)
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.		(4,527)
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.		(47,842)
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.		(159,600)
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.		165,000
Expenses in the Schedule of Activities related to long-term debt which did not require the use of current financial resources, and therefore, were not recognized in the fund schedules		(220,582)
Governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Schedule of Activities.		(24,910)
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.		18,875
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 1,515,024

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

EXHIBIT H-7

Schedule of Fund Net Position
Proprietary Funds
December 31, 2013

	<u>Assisted Rental</u>	<u>Property Management</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 257,597	\$ 84,394	\$ 341,991
Accounts receivable	-	148	148
Total current assets	<u>257,597</u>	<u>84,542</u>	<u>342,139</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>(922,609)</u>	<u>(866,489)</u>	<u>(1,789,098)</u>
Total noncurrent assets	<u>1,475,481</u>	<u>1,491,038</u>	<u>2,966,519</u>
Total assets	<u>1,733,078</u>	<u>1,575,580</u>	<u>3,308,658</u>
LIABILITIES			
Current liabilities:			
Accounts payable	2,928	1,818	4,746
Due to primary government	11,495	10,250	21,745
Deposits payable	<u>10,804</u>	<u>45,092</u>	<u>55,896</u>
Total current liabilities	<u>25,227</u>	<u>57,160</u>	<u>82,387</u>
Noncurrent liabilities -			
Long-term debt	<u>-</u>	<u>1,574,720</u>	<u>1,574,720</u>
Total liabilities	<u>25,227</u>	<u>1,631,880</u>	<u>1,657,107</u>
NET POSITION			
Net investment in capital assets	1,475,481	(83,682)	1,391,799
Unrestricted	<u>232,370</u>	<u>27,382</u>	<u>259,752</u>
Total net position	<u>\$ 1,707,851</u>	<u>\$ (56,300)</u>	<u>\$ 1,651,551</u>

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

EXHIBIT H-8

Schedule of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended December 31, 2013

	<u>Assisted Rental</u>	<u>Property Management</u>	<u>Total</u>
OPERATING REVENUES			
Program income	\$ 263,535	\$ 190,666	\$ 454,201
Other	18,546	3,981	22,527
Total operating revenues	<u>282,081</u>	<u>194,647</u>	<u>476,728</u>
OPERATING EXPENSES			
Salaries and benefits	103,971	88,439	192,410
Professional services	2,248	1,199	3,447
City support services	3,072	1,308	4,380
Purchased services	46,736	58,544	105,280
Home rehabilitation	67,220	13,888	81,108
Depreciation	49,937	48,233	98,170
Total operating expenses	<u>273,184</u>	<u>211,611</u>	<u>484,795</u>
Operating income (loss)	<u>8,897</u>	<u>(16,964)</u>	<u>(8,067)</u>
NONOPERATING REVENUES			
Taxes	-	19,406	19,406
Total nonoperating revenues	<u>-</u>	<u>19,406</u>	<u>19,406</u>
Change in net position	8,897	2,442	11,339
Total net position - January 1	<u>1,698,954</u>	<u>(58,742)</u>	<u>1,640,212</u>
Total net position - December 31	<u>\$ 1,707,851</u>	<u>\$ (56,300)</u>	<u>\$ 1,651,551</u>

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

EXHIBIT H-9

Schedule of Cash Flows
Proprietary Funds
Year Ended December 31, 2013

	<u>Assisted Rental</u>	<u>Property Management</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 282,081	\$ 194,499	\$ 476,580
Payments to other funds	2,314	(1,241)	1,073
Payments to employees	(103,971)	(88,439)	(192,410)
Payments to suppliers	(117,804)	(95,435)	(213,239)
Net cash provided by (used in) operating activities	<u>62,620</u>	<u>9,384</u>	<u>72,004</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Taxes	-	19,406	19,406
Net cash provided by noncapital financing activities	<u>-</u>	<u>19,406</u>	<u>19,406</u>
Net increase in cash and cash equivalents	62,620	28,790	91,410
Cash and cash equivalents - January 1	<u>194,977</u>	<u>55,604</u>	<u>250,581</u>
Cash and cash equivalents - December 31	<u>\$ 257,597</u>	<u>\$ 84,394</u>	<u>\$ 341,991</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ 8,897	\$ (16,964)	\$ (8,067)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	49,937	48,233	98,170
Changes in assets and liabilities:			
Accounts payable	(2,167)	(17,805)	(19,972)
Deposits payable	567	(3,999)	(3,432)
Due to primary government	5,386	67	5,453
Customer receivables	-	(148)	(148)
Net cash provided by (used in) operating activities	<u>\$ 62,620</u>	<u>\$ 9,384</u>	<u>\$ 72,004</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, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes -				
Regular	\$ 255,254	\$ 255,254	\$ 251,075	\$ (4,179)
Intergovernmental revenues -				
Homestead credit/market value credit	-	-	2	2
Interest	2,700	2,700	(1,425)	(4,125)
Other	-	-	800	800
Total revenues	<u>257,954</u>	<u>257,954</u>	<u>250,452</u>	<u>(7,502)</u>
EXPENDITURES				
Current -				
General services	255,954	265,954	239,454	26,500
Capital outlay -				
General services	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Total expenditures	<u>257,954</u>	<u>267,954</u>	<u>239,454</u>	<u>28,500</u>
Net change in fund balance	-	(10,000)	10,998	20,998
Fund balance - January 1	<u>515,199</u>	<u>515,199</u>	<u>515,199</u>	<u>-</u>
Fund balance - December 31	<u>\$ 515,199</u>	<u>\$ 505,199</u>	<u>\$ 526,197</u>	<u>\$ 20,998</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 Fund
Year Ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Regular	\$ 1,309,005	\$ 1,299,005	\$ 1,294,345	\$ (4,660)
Tax increment	-	30,000	32,456	2,456
Other	-	60,000	74,575	14,575
Total revenues	<u>1,459,005</u>	<u>1,389,005</u>	<u>1,401,376</u>	<u>12,371</u>
EXPENDITURES				
Current -				
Development services	123,263	153,263	129,052	24,211
Capital outlay -				
Development services	1,335,742	-	-	-
Total expenditures	<u>1,459,005</u>	<u>153,263</u>	<u>129,052</u>	<u>24,211</u>
Excess (deficiency) of revenues over expenditures	-	1,235,742	1,272,324	36,582
OTHER FINANCING USES				
Transfers to other funds	-	(110,118)	(110,116)	(2)
Net change in fund balance	-	1,125,624	1,162,208	36,584
Fund balance - January 1	<u>4,161,704</u>	<u>4,161,704</u>	<u>4,161,704</u>	-
Fund balance - December 31	<u>\$ 4,161,704</u>	<u>\$ 5,287,328</u>	<u>\$ 5,323,912</u>	<u>\$ 36,584</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
Redevelopment Fund
Year Ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes -				
Tax increment	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Current -				
Development services	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance - January 1	177,811	177,811	177,811	-
Fund balance - December 31	\$ 177,811	\$ 177,811	\$ 177,811	\$ -

**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
Section 8 Vouchers Fund
Year Ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Intergovernmental revenues -				
Grants	\$ 3,961,894	\$ 3,981,894	\$ 4,028,324	\$ 46,430
Interest	1,000	1,000	-	(1,000)
Other	40,000	40,000	44,932	4,932
Total revenues	<u>4,002,894</u>	<u>4,022,894</u>	<u>4,073,256</u>	<u>50,362</u>
EXPENDITURES				
Current -				
General services	<u>4,002,894</u>	<u>4,252,894</u>	<u>4,234,569</u>	<u>18,325</u>
Excess of revenues over expenditures	-	(230,000)	(161,313)	68,687
OTHER FINANCING SOURCES				
Transfers from other funds	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Net change in fund balance	-	(230,000)	(131,313)	98,687
Fund balance - January 1	<u>231,005</u>	<u>231,005</u>	<u>231,005</u>	<u>-</u>
Fund balance - December 31	<u>\$ 231,005</u>	<u>\$ 1,005</u>	<u>\$ 99,692</u>	<u>\$ 98,687</u>

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

EXHIBIT H-14

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Housing Rehabilitation Fund
Year Ended December 31, 2013

	Budget		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes -				
Regular	\$ 200,000	\$ 200,000	\$ 197,760	\$ (2,240)
Intergovernmental revenues-				
Grants	918,200	998,200	1,003,427	5,227
Program	75,000	305,000	311,050	6,050
Total revenues	<u>1,193,200</u>	<u>1,503,200</u>	<u>1,512,237</u>	<u>9,037</u>
EXPENDITURES				
Current -				
Development services	<u>1,193,200</u>	<u>1,073,200</u>	<u>1,036,243</u>	<u>36,957</u>
Excess (deficiency) of revenues over (under) expenditures	-	430,000	475,994	45,994
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	37,041	37,041
Net change in fund balance	-	430,000	513,035	83,035
Fund balance - January 1	<u>1,251,088</u>	<u>1,251,088</u>	<u>1,251,088</u>	<u>-</u>
Fund balance - December 31	<u>\$ 1,251,088</u>	<u>\$ 1,681,088</u>	<u>\$ 1,764,123</u>	<u>\$ 83,035</u>



CITY OF
BLOOMINGTON
MINNESOTA

**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, 2013

	Oxboro O-4	France & Old Shakopee	Penn & American
ASSETS			
Cash and cash equivalents	\$ 16,337	\$ 8,197	\$ 35,916
Taxes receivable	-	-	-
Inventory - land for resale	-	255,700	3,257,400
Total assets	<u>\$ 16,337</u>	<u>\$ 263,897</u>	<u>\$ 3,293,316</u>
LIABILITIES AND FUND BALANCES			
Current liabilities -			
Accounts payable	\$ 16,337	\$ 595	\$ 516
Due to other funds	-	1,000,000	3,850,000
Total liabilities	<u>16,337</u>	<u>1,000,595</u>	<u>3,850,516</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow-land held for resale	-	255,700	3,257,400
Total deferred inflows of resources	<u>-</u>	<u>255,700</u>	<u>3,257,400</u>
FUND BALANCES			
Fund Balances:			
Restricted	-	-	-
Unassigned	-	(992,398)	(3,814,600)
Total fund balances	<u>-</u>	<u>(992,398)</u>	<u>(3,814,600)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,337</u>	<u>\$ 263,897</u>	<u>\$ 3,293,316</u>

EXHIBIT H-15

GO Tax Increment Bonds 2004A	GO Tax Increment Bonds 2003A	GO Tax Increment Bonds 1997B	Total
\$ 593,880	\$ 296,939	\$ 62,091	\$ 1,013,360
618	-	-	618
-	-	-	3,513,100
<u>\$ 594,498</u>	<u>\$ 296,939</u>	<u>\$ 62,091</u>	<u>\$ 4,527,078</u>
\$ 1,467	\$ 945	\$ -	\$ 19,860
-	-	-	4,850,000
<u>1,467</u>	<u>945</u>	<u>-</u>	<u>4,869,860</u>
-	-	-	3,513,100
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,513,100</u>
593,031	295,994	62,091	951,116
-	-	-	(4,806,998)
<u>593,031</u>	<u>295,994</u>	<u>62,091</u>	<u>(3,855,882)</u>
<u>\$ 594,498</u>	<u>\$ 296,939</u>	<u>\$ 62,091</u>	<u>\$ 4,527,078</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, 2013

	<u>Oxboro O-4</u>	<u>France & Old Shakopee</u>	<u>Penn & American</u>
REVENUES			
Taxes -			
Tax increment	\$ 32,674	\$ 15,724	\$ -
Total revenues	<u>32,674</u>	<u>15,724</u>	<u>-</u>
EXPENDITURES			
Current -			
General services	32,173	2,184	10,803
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>32,173</u>	<u>2,184</u>	<u>10,803</u>
Net change in fund balance	501	13,540	(10,803)
Fund balance - January 1	<u>(501)</u>	<u>(1,005,938)</u>	<u>(3,803,797)</u>
Fund balance - December 31	<u>\$ -</u>	<u>\$ (992,398)</u>	<u>\$ (3,814,600)</u>

EXHIBIT H-16

<u>GO Tax Increment Bonds 2004A</u>	<u>GO Tax Increment Bonds 2003A</u>	<u>GO Tax Increment Bonds 1997B</u>	<u>Total</u>
\$ 294,788	\$ 79,709	\$ -	\$ 422,895
<u>294,788</u>	<u>79,709</u>	<u>-</u>	<u>422,895</u>
-	-	3,556	48,716
1,626	1,103	2,236	4,965
100,305	35,256	4,012	139,573
65,000	25,000	75,000	165,000
<u>166,931</u>	<u>61,359</u>	<u>84,804</u>	<u>358,254</u>
127,857	18,350	(84,804)	64,641
<u>465,174</u>	<u>277,644</u>	<u>146,895</u>	<u>(3,920,523)</u>
<u>\$ 593,031</u>	<u>\$ 295,994</u>	<u>\$ 62,091</u>	<u>\$ (3,855,882)</u>



CITY OF
BLOOMINGTON
MINNESOTA

CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report
For the Year Ended December 31, 2013

SECTION III

STATISTICAL INFORMATION



CITY OF
BLOOMINGTON
MINNESOTA

**CITY OF BLOOMINGTON, MINNESOTA
STATISTICAL SECTION**

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

CONTENTS	PAGE
Financial Trends	174
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	182
These tables contain information to help the reader assess the factors affecting the City’s ability to generate its property tax.	
Debt Capacity	187
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	194
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	196
These tables contain information about the City’s operations and resources to help the reader understand how the City’s financial information relates to the services the City provides and the activities it performs.	

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

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

Last Ten Fiscal Years

(Accrual Basis of Accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities:				
Net investment in capital assets	\$205,620,175	\$223,186,534	\$233,313,606	\$234,297,444
Restricted	10,485,377	19,755,275	18,287,861	26,841,630
Unrestricted	105,758,254	97,543,190	101,101,321	106,939,521
Total governmental activities net position	<u>\$321,863,806</u>	<u>\$340,484,999</u>	<u>\$352,702,788</u>	<u>\$368,078,595</u>
Business-type activities:				
Net investment in capital assets	\$75,608,896	\$75,603,248	\$75,763,507	\$78,786,554
Restricted	183,500	183,500	183,500	183,500
Unrestricted	18,969,644	18,521,954	19,306,154	16,299,438
Total business-type activities net position	<u>\$94,762,040</u>	<u>\$94,308,702</u>	<u>\$95,253,161</u>	<u>\$95,269,492</u>
Primary government:				
Net investment in capital assets	\$281,229,071	\$298,789,782	\$309,077,113	\$313,083,798
Restricted	10,668,877	19,938,775	18,471,361	27,025,130
Unrestricted	124,727,898	116,065,144	120,407,475	123,238,959
Total primary government net position	<u>\$416,625,846</u>	<u>\$434,793,701</u>	<u>\$447,955,949</u>	<u>\$463,347,887</u>

Table 1

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$232,922,311	\$235,909,200	\$237,427,493	\$239,452,569	\$247,436,963	\$269,230,824
27,895,072	32,235,051	32,602,549	78,893,688	82,269,101	91,045,904
124,055,525	123,811,008	127,671,490	84,444,842	80,282,505	73,886,361
<u>\$384,872,908</u>	<u>\$391,955,259</u>	<u>\$397,701,532</u>	<u>\$402,791,099</u>	<u>\$409,988,569</u>	<u>\$434,163,089</u>
\$81,918,711	\$82,916,273	\$83,743,321	\$84,427,251	\$84,300,863	\$84,457,359
183,500	183,500	183,500	183,500	183,500	-
14,147,711	14,605,681	13,691,701	13,264,850	14,968,340	14,056,641
<u>\$96,249,922</u>	<u>\$97,705,454</u>	<u>\$97,618,522</u>	<u>\$97,875,601</u>	<u>\$99,452,703</u>	<u>\$98,514,000</u>
\$314,841,022	\$318,825,473	\$321,170,814	\$323,879,820	\$331,737,826	\$353,688,183
28,078,572	32,418,551	32,786,049	79,077,188	82,452,601	91,045,904
138,203,236	138,416,689	141,363,191	97,709,692	95,250,845	87,943,002
<u>\$481,122,830</u>	<u>\$489,660,713</u>	<u>\$495,320,054</u>	<u>\$500,666,700</u>	<u>\$509,441,272</u>	<u>\$532,677,089</u>

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

	2004	2005	2006	2007
Expenses				
Governmental activities:				
Government services	\$5,729,530	\$6,743,979	\$6,216,805	\$6,551,564
Development services	4,742,638	9,130,695	10,640,623	12,936,734
Public works	18,702,502	15,178,674	14,402,209	15,879,366
Public safety	21,081,249	21,132,288	21,401,304	22,163,979
Community services	8,533,796	10,304,936	10,434,867	11,085,832
Interest on long-term debt	2,001,179	1,987,536	1,847,762	2,169,550
Total governmental activities expenses	<u>60,790,894</u>	<u>64,478,108</u>	<u>64,943,570</u>	<u>70,787,025</u>
Business-type activities:				
Water/wastewater	16,845,551	17,515,594	19,173,632	20,241,555
Storm water	2,501,916	2,341,475	2,368,189	2,741,346
Recreational facilities	4,482,915	4,758,019	4,916,572	5,035,848
Other activities	1,939,741	2,065,431	1,762,678	1,868,510
Total business-type activities expenses	<u>25,770,123</u>	<u>26,680,519</u>	<u>28,221,071</u>	<u>29,887,259</u>
Total primary government expenses	<u>\$86,561,017</u>	<u>\$91,158,627</u>	<u>\$93,164,641</u>	<u>\$100,674,284</u>
Program revenues				
Governmental activities:				
Charges for services:				
General services	\$2,603,668	\$2,705,654	\$2,661,425	\$2,821,039
Development services	2,169,327	4,044,776	3,379,723	3,763,403
Public works	955,489	305,191	314,316	709,361
Public safety	583,989	697,031	953,783	889,046
Community services	1,915,216	1,733,703	1,857,661	1,947,222
Operating grants and contributions	13,465,257	5,697,266	4,808,672	5,275,523
Capital grants and contributions	14,657,481	16,969,829	15,197,852	16,640,764
Total governmental activities program revs	<u>36,350,427</u>	<u>32,153,450</u>	<u>29,173,432</u>	<u>32,046,358</u>
Business-type activities:				
Charges for services:				
Water/wastewater	16,308,266	16,656,065	18,166,058	18,958,895
Storm water	3,287,484	3,476,286	3,990,285	3,903,039
Recreational facilities	3,313,600	3,387,040	3,456,326	3,412,322
Other activities	1,577,198	1,591,585	1,550,438	1,663,392
Operating grants and contributions	237,126	575,872	266,916	286,829
Capital grants and contributions	-	-	-	-
Total business-type activities program revs	<u>24,723,674</u>	<u>25,686,848</u>	<u>27,430,023</u>	<u>28,224,477</u>
Total primary government program revs	<u>\$61,074,101</u>	<u>\$57,840,298</u>	<u>\$56,603,455</u>	<u>\$60,270,835</u>
Net (expense) revenue:				
Governmental activities	(24,440,467)	(32,324,658)	(35,770,138)	(38,740,667)
Business-type activities	(1,046,449)	(993,671)	(791,048)	(1,662,782)
Total primary gov't net (expense) revenue	<u>(\$25,486,916)</u>	<u>(\$33,318,329)</u>	<u>(\$36,561,186)</u>	<u>(\$40,403,449)</u>
General revenues and other changes in net position				
Governmental activities:				
Taxes:				
Property taxes	\$32,229,155	\$34,095,724	\$36,663,093	\$39,924,520
Business taxes	5,145,286	5,529,892	6,068,647	6,529,409
Unrestricted grants and contributions	845,604	903,820	1,265,422	1,267,909
Gain on sale of capital assets	1,625,762	1,208,916	114,928	-
Investment earnings	1,608,480	2,218,702	4,977,731	6,377,834
Transfers	173,984	555,000	(75,269)	16,602
Total governmental activities	<u>41,628,271</u>	<u>44,512,054</u>	<u>49,014,552</u>	<u>54,116,274</u>
Business-type activities:				
Taxes	676,101	683,236	714,712	751,318
Gain on sale of capital assets	-	-	-	-
Investment earnings	239,584	412,097	945,526	944,397
Transfers	(173,984)	(555,000)	75,269	(16,602)
Total business-type activities	<u>741,701</u>	<u>540,333</u>	<u>1,735,507</u>	<u>1,679,113</u>
Total primary government	<u>\$42,369,972</u>	<u>\$45,052,387</u>	<u>\$50,750,059</u>	<u>\$55,795,387</u>
Change in net position:				
Governmental activities	\$17,187,804	\$12,187,396	\$13,244,414	\$15,375,607
Business-type activities	(304,748)	(453,338)	944,459	16,331
Total primary government	<u>\$16,883,056</u>	<u>\$11,734,058</u>	<u>\$14,188,873</u>	<u>\$15,391,938</u>

Table 2

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$7,552,801	\$7,749,164	\$6,755,313	\$7,255,182	\$7,185,895	\$7,527,901
11,446,884	10,440,313	10,201,540	9,993,980	9,686,546	12,006,241
18,618,172	16,483,155	16,918,065	16,787,405	14,229,217	15,162,908
22,690,239	23,123,311	26,208,360	26,751,391	26,245,526	28,124,185
11,204,261	11,501,567	12,593,495	12,532,613	14,787,079	15,894,544
1,928,534	2,254,770	2,312,818	2,140,825	2,236,062	3,145,420
<u>73,440,891</u>	<u>71,552,280</u>	<u>74,989,591</u>	<u>75,461,396</u>	<u>74,370,325</u>	<u>81,861,199</u>
20,445,586	21,095,746	21,186,738	21,876,605	21,927,951	22,804,577
3,022,346	2,940,357	3,207,573	3,205,055	3,181,680	3,229,686
5,244,075	5,180,193	5,193,546	5,290,940	5,372,380	5,459,451
2,515,841	2,190,527	2,097,085	2,272,292	2,294,436	2,479,382
<u>31,227,848</u>	<u>31,406,823</u>	<u>31,684,942</u>	<u>32,644,892</u>	<u>32,776,447</u>	<u>33,973,096</u>
<u>\$104,668,739</u>	<u>\$102,959,103</u>	<u>\$106,674,533</u>	<u>\$108,106,288</u>	<u>\$107,146,772</u>	<u>\$115,834,295</u>
\$2,721,079	\$2,716,248	\$3,034,137	\$3,002,960	\$2,999,283	\$3,117,163
2,743,925	2,833,463	2,844,876	3,482,579	3,601,313	3,692,808
250,770	1,275,586	795,439	926,935	433,640	352,955
835,721	759,798	916,777	623,482	564,118	664,015
2,067,333	2,165,263	2,298,546	2,141,239	2,378,476	2,294,859
5,323,062	5,532,596	7,765,315	7,250,512	5,407,043	6,277,517
20,075,161	16,448,770	11,273,508	13,390,833	14,166,562	32,781,014
<u>34,017,051</u>	<u>31,731,724</u>	<u>28,928,598</u>	<u>30,818,540</u>	<u>29,550,435</u>	<u>49,180,331</u>
19,870,545	21,262,140	19,974,684	19,800,214	20,954,786	20,575,176
4,152,024	4,463,832	4,491,970	4,373,221	4,519,242	4,736,151
3,747,232	3,694,046	3,695,146	3,485,848	3,445,419	3,412,602
1,905,193	1,991,306	1,949,741	2,119,848	2,349,498	2,137,718
783,997	39,369	16,768	78,763	267,591	592,432
-	-	-	179	36	-
<u>30,458,991</u>	<u>31,450,693</u>	<u>30,128,309</u>	<u>29,858,073</u>	<u>31,536,572</u>	<u>31,454,079</u>
<u>\$64,476,042</u>	<u>\$63,182,417</u>	<u>\$59,056,907</u>	<u>\$60,676,613</u>	<u>\$61,087,007</u>	<u>\$80,634,410</u>
(39,423,840)	(39,820,556)	(46,060,993)	(44,642,856)	(44,819,890)	(32,680,868)
(768,857)	43,870	(1,556,633)	(2,786,819)	(1,239,875)	(2,519,017)
<u>(\$40,192,697)</u>	<u>(\$39,776,686)</u>	<u>(\$47,617,626)</u>	<u>(\$47,429,675)</u>	<u>(\$46,059,765)</u>	<u>(\$35,199,885)</u>
\$40,957,857	\$41,263,207	\$41,994,611	\$40,962,947	\$43,284,520	\$44,775,678
6,818,771	5,808,668	6,200,706	6,874,548	7,010,018	8,906,394
1,203,893	1,179,388	1,167,739	1,593,424	1,232,810	1,202,154
30,545	7,491	99,283	82,023	58,760	70,765
6,936,739	2,649,119	2,562,594	2,002,925	1,551,127	513,017
(24,000)	(265,927)	(217,667)	(1,783,444)	(1,535,643)	(189,469)
<u>55,923,805</u>	<u>50,641,946</u>	<u>51,807,266</u>	<u>49,732,423</u>	<u>51,601,592</u>	<u>55,278,539</u>
768,967	872,387	1,001,875	1,092,948	1,253,288	1,366,798
-	809	7,481	6,367	-	-
775,794	272,539	242,678	161,139	28,046	24,047
24,000	265,927	217,667	1,783,444	1,535,643	189,469
<u>1,568,761</u>	<u>1,411,662</u>	<u>1,469,701</u>	<u>3,043,898</u>	<u>2,816,977</u>	<u>1,580,314</u>
<u>\$57,492,566</u>	<u>\$52,053,608</u>	<u>\$53,276,967</u>	<u>\$52,776,321</u>	<u>\$54,418,569</u>	<u>\$56,858,853</u>
\$16,499,965	\$10,821,390	\$5,746,273	\$5,089,567	\$6,781,702	\$22,597,671
799,904	1,455,532	(86,932)	257,079	1,577,102	(938,703)
<u>\$17,299,869</u>	<u>\$12,276,922</u>	<u>\$5,659,341</u>	<u>\$5,346,646</u>	<u>\$8,358,804</u>	<u>\$21,658,968</u>

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

	2004	2005	2006	2007
General Fund:				
Reserved	\$330,392	\$426,414	\$389,770	\$622,847
Unreserved	14,114,967	15,537,681	16,703,081	18,300,838
Fund balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$14,445,359</u>	<u>\$15,964,095</u>	<u>\$17,092,851</u>	<u>\$18,923,685</u>
All other governmental funds:				
Reserved	\$10,154,983	\$10,586,258	\$8,847,003	\$15,911,503
Unreserved, designated, reported in:				
Special revenue funds	7,809,491	6,370,551	6,053,338	5,266,190
Capital projects funds	45,845,856	41,942,841	48,346,797	59,561,910
Unreserved, undesignated, reported in -				
Special revenue funds	-	-	-	(96,377)
Fund balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Total all other governmental funds	<u>\$63,810,330</u>	<u>\$58,899,650</u>	<u>\$63,247,138</u>	<u>\$80,643,226</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					
2008	2009	2010	2011	2012	2013
\$316,429	\$261,546	\$328,007	\$ -	\$ -	\$ -
19,388,591	19,650,614	19,122,276	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,007,844	712,554	571,066
-	-	-	18,997,494	19,979,183	20,344,235
<u>\$19,705,020</u>	<u>\$19,912,160</u>	<u>\$19,450,283</u>	<u>\$20,005,338</u>	<u>\$20,691,737</u>	<u>\$20,915,301</u>
\$11,866,315	\$12,561,450	\$13,047,049	\$ -	\$ -	\$ -
4,989,824	4,615,480	8,152,553	-	-	-
72,251,099	71,551,551	65,668,487	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	58,933,054	63,348,535	73,455,034
-	-	-	13,096,599	12,621,177	11,155,740
-	-	-	21,312,731	17,996,032	16,211,514
<u>\$89,107,238</u>	<u>\$88,728,481</u>	<u>\$86,868,089</u>	<u>\$93,342,384</u>	<u>\$93,965,744</u>	<u>\$100,822,288</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Revenues:				
Taxes	\$32,158,053	\$34,056,051	\$36,635,384	\$38,604,975
Lodging and admissions taxes	5,145,286	5,529,892	6,068,647	6,529,409
Licenses, fees and permits	3,769,626	4,512,653	3,913,055	4,562,365
Fines and penalties	1,099,603	1,293,423	1,556,778	1,375,256
Charges for services	2,903,796	2,885,891	2,907,522	2,594,882
Special assessments	1,973,808	2,073,347	2,206,193	2,048,460
Intergovernmental	14,261,647	14,468,819	12,287,406	13,248,739
Investment earnings	888,953	1,655,109	3,684,855	4,980,416
Other revenues	7,774,729	9,419,276	7,024,906	8,780,360
Total revenues	<u>69,975,501</u>	<u>75,894,461</u>	<u>76,284,746</u>	<u>82,724,862</u>
Expenditures:				
Current:				
General services	4,882,533	5,114,634	5,213,619	5,513,732
Development services	8,347,394	6,226,649	8,522,035	9,569,608
Public works	10,154,920	9,990,836	10,759,575	11,175,235
Public safety	19,395,964	19,893,981	20,420,001	21,067,496
Community services	9,039,319	8,907,709	9,323,145	9,962,691
Debt service:				
Paying agent fees	58,923	32,354	25,123	191,853
Interest	1,444,480	1,693,844	1,563,055	1,708,961
Principal retirement	2,785,000	6,760,000	4,055,000	3,125,000
Capital outlay:				
General services	-	-	-	-
Development services	1,957,830	2,277,338	2,258,896	162,767
Public works	19,217,915	17,152,737	10,511,219	10,542,665
Public safety	738,991	953,137	904,876	276,882
Community services	843,921	1,265,596	659,250	270,224
District decertified - repayment of tax increments	-	-	1,008,680	1,054,532
Total expenditures	<u>78,867,190</u>	<u>80,268,815</u>	<u>75,224,474</u>	<u>74,621,646</u>
Revenues over (under) expenditures	<u>(8,891,689)</u>	<u>(4,374,354)</u>	<u>1,060,272</u>	<u>8,103,216</u>
Other financing sources (uses):				
Bonds issued	15,226,717	3,300,000	5,855,000	11,505,000
Bond premiums	(14,634)	145,366	86,519	89,705
Bond discounts	-	-	-	-
Proceeds capital assets	-	-	-	-
Transfers in	19,669,719	10,116,124	10,159,209	4,540,495
Transfers out	(19,742,006)	(12,579,080)	(11,684,757)	(5,011,494)
Total other financing sources (uses)	<u>15,139,796</u>	<u>982,410</u>	<u>4,415,971</u>	<u>11,123,706</u>
Net change in fund balance	<u>\$6,248,107</u>	<u>(\$3,391,944)</u>	<u>\$5,476,243</u>	<u>\$19,226,922</u>
Debt service as a percentage of noncapital expenditures	6.6%	12.9%	9.3%	8.1%
Debt service as percentage of total expenditures	5.4%	10.5%	7.5%	6.5%

Table 4

2008	2009	2010	2011	2012	2013
\$40,277,913	\$41,277,481	\$42,020,340	\$41,365,118	\$43,092,371	\$45,485,284
6,818,771	5,808,668	6,200,709	6,874,548	7,010,018	8,906,395
3,774,304	3,732,882	3,623,605	4,474,072	4,648,260	4,679,509
1,277,684	1,185,711	1,515,366	1,376,797	1,283,725	1,493,871
2,669,727	2,726,102	2,894,200	2,744,425	2,961,413	2,771,138
2,572,993	2,873,470	3,210,522	3,809,554	4,438,899	3,738,367
9,145,167	9,120,682	9,041,238	9,804,326	10,125,744	14,575,098
5,651,222	2,100,221	2,054,891	1,645,392	1,239,085	448,813
10,544,436	9,691,594	8,132,865	8,961,650	8,077,401	21,432,708
<u>82,732,217</u>	<u>78,516,811</u>	<u>78,693,736</u>	<u>81,055,882</u>	<u>82,876,916</u>	<u>103,531,183</u>
5,624,310	6,024,864	5,368,743	5,332,137	5,741,888	6,301,804
8,481,077	7,996,300	15,408,814	7,454,595	11,742,179	9,548,984
11,491,947	11,756,830	11,909,318	11,613,863	9,362,745	10,007,731
21,748,003	22,617,035	25,500,113	26,191,631	25,733,989	27,490,143
10,380,435	10,754,056	11,658,659	11,683,752	13,979,633	14,983,442
60,689	76,932	88,308	227,284	281,170	136,333
2,196,443	1,936,789	1,961,215	2,203,535	2,074,532	2,342,029
9,345,000	4,610,000	4,335,000	5,020,000	7,765,000	8,720,000
22,522	-	-	-	-	-
4,251,155	3,182,677	2,797,431	1,800,019	2,735,526	17,709,054
9,944,230	9,787,120	8,553,896	11,780,955	11,225,868	8,076,371
281,249	125,671	759,463	640,353	269,002	607,105
1,061,763	912,968	865,036	1,310,704	964,706	750,975
-	-	-	-	-	-
<u>84,888,823</u>	<u>79,781,242</u>	<u>89,205,996</u>	<u>85,258,828</u>	<u>91,876,238</u>	<u>106,673,971</u>
<u>(2,156,606)</u>	<u>(1,264,431)</u>	<u>(10,512,260)</u>	<u>(4,202,946)</u>	<u>(8,999,322)</u>	<u>(3,142,788)</u>
9,570,000	7,835,000	8,445,000	12,720,000	11,515,000	9,315,000
213	(59,155)	15,426	202,010	882,240	476,462
-	-	(18,998)	-	-	-
2,194,455	-	-	-	-	-
6,059,851	7,860,345	14,113,607	7,509,683	5,748,790	6,205,652
<u>(6,543,471)</u>	<u>(10,804,337)</u>	<u>(14,365,044)</u>	<u>(9,199,397)</u>	<u>(7,836,949)</u>	<u>(7,351,067)</u>
<u>11,281,048</u>	<u>4,831,853</u>	<u>8,189,991</u>	<u>11,232,296</u>	<u>10,309,081</u>	<u>8,646,047</u>
<u>\$9,124,442</u>	<u>\$3,567,422</u>	<u>(\$2,322,269)</u>	<u>\$7,029,350</u>	<u>\$1,309,759</u>	<u>\$5,503,259</u>
16.5%	9.9%	8.2%	10.3%	12.8%	13.8%
13.6%	8.2%	7.1%	8.5%	10.7%	10.4%

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)
2004	\$60,794,665	\$55,525,830	\$1,811,138	\$118,131,633	\$14,869,138
2005	68,173,718	55,203,025	1,872,412	125,249,155	13,843,059
2006	74,284,170	58,402,855	1,737,668	134,424,693	13,240,303
2007	79,432,988	64,100,590	1,603,052	145,136,630	14,054,146
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

Source: City of Bloomington Assessing Division

Note: The Minnesota Legislature reduced some of the "class rates" used to calculate tax capacity values in levy years 1998, 1999, and 2001. The lower rates reduce the amount of Taxable Market Value that converts to value for the calculation of property taxes and tax rates.

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 2013 above relate to the January 2, 2012 assessment.

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

Table 5

<u>Adjusted Tax Capacity Value ^(e)</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Market Value (EMV)</u>	<u>Tax Capacity as a Percent of EMV</u>
\$103,262,495	35.52	\$9,181,666,100	1.12%
111,406,096	34.69	9,686,599,800	1.15%
121,184,390	33.82	10,353,417,000	1.17%
131,082,484	32.89	11,095,431,100	1.18%
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	45.49	9,927,891,400	1.14%

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	
2004	32.42	3.10	35.52	17.90	47.32	10.06	110.80
2005	31.35	3.34	34.69	16.70	44.17	9.87	105.43
2006	31.47	2.35	33.82	16.33	41.02	9.42	100.59
2007	30.31	2.58	32.89	15.61	39.11	9.73	97.34
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

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 2013			Payable 2004		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Mall of America	\$13,210,560 ^(a)	1	10.04%	\$10,349,088 ^(a)	1	8.76%
Equity Group Investments JV	5,040,000	2	3.83%	-	-	-
Kraus-Anderson	1,810,968	3	1.38%	1,266,012	5	1.07%
United Properties	1,751,542	4	1.33%	1,879,162	3	1.60%
CB Richard Ellis	1,540,020	5	1.17%	-	-	-
Liberty Property LP	1,295,688	6	0.99%	1,350,496	4	1.14%
Frauenschuh	1,055,723	7	0.80%	-	-	-
Gateway Lake Properties	1,017,260	8	0.77%	886,040	7	0.75%
Artis REIT	938,082	9	0.71%	-	-	-
Founders Properties	917,000	10	0.70%	-	-	-
Teachers Insurance and Annuity	-	-	0.00%	3,429,470	2	2.90%
Duke Realty LP	-	-	0.00%	1,148,638	6	0.97%
Ryan Companies	-	-	0.00%	849,706	8	0.72%
Metropolitan Airports Commission	-	-	0.00%	813,482	9	0.69%
Felcor/CSS Holdings LP	-	-	0.00%	724,274	10	0.61%
Total	<u>\$28,576,843</u>		<u>21.72%</u>	<u>\$22,696,368</u>		<u>19.22%</u>
Total All Property	<u>\$131,538,905</u>			<u>\$118,131,633</u>		

Source: City of Bloomington Assessing Division

Note: Tax capacity values above relate to the prior year's assessment. Beginning in the 2002 tax collection year, the State of Minnesota compressed the tax capacity rates with the result of a lower tax capacity.

^(a) Market value in the existing Mall of America TIF districts will become part of the local tax base starting in 2017 for Phase I and 2019 for Phase II.

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

Table 8

Fiscal Year Ended December 31,	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of the Levy		Delinquent Collections in Subsequent Years ^(a)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$32,439,283	\$32,267,127	99.47%	(\$1,167)	\$32,265,960	99.47%
2005	34,479,870	34,222,098	99.25%	45,708	34,267,806	99.38%
2006	37,167,181	36,964,084	99.45%	114,613	37,078,697	99.76%
2007	38,800,770	38,607,066	99.50%	66,373	38,673,439	99.67%
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%

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 ^(a)	Per Capita ^(a)
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds		Revenue Bonds			
2004	\$8,285,000	\$24,445,000	\$9,305,000	\$42,035,000	\$2,540,000	\$44,575,000	1.4%	\$523
2005	7,485,000	22,880,000	8,210,000	38,575,000	2,035,000	40,610,000	1.3%	475
2006	6,680,000	26,105,000	7,590,000	40,375,000	1,530,000	41,905,000	1.3%	488
2007	11,715,000	30,100,000	6,940,000	48,755,000	1,165,000	49,920,000	1.4%	585
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	55,620,000	6,175,000	73,130,000	150,000	73,280,000	1.9%	852
2013	9,940,000	60,125,000	3,095,000	73,160,000	-	73,160,000	1.8%	848

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)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 ^(a)	Net Bonded Debt Per Capita ^(b)
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds					
2004	\$8,285,000	\$24,445,000	\$9,305,000	\$42,035,000	\$9,441,742	\$32,593,258	0.35%	\$382
2005	7,485,000	22,880,000	8,210,000	38,575,000	9,824,240	28,750,760	0.30%	336
2006	6,680,000	26,105,000	7,590,000	40,375,000	8,035,432	32,339,568	0.31%	377
2007	11,715,000	30,100,000	6,940,000	48,755,000	15,040,665	33,714,335	0.30%	395
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	55,620,000	6,175,000	73,130,000	23,572,558	49,557,442	0.49%	576
2013	9,940,000	60,125,000	3,095,000	73,160,000	27,682,370	45,477,630	0.46%	527

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)See Table 5 for estimated market value data.

^(b)See Table 14 for population data.

CITY OF BLOOMINGTON, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2013

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	\$28,555,000	99.99%	\$28,552,145
ISD No. 272	73,315,000	0.49%	359,244
ISD No. 273	65,020,000	1.51%	981,802
Other debt:			
Hennepin County	735,600,000	7.39%	54,360,840
Hennepin County Park District	74,395,000	10.03%	7,461,819
Hennepin Regional RR Authority	37,675,000	10.03%	3,778,803
Metropolitan Council	219,230,000	3.38%	7,409,974
Subtotal - overlapping debt			102,904,625
City direct debt ^(b)	73,160,000	100.00%	73,160,000
Total direct and overlapping debt			\$176,064,625

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$183,633,322	\$207,068,340	\$221,908,622	\$235,806,328
Total net debt applicable to limit ^(a)	<u>6,300,127</u>	<u>5,446,728</u>	<u>5,161,497</u>	<u>4,931,655</u>
Legal debt margin	<u>\$177,333,195</u>	<u>\$201,621,612</u>	<u>\$216,747,125</u>	<u>\$230,874,673</u>
Total net debt applicable to the limit as a percentage of debt limit	3.43%	2.63%	2.33%	2.09%

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 assess market value to 3% of total assessed market value.

For example, in 2013 the debt limit was \$297,836,742, the total net debt applicable to the limit was \$8,047,547, and the City could issue up to an additional \$289,789,195 of general obligation debt and still be in compliance with the above statute.

Table 12

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$353,327,586	\$353,157,039	\$333,655,044	\$309,557,004	\$303,353,544	\$297,836,742
<u>5,009,500</u>	<u>4,638,800</u>	<u>6,457,546</u>	<u>10,924,513</u>	<u>9,493,644</u>	<u>8,047,547</u>
<u>\$348,318,086</u>	<u>\$348,518,239</u>	<u>\$327,197,498</u>	<u>\$298,632,491</u>	<u>\$293,859,900</u>	<u>\$289,789,195</u>
1.42%	1.31%	1.94%	3.53%	3.13%	2.70%

Legal Debt Margin Calculation for Fiscal Year 2013

Market value	<u>\$9,927,891,400</u>
Debt limit (3% of market value)	<u>297,836,742</u>
Debt applicable to limit:	
General obligation bonds	9,940,000
Less: Amount set aside for repayment of general obligation debt	<u>(1,892,453)</u>
Total net debt applicable to limit	<u>8,047,547</u>
Legal debt margin	<u>\$289,789,195</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	
2004	\$6,636,773	\$5,294,175	\$1,342,598	\$510,000	\$103,573	2.19
2005	6,863,326	5,333,412	1,529,914	505,000	87,047	2.58
2006	7,446,610	5,622,407	1,824,203	505,000	67,443	3.19
2007	7,360,667	6,094,601	1,266,066	365,000	54,676	3.02
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

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

Special Assessment Collections	Improvement Bonds ^(b)			Tax Increment Collections	Tax Increment Bonds ^(b)		
	Debt Service		Coverage		Debt Service		Coverage
	Principal	Interest			Principal	Interest	
\$1,945,877	\$1,285,000	\$542,231	1.06	\$565,462	\$695,000	\$482,556	0.48
2,049,313	1,565,000	761,802	0.88	641,737	1,095,000	546,600	0.39
2,181,414	2,630,000	799,015	0.64	857,010	620,000	413,208	0.83
2,048,460	1,920,000	711,974	0.78	1,147,754	650,000	387,888	1.11
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

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
2004	85,301	\$3,083,204,645	\$36,145	10,471	3.9%	3.8%
2005	85,442	\$3,183,227,152	37,256	10,598	3.7	3.5
2006	85,832	\$3,335,345,688	38,859	10,434	3.9	3.7
2007	85,389	\$3,503,852,226	41,034	10,359	4.5	4.1
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

Sources: (1) U.S. Census estimates were used for 2010 through 2013 and Metropolitan Council estimates were used for prior year
 (2) Minnesota per capita income, as published by Bureau of Economic Analysis
 (3) Bloomington School Districts #271 and #6065
 (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	2013			2004		
	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	15%	13,000	1	13%
HealthPartners	2,483	2	3%	1,352	5	1%
Bloomington School District #271	1,892	3	2%	1,700	3	2%
Seagate Technology	1,748	4	2%	2,300	2	2%
Wells Fargo Bank	1,474	5	2%	-	-	-
NCS Pearson	1,203	6	1%	-	-	-
Donaldson Company	1,152	7	1%	1,100	6	1%
Toro Company	939	8	1%	944	7	1%
Express Scripts	891	9	1%	1,642	4	2%
Normandale Community College	675	10	1%	-	-	-
Thermo King/Ingersoll Rand Corp.	-	-	-	850	8	1%
Holiday Companies	-	-	-	800	9	1%
Minnesota Masonic Home	-	-	-	794	10	1%
Total	25,457		29%	24,482		25%
Total City Employment	89,412			98,293		

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	2004	2005	2006	2007
Governmental activities:				
General services	83	82	81	81
Development services	61	62	64	71
Public works	113	116	114	118
Public safety	152	152	153	153
Community services	55	56	56	55
Total governmental activities	464	468	468	478
Business-type activities:				
Water/wastewater	52	52	53	54
Storm water	9	9	9	11
Recreational facilities	16	16	16	16
Solid waste management	1	1	1	1
Contractual police	-	-	-	-
Motor vehicle	6	6	6	6
Total business-type activities	84	84	85	88
Total	548	552	553	566

Source: City of Bloomington Finance Department

Table 16

Full-Time Equivalent Employees as of December 31						
2008	2009	2010	2011	2012	2013	
80	80	80	80	80	80	80
71	71	71	71	71	72	74
121	117	116	117	118	118	117
153	153	153	152	152	152	155
56	58	60	61	62	62	60
481	479	480	481	484	484	486
54	54	54	54	54	54	54
11	12	11	12	12	11	12
15	16	16	16	16	16	18
1	1	1	1	1	1	1
-	-	-	-	-	-	-
5	5	6	5	5	5	5
86	88	88	88	87	87	90
567	567	568	569	571	571	576

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
General services:				
New full-time employees hired	29	34	32	34
Criminal case appearances	10,668	11,440	11,663	10,621
Purchase orders issued	2,876	2,593	2,386	2,307
Development services:				
Permits issued	12,343	12,317	11,386	12,940
Estimated value of permits	\$167,425,451	\$252,324,355	\$203,712,920	\$268,529,230
Fire inspections	*	2,067	2,338	1,995
Fire investigations	*	56	78	52
Public works:				
Street resurfacing (miles)	46	47	45	52
Street sweeping (tons of material)	*	*	3,100	3,967
Public safety:				
Bookings	2,384	2,877	2,536	2,515
DWI's	732	715	690	625
Part 1 crimes ^(a)	3,442	3,468	3,230	3,463
Fire department average response time	3:57	4:01	4:22	4:18
Fire emergency responses	1,164	1,190	1,207	1,305
Fires extinguished	283	266	289	238
Community services:				
City website hits	17,311,392	23,173,364	24,852,228	38,442,808
Number of E-Subscribers	N/A	N/A	N/A	N/A
Human services volunteers	494	540	406	431
Influenza immunizations	4,521	5,022	4,351	4,927
Client cancer screenings	915	836	919	1,141
Business-type activities:				
Water/wastewater utility:				
Average daily consumption (gallons)	12,560,000	11,460,000	12,410,000	12,270,000
Average daily sewage treatment (gallons)	9,300,000	9,000,000	8,850,000	8,789,000
Storm water utility:				
Storm mains inspected (miles)	6	6	6	6
Recreational facilities:				
Golf course rounds played	100,822	96,310	96,289	91,002
Ice garden hours	7,975	8,386	8,618	8,041
Solid waste management:				
Annual trash clean-up (tons)	2,159	2,176	2,166	1,963
Contractual police:				
Overtime hours billed	13,005	9,514	8,589	8,062
Motor vehicle:				
DNR transactions	2,985	2,838	2,971	2,913
Drivers license transactions	21,907	18,700	17,824	17,095
Motor vehicle transactions	64,646	64,994	60,129	59,969

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 2009 the City implemented E-Subscribe, a free news service to send electronic notifications to registered subscribers.

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

Table 17

Fiscal Year					
2008	2009	2010	2011	2012	2013
23	19	15	33	43	44
10,800	13,400	12,200	14,200	16,000	20,000
2,047	1,912	1,788	1,696	1,875	1,457
11,443	10,061	11,179	11,254	11,362	16,119
\$168,211,851	\$173,870,423	\$128,201,819	\$263,305,005	\$198,432,583	\$201,614,610
1,972	2,121	1,909	1,730	2,111	2,643
73	72	61	105	152	152
46	46	41	36	43	31
3,447	4,558	4,552	3,784	4,263	3,477
2,358	2,469	2,420	2,153	2,262	2,349
630	624	624	593	512	451
3,399	3,459	3,309	3,358	3,443	3,524
4:17	4:24	4:31	4:36	4:31	4:23
1,309	1,089	1,168	1,184	1,161	1,221
192	178	153	142	177	159
42,357,708	44,783,188	41,225,367	48,939,410	49,693,645	54,877,383
N/A	3,050 ^(b)	4,100	5,673	7,565	9,706
390	321	405	284	309	317
4,875	9,630 ^(c)	6,780 ^(c)	4,101 ^(c)	3,506 ^(c)	4,488
1,079	1,347	1,170	1,234	1,213	1,139
11,800,000	11,700,000	10,500,000	10,720,000	11,700,000	11,202,000
8,550,000	8,190,000	8,285,000	8,570,000	8,130,000	8,078,000
3	6	9	9	8	8
87,556	83,638	76,209	66,180	62,852	51,658
8,766	9,553	9,888	9,342	9,206	9,635
1,626	1,796	1,689	1,717	1,497	1,300
8,126	8,309	6,552	8,308	9,399	9,270
2,734	2,676	2,730	2,543	2,879	2,876
18,371	17,170	17,346	18,209	21,610	20,439
58,130	56,743	55,900	61,878	64,265	61,835

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

Function/Program	Fiscal Year			
	2004	2005	2006	2007
Governmental activities:				
Public works:				
Streets (miles)	345	344	343	343
Streetlights	4,114	4,118	4,118	4,148
Traffic signals	147	149	149	149
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	35	35	37	37
Police investigator vehicles	24	24	26	27
Fire stations	6	6	6	6
Community services:				
Community center	1	1	1	1
Skate park	1	1	1	1
Playgrounds/playlots	46	46	46	46
Baseball/softball diamonds	74	74	74	74
Soccer/football fields	36	36	36	36
Tennis courts	57	57	57	53
Picnic shelters/gazebos	15	15	15	15
Business-type activities:				
Water/wastewater utility:				
Water mains (miles)	490	488	489	489
Fire hydrants	4,454	4,491	4,514	4,529
Storage capacity (gallons)	44,000,000	44,000,000	44,000,000	44,000,000
Sanitary sewers (miles)	382	380	380	380
Storm water utility:				
Storm sewers (miles)	253	250	250	250
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.

^(a) In 2008, the City conducted a Park Master Plan Update, which provided a more accurate classification and accounting of park amenities. Also, park fields utilized for multiple activities are now only counted for one function.

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					
2008	2009	2010	2011	2012	2013
342	342	341	341	342	342
4,148	4,118	4,339	4,339	4,339	4,339
149	147	147	147	147	144
22	22	22	22	22	22
121	121	121	121	121	121
1	1	1	1	1	1
37	37	37	37	37	37
27	27	27	27	27	27
6	6	6	6	6	6
1	1	1	1	1	1
1	1	1	1	1	1
54 ^(a)	54	54	54	54	54
62 ^(a)	61	61	61	61	61
22 ^(a)	22	22	22	22	22
52 ^(a)	51	51	50	50	49
19 ^(a)	22	22	22	22	22
490	489	489	489	495	496
4,556	4,565	4,570	4,599	4,589	4,617
44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
382	383	383	384	384	384
250	253	253	253	253	253
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