



# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2015



CITY OF  
**BLOOMINGTON**  
MINNESOTA

# **Comprehensive Annual Financial Report**

of the City of  
Bloomington, Minnesota

For the Year Ended  
December 31, 2015

Prepared by the Finance Department



# CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report  
For the Year Ended December 31, 2015

## SECTION I

### INTRODUCTORY SECTION

**CITY OF BLOOMINGTON, MINNESOTA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2015**

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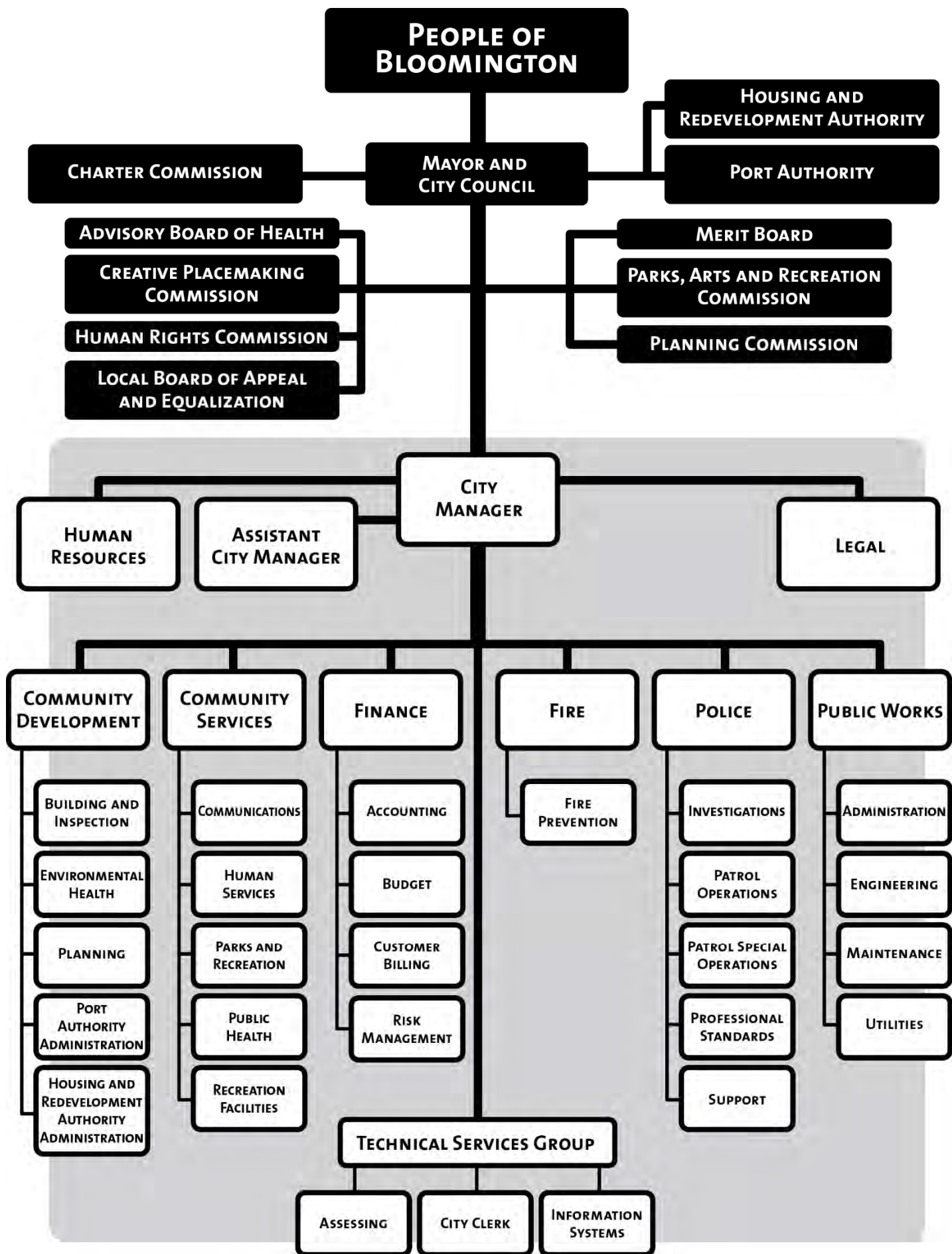
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**CITY OF BLOOMINGTON, MINNESOTA**

DECEMBER 31, 2015

**PRINCIPAL OFFICIALS**

GENE WINSTEAD, MAYOR

CYNTHIA BEMIS ABRAMS ..... COUNCILMEMBER

JACK BALOGA ..... COUNCILMEMBER

TIM BUSSE ..... COUNCILMEMBER

ANDREW CARLSON ..... COUNCILMEMBER

DWAYNE LOWMAN ..... COUNCILMEMBER

JON OLESON ..... COUNCILMEMBER

JAMIE VERBRUGGE, CITY MANAGER



June 14, 2016

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, 2015 is hereby submitted. The purpose of this report is to provide the Mayor, City Council, City staff, citizens, bondholders, and other interested parties with useful information concerning the City's operations and financial position.

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

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

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

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

### **Other Reporting Entity Components**

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

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

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

### **Economic Condition and Outlook**

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

Bloomington is also the terminus for the 12-mile METRO Blue Line (Hiawatha) light rail line which opened in 2004 to connect several popular Twin Cities destinations including Mall of America, VA Medical Center, Minneapolis/St. Paul International Airport, Minnehaha Park, 11 neighborhoods, and Downtown Minneapolis.

The city has many well-known national and international corporations within its boundaries, including HealthPartners, Seagate Technology, Toro Company, Donaldson Company, Express Scripts, Thermo King, Cypress Semiconductors, Ceridian Corporation, Polar Semiconductors, and Ziegler, Inc. Bloomington is home to the largest shopping and entertainment complex in the United States, Mall of America®. It employs approximately 13,000 and attracts 42 million visitors each year. As the state's number one tourist attraction, Mall of America actually attracts more visitors than all other Minnesota tourist destinations combined.

In addition, with many entertainment facilities and 9,481 hotel/motel rooms, Bloomington is a major regional and national business and meeting center, employing an estimated 10,000 workers in the hospitality industry.

Housing is well-maintained throughout the city and Bloomington is fortunate to have a diversified tax base, currently composed of approximately 54.2% commercial/industrial, 38.6% residential, and 7.2% apartments. Shopping areas are efficiently distributed, and Bloomington businesses provide two jobs for every Bloomington resident in the workforce. Bloomington also has plenty of room for new multi-family residential and commercial development and is experiencing significant additional growth in three districts located along I-494.

#### Current City Development

In 2015, the City issued building permits for 426 new residential units with a total project valuation of \$70,499,147. 2015 was another all-time record year for construction in Bloomington as measured in permit valuation. Bloomington has set new permit valuation records in each of the past two years. Most of the growth continues to focus on the I-494 corridor, where excellent access to employment, improving transit service, and focused land use plans position the City well for future growth.

- 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 2016.
- Luther Infiniti opened a new 33,000 square foot auto dealership building in the Penn American District.
- Three Rivers Park District opened a new 37,000 square foot ski chalet at Hyland Ski and Snowboard Area.
- TownePlace Suites, a 118-room extended stay hotel opened in the South Loop District.
- Hampton Inn and Suites, a 100-room hotel opened in the Normandale Lake District.
- Applewood Pointe, a 77-unit independent senior living cooperative opened on Old Shakopee Road at Beard Avenue.

- Hyatt Regency, a 302-room hotel in the South Loop District, neared construction completion.
- OATI, a software company serving the energy sector, continued construction on their five-story, 110,000 square foot office building and data center along I-494 at Computer Avenue.
- Penn American Phase II, a mixed use project in the Penn American District, partially opened. It includes:
  - A 107-room, five-story Home2 Suites by Hilton extended stay hotel.
  - A 28,600 square foot Fresh Thyme grocery.
  - A Red Robin restaurant.
  - Over 9,000 square feet of ground level retail.
- The Mall of America's Phase 1C expansion opened in the South Loop District. It includes:
  - A 14-story, 342-room J.W. Marriott hotel.
  - A 10-story, 180,500 square foot speculative office tower.
  - 161,000 square feet of retail and restaurant space over three-levels attached to Phase 1 of the Mall of America.
- A 5,500 square foot, three-tenant retail building opened on Lyndale Avenue near 87th Street.
- Marriott AC, a 148-room, five-story hotel, began construction in the South Loop District.
- Indigo by Lennar, a 395-unit, six story apartment building, began construction in the South Loop District.
- Park Place on France, a 20,676 square foot multi-tenant retail building, began construction on the corner of France Avenue and Old Shakopee Road.
- Masonic Homes began construction of a 53,000 square foot theater, museum, library and lodge on Normandale Boulevard.

## Mall of America Development

Mall of America, the largest shopping mall in the country, opened its doors in August 1992 and has become one of the most visited tourist destinations in the world.

Mall of America has three anchor department stores: Macy's, Nordstrom, and Sears, as well as more than 50 eateries and 520 specialty shops. In 2015, Mall of America welcomed several new restaurants, retailers, entertainment and exclusive tenants including Cantina Laredo, Zia Italian, Burger Burger, Fjallraven, and Under Armour. Two connected luxury hotels, the 500-room Radisson Blu that opened on the south side in 2013 and the 342-room JW Marriott hotel that opened on the north side in 2015, offer outstanding amenities such as meeting rooms, on-site dining, fitness centers and more.

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

Other attractions at the mall include a nightly lightshow called "Universe of Light" that takes place in Nickelodeon Universe every evening, the newly-renovated LEGO Imagination Center featuring a LEGO Robot towering over 34 feet tall, 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.

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 \$152 million in public improvements: \$11 million in site work, \$93 million in parking facilities, \$20 million in structural roadway and bridge work, and \$28 million in land acquisition.

The mall is expanding in phases. Phase IC began in 2014 and construction was completed in 2015. In November 2015, Mall of America opened a \$325 million expansion on the north side, increasing total area to 5.6 million square feet. The 555,000 square foot integrated expansion includes a 342-room JW Marriott hotel, a ten-story office building to be anchored by the supercomputing company Cray, and 161,000 square feet of additional retail, restaurants, and a large event space.

Mall of America anticipates several additional expansion phases including Phase IIB to the north, which is anticipated to start construction in 2017 and will include additional retail, a third hotel, a second office building and residential units. The City has completed significant infrastructure improvements, such as the lower of Lindau Lane, to facilitate further expansion of the mall.

## **Major Initiative**

### **New Enterprise Resource Planning Software System**

On January 1, 2015, the City of Bloomington implemented a new Enterprise Resource Planning (ERP) Software System, a substantial technology upgrade that impacted all City departments. As a result of enormous efforts made by City staff with support from City leadership, the ERP software implementation project was completed both on schedule and under budget. Funds approved and allocated for the project's software, implementation, and consulting services totaled \$1,215,902. Actual funds spent were only \$921,099, which resulted in a considerable savings of \$294,803 or 24% of the budget.

The City's previous financial and payroll software was an antiquated AS400 legacy system that was implemented in 1994. In early 2013, the Assistant Finance Manager took on the role of the ERP Project Manager and an ERP Project Team was formed with representatives from Finance, Human Resources, and Information Systems. There was also an additional team of 20 City employees from around the City who served as functional leads for different areas of the software. Due to the large scope and importance of the project, the City hired a consulting firm that specializes in ERP advisory services, Berry Dunn. They directed fact-finding meetings with staff from each affected department and developed functional and technical requirements to create an RFP (Request for Proposals) document for the new ERP system. In the fall of 2013, the ERP Project Team coordinated vendor demonstrations for staff and, after reference checks and site visits, the ERP Project Team selected Munis from Tyler Technologies. A software and implementation contract was signed in January 2014 and the consultants were also retained for ERP project oversight services.

In February 2014, the City held a City-wide project kick-off and began planning sessions for a 2015 implementation, preparing for the simultaneous roll out of Financials and Payroll/HR. Analysis sessions began with the City's functional area leaders and a completely new Chart of Accounts was created. A flurry of activity continued through summer as payroll tables were set up, work flows were built, and new checks, purchase orders, and invoice forms were created. Employee information and the new Chart of Accounts were loaded, conversion tables were completed, and continuous testing was performed for all modules. Multiple parallel payrolls were conducted in both the old and new systems, and finally end user training was conducted in December 2014.

After many intense months of preparation, the City of Bloomington successfully went live on Munis in January 2015. The following fourteen modules were implemented: Accounts Payable, Purchasing, General Billing, Budget, CAFR Statement Builder, Cash Management, Cash Receipting, Fixed Assets, General Ledger, Human Resources Management, Inventory, Payroll, Projects and Grants, and Work Orders. In September 2015, two additional modules were implemented - Employee Travel Reimbursement and Contract Management.



While only 240 employees have access to the actual Munis software, all City employees have access to the Munis Employee Self Service portal where they enter time card hours, review payroll records, and sign up for benefits during open enrollment. Vendors also have access to the Munis Vendor Self Service portal where they can view purchase order and check information online.

Many benefits were realized upon implementing a modern ERP software system. Paper documentation was drastically reduced due to the new ability to add information and store documentation electronically within the system. Purchase orders and invoices can now be emailed. Approvals for journal entries, purchase requisitions, travel requests, time cards, and cash receipts are now all completed electronically. It is also much easier to retrieve and analyze data from the system by running reports and queries on line as opposed to running paper reports. The City offers continued updates and trainings to employees, sharing improved processes and expanded functionality to ensure that the organization realizes maximum value from the system.

### **Relevant Financial Policies**

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

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

### **Budget Process**

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

### **Liquidity**

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

	General Fund Budget Appropriations	Fund Balance Beginning of Year	
		Amount	% of Budget
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
2015	63,990,692	24,643,306	38.5
2016	68,155,122	27,959,764	41.0

The City's General Fund working capital balance of \$28,653,826 at December 31, 2015 includes amounts committed for encumbrances, carryovers, and fair value adjustments for investments, which brings the total fund balance to \$27,959,764. The City anticipates that the 2016 year-end General Fund balance will remain constant (plus any commitments for carryovers or encumbrances), based upon budgeted 2016 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, 2015 are as follows (primary government only):

	Amount	% Market Value	Bonded Debt per Capita	
			Current Year	Prior Year
General Obligation Bonded Debt	\$ 7,055,000			
Improvement Bonds	51,139,974			
General Obligation Tax Increment	2,850,000			
Net Total	61,044,974			
Less Debt Service Funds	(18,208,674)			
Total Net Bonded Debt	42,836,300	.41%	\$ 496	\$ 537
Overlapping Debt (1)	133,601,845	1.28	1,546	1,516
Total – 2015 Year-End	<u>\$ 176,438,145</u>	<u>1.69%</u>	<u>\$ 2,042</u>	
Total - Prior Year-End	<u>\$ 177,173,197</u>	<u>1.79%</u>		<u>\$ 2,053</u>

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

In 2015, the City retired \$6,890,000 of improvement, \$1,460,000 of general obligation, and \$120,000 of general obligation tax increment. The City issued \$5,355,000 of improvement bonds in 2015.

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
06/28/12	5,615,000	Improvement	6.06 years	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
12/18/14	6,695,000	Improvement	5.70	1.79	.12
12/18/14	770,000	Refunding Improvement	1.58	.84	.03
10/13/15	5,355,000	Improvement	6.65	1.81	.19

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 2015 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 2016-2020:

Project Category	Estimated Amount (in millions)	Approximate Sources of Funding	
City Facilities, Parks and Park Development	\$ 91	Grants, Other	99%
		Park Donations	1
Alternative/Surface Transportation	393	Federal Funds	25%
		Other Governments	51
		P.I.R. Bonds	11
		Municipal State Aid	6
		Tax Increment	2
		Other	3
		Franchise Fee	1
Water, Sewer, and Stormwater Facilities	32	Cash on Hand	71%
		Bonds	29
Economic Development and Redevelopment		Liquor/Lodging Tax	70%
		State Funds	30
	59		
Total	<u>\$ 575</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, 2014. 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 44 consecutive years. We believe this 2015 CAFR continues to conform to Certificate of Achievement Program requirements, and we will be submitting it to GFOA.

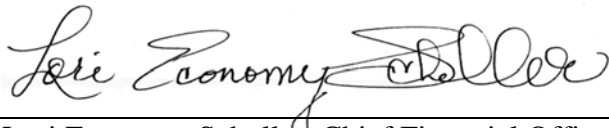
### **Independent Audit**

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,



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Lori Economy-Scholler, Chief Financial Officer  
Finance Department



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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, 2014**

Executive Director/CEO

# CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report  
For The Year Ended December 31, 2015

## SECTION II

### FINANCIAL SECTION







## 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, 2015, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 15 to the financial statements, City of Bloomington, Minnesota adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* for the year ended December 31, 2015. 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, the schedules of proportionate share of net pension liability, the schedules of pension contributions and the schedule of changes in the net pension liability (asset) and related ratios, 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 14, 2016, 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.

A handwritten signature in cursive script that reads "Redpath and Company, Ltd.".

REDPATH AND COMPANY, LTD.  
St. Paul, Minnesota

June 14, 2016



## 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, 2015. This discussion and analysis should be read in conjunction with the transmittal letter, which can be found on pages 7 - 17 of this report, and the City's basic financial statements following this section.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded liabilities and deferred inflows at the close of the 2015 fiscal year by \$535.7 million (*net position*). Of this amount, \$81.6 million (*unrestricted net position*) may be used to meet ongoing obligations to citizens and creditors, \$34.9 million is restricted for debt service, \$24.0 million is restricted for tax increment, \$5.5 million is restricted for street reconstruction, \$4.2 million is restricted for other purposes, and \$385.5 million is the City's net investment in capital assets.
- The net position of the government-wide financial statements was negatively impacted in the current year by \$21.4 million due to the required implementation of GASB Statement No. 68, Accounting and Financial Report for Pensions, a new accounting standard. This is more fully described on page 30. Prior to an adjustment made for the new accounting standard, the City's net position increased by \$21.0 million. The primary reason for the increase in net position was the decrease in expenses in Development Services and an increase in Property Taxes, Business Taxes, and Grants within the General Revenues.
- As of December 31, 2015, the City's governmental funds had combined fund balances of \$107.7 million, an increase of \$7.4 million in comparison with the prior year. Approximately 52% of the combined committed, assigned, and unassigned fund balances are available to meet the City's current and future needs. The remaining 48% 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 \$28.0 million, or 45% of actual total General Fund expenditures. This compares to \$24.6 million from the prior year, an increase of roughly \$3.4 million. The General Fund working capital goal policy states the City will strive to maintain a fund balance in the General Fund for working capital purposes of 35-40% of the following year's General Fund total budgeted revenues or expenditures. As of December 31, 2015, the fund balance of the General Fund was within this range. \$1,259,000 of this positive performance has been committed for budgeted carryover amounts unspent in 2015 and encumbrances for open purchase order contracts at the end of 2015 that were carried over to the 2016 budget.
- The City's total long term liabilities increased from the number reported in 2014 due to GASB Statement No. 68 that required the City to include the net position liability that will be paid by Public Employee's Pension Association. Overall the total increased by \$40.4 million.

# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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The City retired General Obligation and other non-pension related debt totaling \$11.4 million and increased debt by bond issuance and other non-pension related liabilities of \$9.2 million.

- The estimated market value for all taxable property is at \$10.4 billion for assessment year 2014 (payable in 2015). After fifteen years of steadily increasing market values peaking in 2008 at \$11.8 billion, values declined as a result of the worldwide “Great Recession” before bottoming in assessment years 2012 and 2013 at \$9.9 billion. Total market value is again growing and is now at a level just slightly above that in assessment year 2010. This growth trend is continuing as real estate markets have strengthened and significant new development is occurring.
- Entity-wide, the City recorded \$17.3 million in depreciation expense on its capital assets.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general services, development services, public works, public safety, and community services. The business-type activities of the City include water/wastewater, storm water, solid waste management, recreational facilities, contractual police services, and motor vehicle operations.

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



# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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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.

**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 ten 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, facilities and

# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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parks maintenance, and PERA pension. Because these services predominately benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements; however, some allocations have been made to business-type activities. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

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

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

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

### Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 66 – 115 of this report.

### Other Information

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$535,740,400 at December 31, 2015, as compared to \$536,134,632 at the end of 2014.

### CITY OF BLOOMINGTON'S NET POSITION

	Governmental activities		Business-type activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	
<b>Assets:</b>							
Current and other assets	\$ 210,012,720	\$ 190,174,587	\$ 14,101,959	\$ 13,095,485	\$ 224,114,679	\$ 203,270,072	10.3%
Capital assets	357,852,758	342,930,423	85,388,894	86,185,438	443,241,652	429,115,861	3.3%
Total assets	567,865,478	533,105,010	99,490,853	99,280,923	667,356,331	632,385,933	5.5%
<b>Deferred outflows:</b>							
Deferred outflows	15,503,997	-	85,388,894	-	100,892,891	-	100.0%
Total assets and deferred outflows	583,369,475	533,105,010	184,879,747	99,280,923	768,249,222	632,385,933	21.5%
<b>Liabilities:</b>							
Current and other liabilities	8,781,821	9,823,514	1,700,286	1,313,073	10,482,107	11,136,587	(5.9)%
Noncurrent liabilities	125,536,590	85,114,714	-	-	125,536,590	85,114,714	47.5%
Total liabilities	134,318,411	94,938,228	1,700,286	1,313,073	136,018,697	96,251,301	41.3%
<b>Deferred inflows:</b>							
Deferred inflows	11,101,231	-	-	-	11,101,231	-	100.0%
Total liabilities and deferred inflows	145,419,642	94,938,228	1,700,286	1,313,073	147,119,928	96,251,301	52.8%
<b>Net position:</b>							
Net investment in capital assets	300,117,784	283,643,717	85,388,894	86,185,438	385,506,678	369,829,155	4.2%
Restricted	68,599,352	67,294,971	-	-	68,599,352	67,294,971	1.9%
Unrestricted	69,232,697	87,228,094	12,401,673	11,782,412	81,634,370	99,010,506	(17.5)%
Total net position	\$ 437,949,833	\$ 438,166,782	\$ 97,790,567	\$ 97,967,850	\$ 535,740,400	\$ 536,134,632	

As of December 31, 2015, the City had a positive net position balance for the government as a whole.

By far, the largest portion of the City's net position, \$385,506,678 (approximately 72%), reflects the City's net investment in capital assets (e.g., land, buildings and structures, machinery and equipment, distribution system, improvements, and infrastructure) less any related debt used to acquire those assets. The City uses these capital assets as an integral part of providing services to citizens; consequently, these are not "liquid" assets and are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position, \$68,599,352 (approximately 13%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$81,634,370 (approximately 15%), may be used to meet the government's ongoing obligation to citizens and creditors.

# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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The City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* for the year ended December 31, 2015. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by state statutes. Additionally, the standard required the net pension asset of the Bloomington Fire Department Relief Association to be recorded in the government-wide financial statements for the first time.

Net position was negatively impacted by \$23,179,637 at December 31, 2015 due to the implementation of this standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Net pension asset	\$ 14,992,249
Deferred outflows of resources	15,503,997
Net pension liability	(42,574,651)
Deferred inflows of resources	<u>(11,101,232)</u>
Total	<u>\$ (23,179,637)</u>

# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following schedule provides a summary of the City's operations for the year ended December 31, 2015:

### CITY OF BLOOMINGTON'S CHANGES IN NET POSITION

Year Ended December 31, 2015

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2015	2014	2015	2014	2015	2014	
<b>REVENUES:</b>							
Program revenues:							
Charges for services	\$ 12,424,605	\$ 11,714,260	\$ 34,009,753	\$ 31,165,115	\$ 46,434,358	\$ 42,879,375	8.3 %
Operating grants and contributions	7,103,296	6,524,865	519,824	854,174	7,623,120	7,379,039	3.3 %
Capital grants and contributions	17,377,334	16,172,833	245,654	-	17,622,988	16,172,833	9.0 %
General revenues:							
Property taxes	48,881,455	46,752,023	1,414,133	1,451,140	50,295,588	48,203,163	4.3 %
Business taxes	14,412,263	14,222,910	-	-	14,412,263	14,222,910	1.3 %
Grants and contributions not restricted	2,877,947	1,850,619	-	-	2,877,947	1,850,619	55.5 %
Gain on sale of capital assets	163,564	4,275	-	-	163,564	4,275	3,726.1 %
Interest and investment earnings	1,061,308	1,508,213	78,237	88,357	1,139,545	1,596,570	(28.6)%
Total revenues	104,301,772	98,749,998	36,267,601	33,558,786	140,569,373	132,308,784	6.2 %
<b>EXPENSES:</b>							
General services	7,574,572	7,702,188	-	-	7,574,572	7,702,188	(1.7)%
Development services	11,120,055	23,261,857	-	-	11,120,055	23,261,857	(52.2)%
Public works	15,922,887	15,620,844	-	-	15,922,887	15,620,844	1.9 %
Public safety	30,927,415	29,695,195	-	-	30,927,415	29,695,195	4.1 %
Community services	15,987,952	15,720,340	-	-	15,987,952	15,720,340	1.7 %
Interest on long-term debt	1,587,935	1,767,122	-	-	1,587,935	1,767,122	(10.1)%
Water/wastewater utility	-	-	23,091,127	23,004,075	23,091,127	23,004,075	0.4 %
Storm water utility	-	-	3,453,095	3,446,390	3,453,095	3,446,390	0.2 %
Recreational facilities	-	-	5,620,253	5,781,663	5,620,253	5,781,663	(2.8)%
Solid waste management	-	-	1,895,481	1,606,211	1,895,481	1,606,211	18.0 %
Contractual police services	-	-	1,717,906	607,999	1,717,906	607,999	182.6 %
Motor vehicle	-	-	672,289	637,357	672,289	637,357	5.5 %
Total expenses	83,120,816	93,767,546	36,450,151	35,083,695	119,570,967	128,851,241	(7.2)%
Change in net position before transfers	21,180,956	4,982,452	(182,550)	(1,524,909)	20,998,406	3,457,543	507.3 %
Transfers	(5,267)	(978,759)	5,267	978,759	-	-	- %
Change in net position	21,175,689	4,003,693	(177,283)	(546,150)	20,998,406	3,457,543	507.3 %
Net position - January 1	438,166,782	434,163,089	97,967,850	98,514,000	536,134,632	532,677,089	0.6 %
Prior period adjustment	(21,392,638)	-	-	-	(21,392,638)	-	- %
Net position - January 1, as restated	416,774,144	434,163,089	97,967,850	98,514,000	514,741,994	532,677,089	(3.4)%
Net position - December 31	\$ 437,949,833	\$ 438,166,782	\$ 97,790,567	\$ 97,967,850	\$ 535,740,400	\$ 536,134,632	(0.1)%

Expenses above include \$13,359,395 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

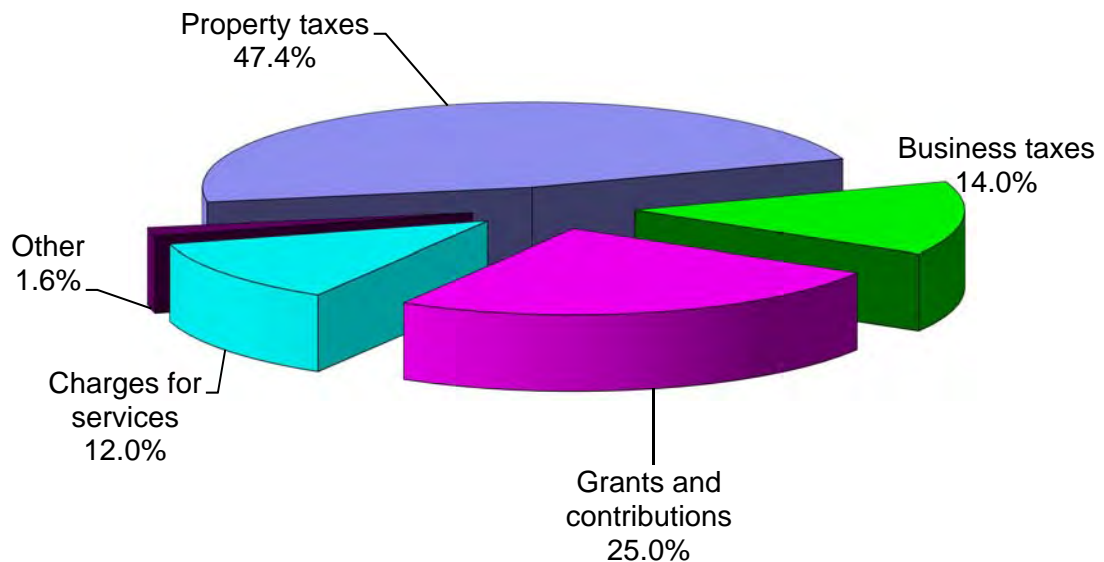
As part of GASB Statement No. 34 reporting changes, internal service fund charges for services (program revenues of \$40,315,970) and expenses (\$40,498,129) were allocated to all the governmental and business-type activities. A comparison of revenue and expense changes from 2014 to 2015 follows:

Overall, governmental activities revenues increased by \$5.6 million. Within this increase, general revenues increased overall by \$3.1 million in 2015 due to a combination of the following factors. Property taxes increased by \$2.1 million as a result of the levy and market value increases, and grants and contributions not restricted increased by \$1 million due to increase of grants for construction projects.

Program revenues increased by \$2.5 million in 2015. Charges for services increased by \$710 thousand as a result of increased permits issued. Operating grants and contribution increased by \$600 thousand primarily due to Fire grant for firefighters' training. Capital grants and contributions increased by \$1.2 million as a result of increased capital projects.

Development services expenses decreased by \$12 million due to decrease in capital improvement project spending.

### City of Bloomington 2015 Revenue Sources - Governmental Activities

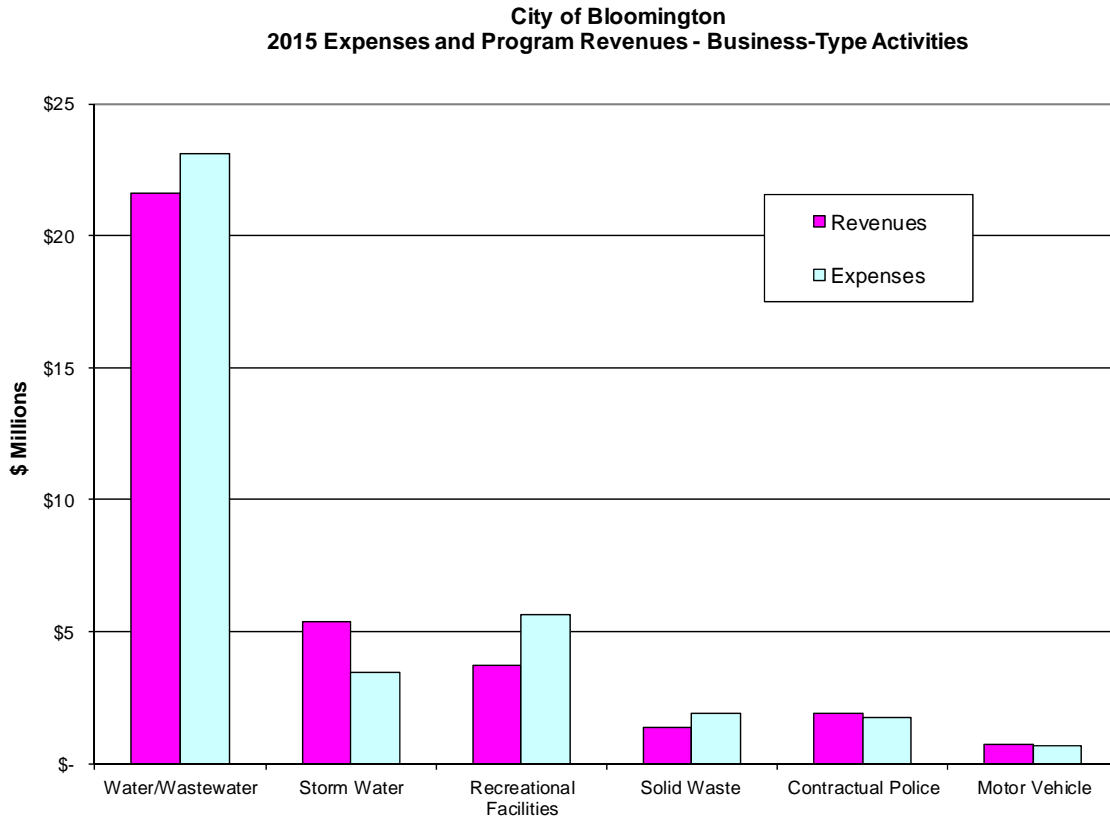


# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

### Business-type activities

Business-type expenses increased in 2015 by \$1.4 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.



### 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, 2015, the City's governmental funds reported combined ending fund balances of \$107,693,460, an increase of \$7.4 million in comparison with the prior year. Fund balance of \$51.9 million is *restricted* due to externally enforceable legal restrictions (creditors, grantors, contributors, and by law through constitutional provisions or enabling regulations).

Approximately, \$55.8 million or 52% 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	\$ 27,959,764
Special revenue funds	1,443,283
Capital projects funds	5,655,282
Improvement construction funds	20,749,715
Total	<u>\$ 55,808,044</u>

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

### Revenues by Source Governmental Funds

	2015		2014		Increase (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Revenues by source:					
Taxes	\$ 63,264,449	59.3%	\$ 60,979,402	61.4%	\$ 2,285,047
Special assessments	4,469,106	4.2	3,645,884	3.7	823,222
Business licenses	6,241,921	5.8	5,864,807	5.9	377,114
Fines and forfeitures	1,251,693	1.2	1,216,254	1.2	35,439
Intergovernmental	17,553,679	16.5	14,745,267	14.8	2,808,412
Program income	3,116,814	2.9	3,021,925	3.0	94,889
Interest and investment income	833,337	.8	1,250,209	1.3	(416,872)
Franchise fees	1,400,108	1.3	1,166,756	1.2	233,352
Contractual component unit	3,383,930	3.2	3,090,004	3.1	293,926
Other	5,085,993	4.8	4,356,063	4.4	729,930
Total	<u>\$ 106,601,030</u>	<u>100.0%</u>	<u>\$ 99,336,571</u>	<u>100.0%</u>	<u>\$ 7,264,459</u>



# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

### Expenditures by Function Governmental Funds

	2015		2014		Increase (Decrease) Amount
	Amount	Percent of Total	Amount	Percent of Total	
Expenditures by Function					
General services	\$ 6,741,110	6.4%	\$ 6,804,893	5.4%	\$ (63,783)
Development services	8,479,242	8.1	19,400,112	15.4	(10,920,870)
Public works	9,989,225	9.5	10,464,616	8.3	(475,391)
Public safety	29,692,500	28.3	28,984,753	23.0	707,747
Community services	15,396,539	14.7	14,709,288	11.7	687,251
Debt service	9,592,056	9.1	19,662,852	15.6	(10,070,796)
Capital outlay	25,111,728	23.9	25,837,381	20.6	(725,653)
Total	<u>\$ 105,002,400</u>	<u>100.0%</u>	<u>\$ 125,863,895</u>	<u>100.0%</u>	<u>\$(20,861,495)</u>

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

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

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$27,959,764 which was comprised of \$1,259,003 of committed fund balance and \$26,700,761 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 43% of total General Fund expenditures. It is important to note that the General Fund unassigned fund balance of \$26,700,761 is designated in its entirety for a working capital goal of \$26,476,398. The committed amount of \$1,259,003 consists of a budget carryover amount of \$598,028, and encumbrance rollover amount of \$660,975. The budget carryover represents 2015 budgeted amounts that were unspent in 2015 and were carried over to the 2016 budget. The encumbrance rollover amount represents encumbrances for open purchase order contracts at the end of 2015 that were carried over to the 2016 budget.

Overall, General Fund revenues increased from \$61.7 million in 2014 to \$63.7 million in 2015. Of this increase, that largest factor was an increase in property tax revenue by \$1.6 million as a result of increased market values and tax levy. There were also increases in lodging and admission tax revenues of \$214,000, as well as business license revenue increase of \$377,000 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 \$60.4 million in 2014 to \$62.4 million in 2015.

# CITY OF BLOOMINGTON, MINNESOTA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

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The Capital Projects fund balance had a net increase of \$2.2 million in 2015 due to a decrease in capital project expenditures.

The Improvement Construction fund balance increased \$733,000. There was a reclassification of Nonmajor funds to Improvement Construction in the amount of \$12.8 million.

The fund balances of the City's Nonmajor Governmental Funds increased by \$596,000 due to the activity in the Communications and South Loop Revolving Development funds.

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

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 \$157,164 during the current fiscal year. Key factors in this change include:

- The Water/Wastewater Utility Fund had a decrease in net position of \$1.5 million due to a decrease in service charges.
- The Storm Water Fund had an increase in net position of \$2.0 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 \$158,132 during the current fiscal year. Key factors in this change include:

- The Self Insurance Fund had an increase of net position by \$1.5 million due to an increase in charges for services.
- The Insured Benefit Fund net position decreased by \$1.3 million due to increase in transfers to other funds.
- Facilities Parks and Maintenance net position increased \$961,000 as some projects were delayed.
- PERA Pension decreased \$1.1 million as the new GASB 68 standard was implemented.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in a \$582,233 increase in appropriations and can be briefly summarized as follows:

- The council approved transfers out to Strategic Priorities in the amount of \$525,000 as a result of 2014 positive performance.

The actual results compared to the final budget showed a \$3.7 million favorable variance due to better than budgeted revenues as well as conservative spending. Significant details are as follows:

# **CITY OF BLOOMINGTON, MINNESOTA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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- Lodging and admissions tax revenue exceeded budget by \$369,918 due to a better than expected recovery in the local hotel and entertainment industries as well as new hotels opening.
- Business license revenue exceeded budget by \$1.7 million also due to a better than expected improvement in the local economy.
- Public Works expenditures were \$717,907 under budget due to a spending reduction in administrative expenditures and savings from unfilled positions.
- Community Development and Community Services expenditures budget were \$632,680 under budget due to savings from unfilled positions.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

The City's capital assets for its governmental and business-type activities as of December 31, 2015 amount to \$443,241,652 (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 \$2,940,015.
- The 2015 Pavement Management Program expended \$7,498,877. These improvements included 3.66 miles of reconstructed streets and 6.88 miles of overlaid streets.
- The City's State Aid Construction Fund spent \$1,962,622 on street improvement projects in 2015.

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 \$59,300,000 as compared to \$62,415,000 in the prior year. This amount is comprised of \$59,300,000 related to governmental activities and no debt related to business-type activities.

In 2015, the City issued \$5,355,000 of General Obligation Permanent Improvement Revolving (PIR) Bonds. \$850,000 of the PIR bond proceeds was used for the South Loop Wayfinding project. In 2015 the City retired a total of \$8,470,000 (of which \$1,225,000 was the refunding of the 2006 Permanent Improvement Refunding bonds) resulting in \$59,300,000 in bonds payable as of December 31, 2015.

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 32 cities nationwide to hold this "Triple A" bond ratings combination. Additional information on the City's long-term debt can be found in Note 6.

# **CITY OF BLOOMINGTON, MINNESOTA**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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### **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 2015, the unemployment rate in Bloomington was 2.9%, down 0.2% from a year ago. This compares favorably to the state's December unemployment rate of 3.7% and the national rate of 4.8%.
- As of January 2015 the assessor's estimated market value for Bloomington turned up an additional 9.9% on top of 5.7% growth in 2014 to a total of \$11.5 billion. This is a 59% increase in total City market value since 2000, and the total is now just 3% below 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 and 2016.
- The proposed Public Employees Retirement Association (PERA) pension costs to the City for 2016 are estimated at roughly \$4.24 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 2016 budget was approved without the need to reduce existing service levels. In the approved 2016 budget, there was a two and a half percent salary increase for City employees, the same percentage as in 2015.
- 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 2016 fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or the requests for additional financial information should be addressed to the Chief Financial Officer, Bloomington Civic Plaza, 1800 West Old Shakopee Road, Bloomington, Minnesota, 55431.

# BASIC FINANCIAL STATEMENTS

## CITY OF BLOOMINGTON, MINNESOTA

## Statement of Net Position

December 31, 2015

## EXHIBIT 1

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Port Authority	Housing and Redevelopment Authority
<b>ASSETS</b>					
Cash, cash equivalents, and investments	\$ 139,005,102	\$ 10,916,558	\$ 149,921,660	\$ 65,465,598	\$ 5,816,581
Receivables, net	36,691,179	6,376,033	43,067,212	2,252,928	7,943,722
Prepaid items	676,010	48,363	724,373	-	334,436
Due from primary government	-	-	-	867,431	83,710
Due from component units	7,206,300	-	7,206,300	-	-
Due from other governments	-	-	-	5,627	159,639
Inventory	8,202,885	-	8,202,885	-	732,958
Internal balances	3,238,995	(3,238,995)	-	-	-
Net pension asset	14,992,249	-	14,992,249	-	-
Capital assets:					
Capital assets - nondepreciable	103,203,831	4,902,281	108,106,112	-	1,600,300
Capital assets - net of accumulated depr	254,648,927	80,486,613	335,135,540	-	1,301,435
Net capital assets	357,852,758	85,388,894	443,241,652	-	2,901,735
Total assets	567,865,478	99,490,853	667,356,331	68,591,584	17,972,781
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources	15,503,997	-	15,503,997	-	-
Total assets and deferred outflows of resources	583,369,475	99,490,853	682,860,328	68,591,584	17,972,781
<b>LIABILITIES</b>					
Accounts payable and other current liabilities	5,963,153	1,566,116	7,529,269	1,805,745	140,874
Accrued interest payable	694,462	-	694,462	34,970	-
Unearned revenue	1,173,065	134,170	1,307,235	-	-
Due to component units	951,141	-	951,141	-	-
Due to primary government	-	-	-	4,141,793	261,154
Noncurrent liabilities:					
Due to primary government -					
Bonds payable due in more than one year	-	-	-	-	2,803,353
Due within one year	9,195,514	-	9,195,514	-	-
Due in more than one year	73,766,425	-	73,766,425	7,165,199	1,574,720
Net pension liability	42,574,651	-	42,574,651	-	-
Total liabilities	134,318,411	1,700,286	136,018,697	13,147,707	4,780,101
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflow of resources	11,101,231	-	11,101,231	-	-
Total liabilities and deferred inflows of resources	145,419,642	1,700,286	147,119,928	13,147,707	4,780,101
<b>NET POSITION</b>					
Net investment in capital assets	300,117,784	85,388,894	385,506,678	-	1,327,015
Restricted for:					
Debt service	34,943,195	-	34,943,195	-	-
Tax increment	23,974,563	-	23,974,563	55,407,328	1,136,953
Street reconstruction	5,455,783	-	5,455,783	-	-
Restricted - other	4,225,811	-	4,225,811	-	69,899
Unrestricted	69,232,697	12,401,673	81,634,370	36,549	10,658,813
Total net position	\$ 437,949,833	\$ 97,790,567	\$ 535,740,400	\$ 55,443,877	\$ 13,192,680

See notes to the basic financial statements.

**CITY OF BLOOMINGTON, MINNESOTA**  
Statement of Activities  
Year Ended December 31, 2015

EXHIBIT 2

Net (Expense) Revenue and Changes in Net Position									
		Program Revenues			Primary Government			Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Port Authority	Housing and Redevelopment Authority
<b>Primary Government:</b>									
Governmental activities:									
General Services	\$ 7,574,572	\$ 3,906,587	\$ 494,794	\$ -	\$ (3,173,191)	\$ -	\$ (3,173,191)	\$ -	\$ -
Development Services	11,120,055	5,788,420	324,694	2,842,812	(2,164,129)	-	(2,164,129)	-	-
Public Works	15,922,887	85,841	23,100	13,956,502	(1,857,444)	-	(1,857,444)	-	-
Public Safety	30,927,415	559,691	1,953,129	29,090	(28,385,505)	-	(28,385,505)	-	-
Community Services	15,987,952	2,084,066	4,307,579	548,930	(9,047,377)	-	(9,047,377)	-	-
Interest on long-term debt	1,587,935	-	-	-	(1,587,935)	-	(1,587,935)	-	-
Total governmental activities	83,120,816	12,424,605	7,103,296	17,377,334	(46,215,581)	-	(46,215,581)	-	-
Business-type activities:									
Water/Wastewater Utility	23,091,127	21,412,966	8,665	195,998	-	(1,473,498)	(1,473,498)	-	-
Storm Water Utility	3,453,095	5,269,105	120,571	-	-	1,936,581	1,936,581	-	-
Recreational Facilities	5,620,253	3,710,670	30,826	-	-	(1,878,757)	(1,878,757)	-	-
Solid Waste Management	1,895,481	1,013,611	310,909	49,656	-	(521,305)	(521,305)	-	-
Contractual Police	1,717,906	1,873,928	48,853	-	-	204,875	204,875	-	-
Motor Vehicle	672,289	729,473	-	-	-	57,184	57,184	-	-
Total business-type activities	36,450,151	34,009,753	519,824	245,654	-	(1,674,920)	(1,674,920)	-	-
Total primary government	\$ 119,570,967	\$ 46,434,358	\$ 7,623,120	\$ 17,622,988	(46,215,581)	(1,674,920)	(47,890,501)	-	-
<b>Component units:</b>									
Port Authority	\$ 14,585,791	\$ -	\$ 260,000	\$ -	-	-	-	(14,325,791)	-
Housing and Redevelopment Authority	7,272,208	939,177	5,148,272	-	-	-	-	-	(1,184,759)
Total component units	\$ 21,857,999	\$ 939,177	\$ 5,408,272	\$ -	-	-	-	(14,325,791)	(1,184,759)
<b>General revenues:</b>									
Property taxes					48,881,455	1,414,133	50,295,588	22,093,532	2,723,052
Business taxes					14,412,263	-	14,412,263	-	-
Grants and contributions not restricted					2,877,947	-	2,877,947	-	-
Gain on sale of capital assets					163,564	-	163,564	-	-
Interest and investment earnings					1,061,308	78,237	1,139,545	309,177	-
<b>Transfers</b>					(5,267)	5,267	-	-	-
<b>Total general revenues and transfers</b>					67,391,270	1,497,637	68,888,907	22,402,709	2,723,052
<b>Change in net position</b>					21,175,689	(177,283)	20,998,406	8,076,918	1,538,293
<b>Net position - January 1</b>					438,166,782	97,967,850	536,134,632	47,366,959	11,654,387
<b>Prior period adjustment - see Note 15</b>					(21,392,638)	-	(21,392,638)	-	-
<b>Net position - January 1, as restated</b>					416,774,144	97,967,850	514,741,994	47,366,959	11,654,387
<b>Net position - December 31</b>					\$ 437,949,833	\$ 97,790,567	\$ 535,740,400	\$ 55,443,877	\$ 13,192,680

See notes to the basic financial statements.





## **CITY OF BLOOMINGTON, MINNESOTA**

### **MAJOR GOVERNMENTAL FUNDS**

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#### **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, water, and state aid construction.

**CITY OF BLOOMINGTON, MINNESOTA**

Balance Sheet  
Governmental Funds  
December 31, 2015

	General Fund	Community Development Block Grant	Improvement Bonds
<b>ASSETS</b>			
Cash, cash equivalents and investments	\$ 27,865,985	\$ 38,030	\$ 16,722,562
Accrued interest receivable	93,360	28	48,907
Taxes receivable	434,269	-	8,485
Accounts receivable	1,604,561	-	-
Loan receivable	-	-	-
Mortgages receivable	-	9,584,728	-
Prepays items	-	-	-
Land held for resale	-	-	-
Due from other funds	550,000	-	-
Due from component units	153,216	-	-
Due from other governments	185,909	59,891	17,739
Special assessments receivable	22,535	-	17,428,983
<b>Total assets</b>	<b>\$ 30,909,835</b>	<b>\$ 9,682,677</b>	<b>\$ 34,226,676</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,807,175	\$ 14,239	\$ -
Retainage payable	-	-	-
Due to other funds	-	-	-
Due to component units	-	83,710	-
Unearned revenue	668,857	-	-
Deposits payable	25,200	-	-
Total liabilities	2,501,232	97,949	-
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - mortgages	-	9,584,728	-
Deferred inflows - taxes	426,304	-	-
Deferred inflows - state aid	-	-	-
Deferred inflows - special assessments	22,535	-	17,428,983
Deferred inflows - land held for resale	-	-	-
Total deferred inflows of resources	448,839	9,584,728	17,428,983
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted	-	-	16,797,693
Committed	1,259,003	-	-
Assigned	-	-	-
Unassigned	26,700,761	-	-
Total fund balances	27,959,764	-	16,797,693
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 30,909,835</b>	<b>\$ 9,682,677</b>	<b>\$ 34,226,676</b>

See notes to the basic financial statements.

## EXHIBIT 3

Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
\$ 23,642,296	\$ 28,777,993	\$ 5,991,429	\$ 103,038,295
60,880	102,467	19,789	325,431
(91)	(378)	(205)	442,080
103,345	-	408,949	2,116,855
875,911	-	-	875,911
-	-	-	9,584,728
16,500	-	4,085	20,585
7,418,047	606,477	-	8,024,524
2,460,000	-	-	3,010,000
4,124,731	-	-	4,277,947
374,899	3,202,760	464,001	4,305,199
1,677,879	-	-	19,129,397
<u>\$ 40,754,397</u>	<u>\$ 32,689,319</u>	<u>\$ 6,888,048</u>	<u>\$ 155,150,952</u>
\$ 1,201,017	\$ 433,464	\$ 200,949	\$ 3,656,844
463,246	391,400	-	854,646
-	2,460,000	130,000	2,590,000
867,431	-	-	951,141
-	-	429,207	1,098,064
21,635	-	321,891	368,726
<u>2,553,329</u>	<u>3,284,864</u>	<u>1,082,047</u>	<u>9,519,421</u>
-	-	-	9,584,728
-	-	-	426,304
-	773,118	-	773,118
1,677,879	-	-	19,129,397
7,418,047	606,477	-	8,024,524
<u>9,095,926</u>	<u>1,379,595</u>	<u>-</u>	<u>37,938,071</u>
16,500	-	4,085	20,585
24,037,571	7,275,145	3,754,414	51,864,823
5,051,071	-	1,443,291	7,753,365
-	20,749,715	604,211	21,353,926
-	-	-	26,700,761
<u>29,105,142</u>	<u>28,024,860</u>	<u>5,806,001</u>	<u>107,693,460</u>
<u>\$ 40,754,397</u>	<u>\$ 32,689,319</u>	<u>\$ 6,888,048</u>	<u>\$ 155,150,952</u>



**CITY OF BLOOMINGTON, MINNESOTA**  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
December 31, 2015

EXHIBIT 4

**FUND BALANCE - TOTAL GOVERNMENTAL FUNDS** **\$ 107,693,460**

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	\$ 447,251,700	
Less accumulated depreciation	<u>(139,103,980)</u>	308,147,720

Governmental funds do not report a liability for accrued interest until due and payable. (663,012)

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	24,792,628	
Add allocation to business-type activities	<u>3,214,478</u>	28,007,106

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. (55,640,000)

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. (6,127,767)

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. (1,744,974)

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. 2,926,050

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

Net pension asset	14,992,249	
Deferred outflows of resources	8,043,538	
Deferred inflows of resources	<u>(5,422,604)</u>	17,613,183

Other long-term assets related to delinquent property taxes, land held for resale, and special assessments are not available to pay for current period expenditures and, therefore, are unavailable in the governmental funds. 37,738,067

**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 437,949,833**

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, 2015

	General Fund	Community Development Block Grant	Improvement Bonds
<b>REVENUES</b>			
Property taxes	\$ 39,091,646	\$ -	\$ 2,704,670
Fiscal disparities	3,407,395	-	230,628
Special assessments	24,726	-	4,278,664
Lodging and admissions tax	8,306,823	-	-
Business licenses	6,241,921	-	-
Fines and forfeitures	988,111	-	-
Intergovernmental	2,345,709	313,483	-
Program income	2,245,723	266,142	-
Interest	190,529	-	97,937
Net change in fair value of investments	(102,052)	-	1,927
Other	933,509	-	36,953
Franchise fees	-	-	-
Contractual payments from component unit	-	-	-
Total revenues	<u>63,674,040</u>	<u>579,625</u>	<u>7,350,779</u>
<b>EXPENDITURES</b>			
Current:			
General services	6,441,463	-	77,188
Development services	6,406,624	565,475	-
Public works	9,973,289	-	-
Public safety	26,802,676	-	-
Community services	12,650,348	-	-
Debt service:			
Interest	-	-	1,314,958
Principal retirement	-	-	6,890,000
Capital outlay:			
Development services	-	-	-
Public works	65,283	-	-
Public safety	4,329	-	-
Community services	16,443	-	-
Total expenditures	<u>62,360,455</u>	<u>565,475</u>	<u>8,282,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,313,585</u>	<u>14,150</u>	<u>(931,367)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	2,845,681	-	1,446,371
Transfers to other funds	(842,808)	(14,150)	(17,470)
Issuance of debt	-	-	59,726
Premium on bonds issued	-	-	-
Total other financing sources (uses)	<u>2,002,873</u>	<u>(14,150)</u>	<u>1,488,627</u>
Net change in fund balance	3,316,458	-	557,260
Fund balance - January 1	<u>24,643,306</u>	<u>-</u>	<u>16,240,433</u>
Fund balance - December 31	<u>\$ 27,959,764</u>	<u>\$ -</u>	<u>\$ 16,797,693</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
\$ 751,635	\$ 1,447,190	\$ 996,527	\$ 44,991,668
26,627	110,861	85,007	3,860,518
165,716	-	-	4,469,106
6,105,440	-	-	14,412,263
-	-	-	6,241,921
-	-	263,582	1,251,693
5,977,708	5,830,906	3,085,873	17,553,679
-	-	604,949	3,116,814
340,973	279,730	44,810	953,979
27,760	(53,431)	5,154	(120,642)
3,009,389	640,560	465,582	5,085,993
-	-	1,400,108	1,400,108
3,383,930	-	-	3,383,930
<u>19,789,178</u>	<u>8,255,816</u>	<u>6,951,592</u>	<u>106,601,030</u>
-	135,266	87,193	6,741,110
1,309,280	117,981	79,882	8,479,242
-	15,936	-	9,989,225
-	-	2,889,824	29,692,500
516	-	2,745,675	15,396,539
52,557	81,976	247,565	1,697,056
-	-	1,005,000	7,895,000
12,918,167	1,659,317	-	14,577,484
-	8,978,956	-	9,044,239
-	-	506,284	510,613
889,183	-	73,766	979,392
<u>15,169,703</u>	<u>10,989,432</u>	<u>7,635,189</u>	<u>105,002,400</u>
<u>4,619,475</u>	<u>(2,733,616)</u>	<u>(683,597)</u>	<u>1,598,630</u>
1,433,603	17,470	1,525,691	7,268,816
(3,820,463)	(2,246,974)	(246,504)	(7,188,369)
-	5,295,274	-	5,355,000
-	400,749	-	400,749
<u>(2,386,860)</u>	<u>3,466,519</u>	<u>1,279,187</u>	<u>5,836,196</u>
2,232,615	732,903	595,590	7,434,826
<u>26,872,527</u>	<u>27,291,957</u>	<u>5,210,411</u>	<u>100,258,634</u>
<u>\$ 29,105,142</u>	<u>\$ 28,024,860</u>	<u>\$ 5,806,001</u>	<u>\$ 107,693,460</u>





**CITY OF BLOOMINGTON, MINNESOTA**  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
Year Ended December 31, 2015

EXHIBIT 6

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** **\$ 7,434,826**

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

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

Capital outlays	\$ 25,111,728	
Capital outlay not capitalized	(101,315)	
Capital Contribution from Component Unit	87,779	
Depreciation expense	<u>(9,498,856)</u>	15,599,336

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	(5,355,000)	
Principal paid	<u>7,895,000</u>	2,540,000

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. (400,749)

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. (644,084)

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	158,132	
Add allocation to business-type activities	<u>20,121</u>	178,253

Revenues in the Statement of Activities that do not provide current financial resources  
are not reported as revenues in the funds. (2,707,549)

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. (2,127)

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

Pension Expense		(702,217)
-----------------	--	-----------

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. (120,000)

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 21,175,689**

See notes to the basic financial statements.



## CITY OF BLOOMINGTON, MINNESOTA

### MAJOR PROPRIETARY FUNDS

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#### **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, 2015

Business-type Activities - Enterprise Funds

	<u>Water/Wastewater Utility</u>	<u>Storm Water Utility</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,312,508	\$ 5,244,779
Accrued interest receivable	9,255	16,866
Taxes receivable	168,466	-
Accounts receivable	3,870,986	1,083,410
Prepaid items	48,363	-
Due from other funds	395,483	-
Due from other governments	8,665	5,422
Inventory	-	-
Total current assets	<u>7,813,726</u>	<u>6,350,477</u>
Noncurrent assets:		
Accounts receivable	-	-
Land	2,280,001	478,858
Buildings and structures	18,436,732	791,498
Machinery and equipment	1,458,149	8,542
Improvements	2,133,283	1,908,426
Distribution system	94,391,214	39,727,241
Construction in progress	-	-
Accumulated depreciation	<u>(70,902,218)</u>	<u>(14,692,423)</u>
Total noncurrent assets	<u>47,797,161</u>	<u>28,222,142</u>
<b>Total assets</b>	<u>55,610,887</u>	<u>34,572,619</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - related to pensions	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	781,353	136,080
Estimated claims payable	-	-
Benefits payable	-	-
Due to other funds	-	-
Retainage payable	-	14,359
Unearned revenue	86,825	-
Bonds payable	-	-
Accrued interest payable	-	-
Deposits payable	24,099	-
Total current liabilities	<u>892,277</u>	<u>150,439</u>
Noncurrent liabilities:		
Benefits payable	-	-
Bonds payable	-	-
Estimated claims payable	-	-
Net pension liability	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>892,277</u>	<u>150,439</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - related to pensions	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	47,797,161	28,222,142
Unrestricted	6,921,449	6,200,038
<b>Total net position</b>	<u>\$ 54,718,610</u>	<u>\$ 34,422,180</u>

See notes to the basic financial statements.

## EXHIBIT 7

Recreational Facilities	Nonmajor Proprietary Funds	Total	Governmental Activities - Internal Service Funds
\$ 1,205,184	\$ 1,154,085	\$ 10,916,556	\$ 35,966,810
4,394	3,244	33,759	110,332
(332)	30,523	198,657	-
216,254	878,468	6,049,118	2,998
-	-	48,363	655,425
-	-	395,483	-
-	80,409	94,496	550
-	-	-	178,361
<u>1,425,500</u>	<u>2,146,729</u>	<u>17,736,432</u>	<u>36,914,476</u>
-	-	-	-
1,955,757	-	4,714,616	11,432,262
16,903,607	-	36,131,837	40,152,287
1,287,952	24,229	2,778,872	35,135,197
2,300,983	-	6,342,692	1,388,765
-	-	134,118,455	-
187,665	-	187,665	347,082
<u>(13,267,584)</u>	<u>(23,017)</u>	<u>(98,885,242)</u>	<u>(38,750,552)</u>
<u>9,368,380</u>	<u>1,212</u>	<u>85,388,895</u>	<u>49,705,041</u>
<u>10,793,880</u>	<u>2,147,941</u>	<u>103,125,327</u>	<u>86,619,517</u>
-	-	-	7,460,459
<u>-</u>	<u>-</u>	<u>-</u>	<u>7,460,459</u>
122,317	485,613	1,525,363	1,031,597
-	-	-	762,485
-	-	-	695,017
-	420,000	420,000	395,483
-	-	14,359	-
38,706	8,638	134,169	75,000
-	-	-	575,000
-	-	-	32,228
-	2,294	26,393	50,564
<u>161,023</u>	<u>916,545</u>	<u>2,120,284</u>	<u>3,617,374</u>
-	-	-	13,205,331
-	-	-	3,085,000
-	-	-	1,126,364
-	-	-	42,574,651
-	-	-	59,991,346
<u>161,023</u>	<u>916,545</u>	<u>2,120,284</u>	<u>63,608,720</u>
-	-	-	5,678,628
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,678,628</u>
9,368,380	1,212	85,388,895	46,045,041
1,264,477	1,230,184	15,616,148	(21,252,413)
<u>\$ 10,632,857</u>	<u>\$ 1,231,396</u>	<u>101,005,043</u>	<u>\$ 24,792,628</u>

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

(3,214,476)  
\$ 97,790,567

**CITY OF BLOOMINGTON, MINNESOTA**  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended December 31, 2015

	<u>Business-type Activities - Enterprise Funds</u>	
	<u>Water/Wastewater Utility</u>	<u>Storm Water Utility</u>
Operating revenues:		
Charges for services	\$ 21,360,085	\$ 5,168,505
Other	52,988	100,600
Total operating revenues	<u>21,413,073</u>	<u>5,269,105</u>
Operating expenses:		
Salaries and benefits	5,240,397	1,252,847
Materials, supplies and service	6,142,117	887,681
Depreciation	2,131,428	1,305,730
Water purchased	3,340,350	-
Wastewater disposal cost	6,233,418	-
Total operating expenses	<u>23,087,710</u>	<u>3,446,258</u>
Operating income (loss)	<u>(1,674,637)</u>	<u>1,822,847</u>
Nonoperating revenues (expenses):		
Taxes	195,998	-
Fiscal disparities	-	-
Intergovernmental	8,665	120,570
Interest income	22,237	47,750
Net change in fair value of investments	6,291	(18,198)
Gain (loss) on sale of capital assets	-	-
Other	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	<u>233,191</u>	<u>150,122</u>
Income (loss) before transfers	(1,441,446)	1,972,969
Transfers from other funds	-	-
Transfers to other funds	<u>(18,098)</u>	<u>-</u>
Change in net position	(1,459,544)	1,972,969
Total net position - January 1	56,178,154	32,449,211
Prior Period Adjustment - see Note 15	-	-
Total net position - January 1, as restated	<u>56,178,154</u>	<u>32,449,211</u>
Total net position - December 31	<u>\$ 54,718,610</u>	<u>\$ 34,422,180</u>

See notes to the basic financial statements.

## EXHIBIT 8

			Governmental Activities -
Recreational Facilities	Nonmajor Proprietary Funds	Total	Internal Service Funds
\$ 3,700,779	\$ 3,570,487	\$ 33,799,856	\$ 40,231,440
-	46,525	200,113	84,530
<u>3,700,779</u>	<u>3,617,012</u>	<u>33,999,969</u>	<u>40,315,970</u>
2,417,128	2,160,527	11,070,899	23,327,605
2,686,151	2,079,834	11,795,783	13,309,983
550,000	2,423	3,989,581	3,860,541
-	-	3,340,350	-
-	-	6,233,418	-
<u>5,653,279</u>	<u>4,242,784</u>	<u>36,430,031</u>	<u>40,498,129</u>
<u>(1,952,500)</u>	<u>(625,772)</u>	<u>(2,430,062)</u>	<u>(182,159)</u>
1,371,846	49,656	1,617,500	-
42,287	-	42,287	-
30,826	359,762	519,823	116,010
11,320	8,868	90,175	310,327
110	(143)	(11,940)	(80,220)
(104)	-	(104)	157,810
9,890	-	9,890	-
-	-	-	(77,922)
<u>1,466,175</u>	<u>418,143</u>	<u>2,267,631</u>	<u>426,005</u>
(486,325)	(207,629)	(162,431)	243,846
-	300,000	300,000	1,186,418
-	(276,635)	(294,733)	(1,272,132)
(486,325)	(184,264)	(157,164)	158,132
11,119,182	1,415,660		64,342,534
-	-		(39,708,038)
<u>11,119,182</u>	<u>1,415,660</u>		<u>24,634,496</u>
<u>\$ 10,632,857</u>	<u>\$ 1,231,396</u>		<u>\$ 24,792,628</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		(20,119)	
Change in net position of business-type activities (Exh. 2)		<u>\$ (177,283)</u>	

**CITY OF BLOOMINGTON, MINNESOTA**

Statement of Cash Flows

Proprietary Funds

Year Ended December 31, 2015

Business-type Activities - Enterprise Funds

	<u>Water/Wastewater Utility</u>	<u>Stormwater Utility</u>	<u>Recreational Facilities</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from interfund services provided	\$ 35,953	\$ -	\$ -
Cash receipts from customers	21,171,082	5,270,111	3,638,495
Other cash receipts	100,415	-	-
Cash payments to other funds	(3,079,617)	(1,033,392)	(1,695,511)
Payments to employees	(5,209,046)	(1,043,260)	(2,409,625)
Payments to suppliers	(12,576,083)	-	(1,016,410)
Net cash provided by (used in) operating activities	<u>442,704</u>	<u>3,193,459</u>	<u>(1,483,051)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Grants	-	252,936	30,826
Transfers from other funds	-	-	-
Transfers to other funds	(18,098)	-	-
Subsidy from endowment fund	-	-	9,890
Taxes	195,998	-	1,414,133
Net cash provided by noncapital financing activities	<u>177,900</u>	<u>252,936</u>	<u>1,454,849</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Bond payments	-	-	-
Insurance proceeds	-	-	-
Interest and other payments	-	-	-
Proceeds from sale of capital assets	-	-	-
Purchase of capital assets	(614,404)	(2,181,662)	(397,073)
Net cash used in capital and related financing activities	<u>(614,404)</u>	<u>(2,181,662)</u>	<u>(397,073)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	28,528	29,553	11,432
Net cash provided by investing activities	<u>28,528</u>	<u>29,553</u>	<u>11,432</u>
Net increase (decrease) in cash and cash equivalents	<u>34,728</u>	<u>1,294,286</u>	<u>(413,843)</u>
Cash and cash equivalents - January 1	<u>3,277,780</u>	<u>3,950,493</u>	<u>1,619,027</u>
Cash and cash equivalents - December 31	<u>\$ 3,312,508</u>	<u>\$ 5,244,779</u>	<u>\$ 1,205,184</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (1,674,637)	\$ 1,822,847	\$ (1,952,500)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	2,131,428	1,305,730	550,000
Changes in assets and liabilities:			
Accounts receivable	(141,997)	9,946	(61,544)
Other operating receivables	421	(8,940)	(741)
Interfund receipts	35,953	-	-
Inventory	-	-	-
Accounts payable	91,536	63,876	(18,266)
Interfund payables	-	-	-
Net pension liability	-	-	-
Deferred outflows of resources	-	-	-
Deferred inflows of resources	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 474,055</u>	<u>\$ 3,196,509</u>	<u>\$ (1,474,984)</u>
Noncash Investing, Capital & Financing Activities-			
Conversion of Interfund Loan to Operating Transfer	\$ -	\$ -	\$ -

See notes to the basic financial statements.



## EXHIBIT 9

		Governmental Activities -
Nonmajor Proprietary Funds	Total	Internal Service Funds
\$ -	\$ 35,953	\$ 40,381,239
3,172,284	33,251,972	-
-	100,415	-
(251,374)	(6,059,894)	(4,594,362)
(1,795,873)	(10,457,804)	(21,758,017)
(1,628,818)	(15,221,311)	(9,347,110)
<u>(503,781)</u>	<u>1,649,331</u>	<u>4,681,750</u>
389,855	673,617	116,010
300,000	300,000	1,186,418
(276,635)	(294,733)	(1,272,132)
-	9,890	-
49,656	1,659,787	-
<u>462,876</u>	<u>2,348,561</u>	<u>30,296</u>
-	-	(575,000)
-	-	-
-	-	(77,922)
-	-	218,406
-	(3,193,139)	(3,244,139)
<u>-</u>	<u>(3,193,139)</u>	<u>(3,678,655)</u>
8,725	78,238	230,106
<u>8,725</u>	<u>78,238</u>	<u>230,106</u>
(32,180)	882,991	1,263,497
1,186,265	10,033,565	34,703,313
<u>\$ 1,154,085</u>	<u>\$ 10,916,556</u>	<u>\$ 35,966,810</u>
\$ (625,772)	\$ (2,430,062)	\$ (182,159)
2,423	3,989,581	3,860,541
(464,493)	(658,088)	105,002
-	(9,260)	(39,736)
-	35,953	(35,953)
-	-	(13,132)
250,061	387,207	(97,595)
334,000	334,000	-
-	-	2,866,613
-	-	(7,460,459)
-	-	5,678,628
<u>\$ (458,442)</u>	<u>\$ 1,737,138</u>	<u>\$ 4,681,750</u>
\$ -	\$ -	\$ -



## CITY OF BLOOMINGTON, MINNESOTA

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### **FIDUCIARY FUNDS**

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

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

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

**City of Bloomington**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2015

EXHIBIT 10

	Private-Purpose Trust	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 997,488	\$ 827,899
Accounts receivable	-	291,024
Accrued interest receivable	2,679	-
<b>Total assets</b>	<u>1,000,167</u>	<u>1,118,923</u>
 <b>LIABILITIES</b>		
Current liabilities -		
Accounts payable	<u>-</u>	<u>1,118,923</u>
 <b>NET POSITION</b>		
Held in trust	<u><u>\$ 1,000,167</u></u>	<u><u>\$ -</u></u>

See notes to the basic financial statements.

**City of Bloomington**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended December 31, 2015

EXHIBIT 11

	<u>Private-Purpose Trust</u>
<b>ADDITIONS</b>	
Investment earnings - Interest	<u>\$ 8,662</u>
<b>DEDUCTIONS</b>	
Current:	
General services	<u>10,450</u>
Change in net position	(1,788)
Net position - January 1	<u>1,001,956</u>
Net position - December 31	<u><u>\$ 1,000,168</u></u>

See notes to the basic financial statements.



# NOTES TO THE BASIC FINANCIAL STATEMENTS

## **CITY OF BLOOMINGTON, MINNESOTA**

### **NOTES TO THE BASIC FINANCIAL STATEMENTS** **FOR THE YEAR ENDED DECEMBER 31, 2015**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

#### **A. REPORTING ENTITY**

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

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

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

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



## **Port Authority of the City of Bloomington (Port Authority)**

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

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

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

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

## **B. GOVERNMENT-WIDE AND FUND ACCOUNTING**

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

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

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

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

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

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

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

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

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

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

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

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

Other funds - The City reports the following other funds:

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

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

## C. BASIS OF ACCOUNTING

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

### Governmental Funds:

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

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

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

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

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

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

#### Proprietary and Fiduciary Funds:

*Measurement Focus* - Proprietary funds and 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, South Loop Revolving Development Services, and Cemetery Trust.

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

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

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

#### Legal Compliance - Budgets

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. The General and special revenue funds are legally adopted through the budgetary process as documented herein.
2. Public hearings are conducted to obtain taxpayer comments.
3. Both the General Fund and special revenue fund budgets are legally enacted through passage of resolutions.
4. Monitoring of budgets is maintained at the expenditure category level within each activity. Budgetary monitoring, by department, division, and by category is required by the City Charter. Management may alter the budget within a department but cannot exceed the total budgeted expenditures for that department unless approved by the City Council. The City Council may authorize transfer of budgeted amounts between departments or funds. These budget amendments must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds. Formal budgetary integration is not employed for debt service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for capital projects funds is accomplished through the use of project controls.
6. General Fund expenditures may not legally exceed budgeted appropriations at the departmental level. Special revenue fund expenditures may not legally exceed budgeted appropriations at the fund level. For year ended 2015 the South Loop Revolving Development Services Fund had expenditures exceeding budgeted appropriations in the amount of \$39,332. The expenditures exceeding budget were funded by available fund balance.

#### **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:

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

#### I. COMPENSATED ABSENCES

The City compensates all employees upon termination for unused vacation up to a maximum of 480 hours based upon length of service. The City also compensates employees for unused personal time up to a maximum of 1,000 hours. Personal leave balances in excess of 600 hours upon termination are converted to a health care retirement account with the State Board of Investments. Such pay is accrued as an expenditure/expense as it is earned in all funds. The liability for all compensated absences is recorded in the Benefit Accrual Fund within the internal service funds. 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, 2015, there were seven series of Industrial and Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$95 million.

## L. FUND BALANCE CLASSIFICATIONS

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

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

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

*Committed* - consists of internally imposed constraints. These constraints are established by Resolution of City Council.

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

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

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

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

## M. INTERFUND TRANSACTIONS

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

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

## N. PROPERTY TAXES

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

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

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

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

## O. RECLASSIFICATIONS

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

## P. DEFICIT NET POSITION AND FUND BALANCE

The PERA Pension internal service fund had a negative net position balance of \$40,792,820 on December 31, 2015 as a result of the implementation of GASB 68. Future pension contributions and investment earnings will reduce the negative net position in the PERA Pension internal service fund. The Benefit Accrual internal service fund had a negative net position balance of \$1,494,290 on December 31, 2015. 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 \$3,260,413 as of December 31, 2015. 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, 2015, the carrying amount of the City's deposits with financial institutions was \$185,504 and the bank balances totaled \$1,221,077.

*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, 2015, 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, 2015, the City had the following investments and maturities:

Investment Type	Fair Value	Less than One Year	One Year to Five Years	Five Years to Ten Years
Money Market	\$ 37,998,570	\$ 37,998,570	\$ -	\$ -
Commercial Paper Sweep	204,028	204,028	-	-
Treasury Bills	14,166,480	5,006,100	9,160,380	-
Federal Agriculture Mortgage Corporation	5,001,300	5,001,300	-	-
Federal Farm Credit Bank	3,014,544	-	3,014,544	-
Federal Home Loan Bank	16,851,216	-	16,851,216	-
Federal Home Loan Mortgage Corporation Note	15,262,139	5,022,200	8,944,990	1,294,949
Federal National Mortgage Association Note	23,435,144	4,993,950	18,441,194	-
Municipal	35,334,193	12,323,879	20,163,682	2,846,632
Total investments	151,267,614	<u>\$ 70,550,027</u>	<u>\$ 76,576,006</u>	<u>\$ 4,141,581</u>
Total deposits	479,434			
Total investments and deposits	<u>\$ 151,747,048</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, 2015, all investments of the City were insured, registered, and held by the City or its agent in the City's name. Investments in money market accounts are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk. The City has no policy for credit risk beyond what is provided by Minnesota state law.

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

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City will attempt to match its investment maturities with anticipated cash flow liquidity demands (static liquidity). Reserve funds may be invested in securities exceeding 5 years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds. In no event does the City invest in securities with maturities exceeding 10 years.

*Credit Risk* – State law limits investments in commercial paper to the top rating issued by at least two of the nationally recognized statistical rating organizations. At December 31, 2015, 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, Federal Agricultural Mortgage Corporation, and Federal National Mortgage Association Notes were all rated AA+ by Standard & Poor’s and Aaa by Moody’s Investors Service and the municipal investments are all rated A+ or better by Standard & Poor’s and Moody’s Investors Service. The City does not have a policy on credit risk beyond State law.

The City’s external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated 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 (11%), Federal Home Loan Mortgage Corporation (10%), Federal National Mortgage Association (15%), United States Treasuries (9%), and municipals (23%).

*Securities Lending Transactions* - Minnesota State Statutes authorize governmental entities to enter into securities lending agreements with specified institutions. At no time during 2015 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, 2015:

Governmental funds	\$ 103,038,295
Proprietary funds:	
Enterprise	10,916,556
Internal service	35,966,810
Government-wide	<u>149,921,660</u>
Fiduciary funds	<u>1,825,387</u>
Total cash, cash equivalents, and investment	151,747,048
Less restricted cash and investments	<u>0</u>
Net cash, cash equivalents, and investments	<u><u>\$ 151,747,048</u></u>

### 3. CAPITAL ASSETS

During 2015 the City’s capitalization threshold was \$10,000. Capital asset activity for the year ended December 31, 2015 was as follows:

	Primary Government		
	Beginning Balance	Additions	Ending Balance
<b>Governmental activities:</b>			
Capital assets not being depreciated -			
Land	93,605,439	1,857,616	95,463,055
Construction in progress	1,175,158	6,565,618	7,740,776
Total capital assets not being depreciated	94,780,597	8,423,234	103,203,831
Capital assets being depreciated:			
Buildings and structures	69,033,858	-	69,031,636
Machinery and equipment	40,989,795	2,737,012	42,213,713
Improvements	10,709,569	2,571,901	13,275,062
Infrastructure	293,372,863	14,610,182	307,983,045
Total capital assets being depreciated	414,106,085	19,919,095	432,503,456
Less accumulated depreciation for:			
Buildings and structures	(35,597,708)	(1,462,076)	(37,057,562)
Machinery and equipment	(28,083,791)	(3,033,742)	(29,665,036)
Improvements	(4,910,519)	(534,246)	(5,438,357)
Infrastructure	(97,364,243)	(8,329,331)	(105,693,574)
Total accumulated depreciation	(165,956,261)	(13,359,395)	(177,854,529)
Total capital assets being depreciated, net	248,149,824	6,559,700	254,648,927
Governmental capital assets, net	342,930,421	14,982,934	357,852,758
<b>Business-type activities:</b>			
Capital assets not being depreciated -			
Land	4,714,616	-	4,714,616
Construction in progress	182,032	187,665	187,665
Total capital assets not being depreciated	4,896,648	187,665	4,902,281
Capital assets being depreciated:			
Buildings and structures	36,172,192	-	36,131,837
Machinery and equipment	2,709,010	69,862	2,778,872
Distribution system	131,178,440	2,940,015	134,118,455
Improvements	6,234,785	177,629	6,342,692
Total capital assets being depreciated	176,294,427	3,187,506	179,371,856
Less accumulated depreciation for:			
Buildings and structures	(15,254,889)	(684,585)	(15,899,122)
Machinery and equipment	(1,941,469)	(91,602)	(2,033,071)
Distribution system	(73,837,911)	(3,093,195)	(76,931,106)
Improvements	(3,971,366)	(120,195)	(4,021,943)
Total accumulated depreciation	(95,005,635)	(3,989,577)	(98,885,242)
Total capital assets being depreciated, net	81,288,792	(802,071)	80,486,614
Business-type activities capital assets, net	86,185,440	(614,406)	85,388,895

Depreciation expense was charged to governmental functions at December 31, 2015 as follows:

General services	\$ 1,574,146
Development services	2,498,327
Public works	7,954,004
Public safety	719,030
Community services	613,888
Total depreciation expense	<u>\$ 13,359,395</u>

#### 4. COMMITMENTS

At December 31, 2015 encumbrances totaled \$660,975 and are reported within the General Fund. At December 31, 2015, the City had commitments for twenty-two uncompleted construction contracts with a remaining balance of \$11,493,659.

#### 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.

	2015	2014
Unpaid claims at beginning of year	\$2,432,551	\$2,195,842
Claims paid	(515,374)	(788,535)
New claims	(28,328)	1,025,244
Unpaid claims at end of year	<u>\$1,888,849</u>	<u>\$2,432,551</u>

#### 6. LONG-TERM LIABILITIES

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

Type of Bonds	Maturities	Rates	Balance at 12/31/15
Governmental activities:			
Governmental funds:			
General obligation (G.O.) bonds	2016-2021	1.00 - 4.00%	\$ 3,395,000
G.O. improvement bonds	2016-2031	.80 - 5.70	49,395,000
G.O. tax increment bonds	2016-2032	3.00 - 4.30	2,850,000
Total governmental funds			<u>55,640,000</u>
Internal service funds:			
G.O. capital improvement bonds	2016-2021	.60 - 2.60	3,660,000
Total bonds			<u>\$ 59,300,000</u>

Changes in long-term liabilities during 2015 are summarized as follows:

	Balance at 01/01/15	Additions	Retirements	Balance at 12/31/15	Due Within One Year
Governmental activities:					
G.O. bonds	\$ 8,515,000	\$ -	\$ 1,460,000	\$ 7,055,000	\$ 1,485,000
G.O. improvement bonds	50,930,000	5,355,000	6,890,000	49,395,000	5,940,000
G.O. tax increment bonds	2,970,000	-	120,000	2,850,000	125,000
Unamortized bond prems	1,521,706	400,749	177,481	1,744,974	188,012
Benefits payable	13,448,817	2,366,082	1,914,550	13,900,349	695,017
Estimated claims payable	2,432,551	-	543,702	1,888,849	762,485
OPEB liability	5,296,640	1,143,384	312,257	6,127,767	-
Net pension liability	41,731,404	6,454,162	5,610,915	42,574,651	-
Total governmental	<u>126,846,118</u>	<u>15,719,377</u>	<u>17,028,905</u>	<u>125,536,590</u>	<u>9,195,514</u>
Business-type activities -					
Total business-type	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$126,846,118</u>	<u>\$ 15,719,377</u>	<u>\$17,028,905</u>	<u>\$ 125,536,590</u>	<u>\$ 9,195,514</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 \$8,855,254) are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ 7,550,000	\$ 1,610,651	\$ -	\$ -	\$ 9,160,651
2017	7,525,000	1,444,570	-	-	8,969,570
2018	7,355,000	1,234,930	-	-	8,589,930
2019	6,605,000	1,034,621	-	-	7,639,621
2020	6,220,000	846,686	-	-	7,066,686
2021-2025	19,025,000	2,156,239	-	-	21,181,239
2026-2030	4,345,000	491,391	-	-	4,836,391
2031-2036	675,000	36,166	-	-	711,166
Total	<u>\$ 59,300,000</u>	<u>\$ 8,855,254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,155,254</u>

On October 13, 2015, the City issued \$5,355,000 of General Obligation Permanent Improvement Revolving Fund Bonds, Series 49 with an effective rate of 1.81%, the proceeds of which were used to provide funding for public improvements.

The following is a schedule of bonds payable at December 31, 2015:

Type of Bonds	Original Amount	Maturities	Rates	Balance at Dec. 31, 2015
Governmental Activities:				
General Obligation (G.O.) Bonds:				
2007 Art Center Refunding	\$ 5,590,000	2015-2021	4.00%	\$ 2,935,000
2010 Fire Pension	2,210,000	2015-2016	1.00 - 1.90%	460,000
2010 Capital Improvement	5,900,000	2015-2021	.60 - 2.60%	3,660,000
Total G.O. Bonds	<u>13,700,000</u>			<u>7,055,000</u>
General Obligation (G.O.) Improvement Bonds:				
2007 PIR, Forty-One Series	5,915,000	2015-2028	4.00 - 4.50%	2,435,000
2008 PIR, Forty-Two Series	9,570,000	2015-2029	3.25 - 5.00%	5,840,000
2010 PIR, Forty-Four Series	6,235,000	2015-2021	.80 - 3.50%	3,860,000
2011 PIR Refunding, Thirty-Eight Series	2,080,000	2015-2018	2.00 - 2.50%	1,005,000
2011 PIR, Forty-Five Series	7,545,000	2015-2031	2.00 - 3.375%	5,395,000
2012 PIR Refunding, Thirty-Nine Series	5,900,000	2015-2025	3.00%	5,160,000
2012 PIR, Forty-Six Series	5,615,000	2015-2023	2.00 - 3.00%	4,470,000
2013 PIR Refunding, Forty-Three Series	5,135,000	2015-2030	2.40 - 3.25%	4,585,000
2013 PIR, Forty-Seven Series	4,180,000	2015-2024	2.10 - 3.00%	3,825,000
2014 PIR, Forty-Eight Series	7,465,000	2015-2025	2.00 - 2.50%	7,465,000
2015 PIR, Forty-Nine Series	5,355,000	2017-2036	2.00 - 3.00%	5,355,000
Total G.O. Improvement Bonds	<u>64,995,000</u>			<u>49,395,000</u>
General Obligation (G.O.) Tax Increment Bonds:				
2011 Serial Refunding Bonds	3,095,000	2015-2032	3.00 - 4.30%	2,850,000
Total G.O. Tax Increment Bonds	<u>3,095,000</u>			<u>2,850,000</u>
Total governmental activities	<u>81,790,000</u>			<u>59,300,000</u>
Total bonds payable	<u>\$ 81,790,000</u>			<u>\$ 59,300,000</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
Governmental Activities:								
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	\$ 3,298,700	\$ 561,100	561,100
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	464,600	463,700	463,700
2010 Capital Improvement Bonds Nov-10	Paid Port Authority Lease Revenue Bonds	Debt Service Tax Levy	100%	n/a	2012 - 2021	3,920,036	655,797	655,797
General Obligation (G.O.) Improvement Bonds:								
2007 PIR Bonds, Forty-One Series Dec-07	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	55% 45%	n/a n/a	2007 - 2028	2,818,247	629,769	629,769
2008 PIR Bonds, Forty-Two Series Oct-08	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	76% 24%	n/a n/a	2008 - 2029	7,488,169	937,668	937,668
2010 PIR Bonds, Forty-Four Series Nov-10	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	39% 61%	n/a n/a	2012 - 2021	4,226,956	718,602	718,602
2011 PIR Bonds, Forty-Five Series Nov-11	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	28% 72%	n/a n/a	2013 - 2031	5,977,513	844,338	844,338
2011 PIR Refunding, Thirty-Eight Srs Nov-11	Refunding 2003 PIR Bonds	Special Assessments Debt Service Tax Levy	12% 88%	n/a n/a	2013 - 2018	1,042,937	363,475	363,475
2012 PIR Refunding, Thirty-Nine Srs Jun-12	Refunding 2004 PIR Bonds	Special Assessments Debt Service Tax Levy	57% 43%	n/a n/a	2015 - 2025	5,933,250	905,900	905,900
2012 PIR Bonds, Forty-Six Srs Jun-12	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	48% 52%	n/a n/a	2014 - 2023	4,962,837	683,625	683,625
2013 PIR Refunding, Forty-Three Srs Nov-13	Refunding 2009 PIR Bonds	Special Assessments Debt Service Tax Levy	90% 10%	n/a n/a	2015 - 2030	5,267,168	694,109	694,109
2013 PIR Bonds, Forty-Seven Srs Nov-13	Infrastructure Improvements	Special Assessments Debt Service Tax Levy	24% 76%	n/a n/a	2015 - 2024	4,284,034	464,868	464,868
2014 PIR Bonds, Forty-Eight Srs Dec-14	Infrastructure Improvements & Refunding 2006 PIR Bonds	Special Assessments Debt Service Tax Levy	32% 68%	n/a n/a	2016-2025	8,207,493	95,720	95,720
2015 PIR Bonds, Forty-Nine Srs Oct-15	Infrastructure Improvements &	Special Assessments Debt Service Tax Levy	43% 57%	n/a n/a	2017-2036	6,354,771	-	-
General Obligation (G.O.) Tax Increment Bonds:								
2011 Serial G.O. TIF Refunding Bds Nov-11	Refund 2003 & 2004 TIF Bds Crossover Refunding	TIF Revenue	100%	n/a	2013 - 2032	3,908,543	227,765	227,765



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 \$3,298,700, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$561,100 and \$561,100, 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 \$464,600, payable through February 2016. For the current year, principal and interest paid and total tax levy revenues were \$463,700 and \$463,700, 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 \$3,920,036, payable through February 2021. For the current year, principal and interest paid and total tax levy revenues were \$655,797 and \$655,797, respectively.

General Obligation (G.O.) Improvement Bonds:

- 2007 PIR, Forty-One Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$5,915,000 bonds issued in December 2007. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 45% and special assessments were projected to produce 55% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$2,818,247, payable through February 2028. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$629,769 and \$629,769, respectively.
- 2008 PIR, Forty-Two Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$9,570,000 bonds issued in October 2008. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 24% and special assessments were projected to produce 76% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$7,488,169, payable through February 2029. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$937,668 and \$937,668 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 \$4,226,956, payable through February 2021. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$718,602 and \$718,602, 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 \$5,977,513, payable through February 2031. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$844,338 and \$844,338, 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 \$1,042,937, payable through February 2018. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$363,475 and \$363,475, respectively.
- 2012 PIR Refunding, Thirty-Nine Series. The City has pledged future tax ad valorem revenue to repay the \$5,900,000 bonds issued in June 2012. Proceeds from the bonds refunded the 2004 PIR, 39 Series Bonds on February 1, 2014. Tax levies were projected to produce 43% and special assessments were projected to produce 57% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,933,250, payable through February 2025. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$905,900 and \$905,900, 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 \$4,962,837, payable through February 2023. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$683,625 and \$683,625, respectively.
- 2013 PIR Refunding, Forty-Three Series. The City has pledged future tax ad valorem revenue to repay the \$5,135,000 bonds issued in November 2013. Proceeds from the bonds refunded the 2009 PIR, 43 Series Bonds on February 1, 2014. Tax levies were projected to produce 10% and special assessments were projected to produce 90% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$5,267,168, payable through February 2030. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$694,109 and \$694,109, 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 \$4,284,034, payable through February 2024. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$464,868 and \$464,868, respectively.

- 2014 PIR, Forty-Eight Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$7,465,000 bonds issued in December 2014. Proceeds from the bonds will partially refund the 2006 PIR, 40 Series Bonds on February 1, 2015 and provide financing for various infrastructure improvements. Tax levies were projected to produce 68% and special assessments were projected to produce 32% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$8,207,493 payable through February 2025. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$95,720 and \$95,720 respectively.
- 2015 PIR, Forty-Nine Series. The City has pledged future ad valorem tax levies and special assessments to repay the \$5,355,000 bonds issued in October 2015. Proceeds from the bonds provided financing for various infrastructure improvements. Tax levies were projected to produce 57% and special assessments were projected to produce 43% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is \$6,354,771 payable through February 2036. For the current year, principal and interest paid and total tax levy and special assessment revenues were \$0 and \$0 respectively.

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

- 2011 Serial Refunding Bonds. The City has pledged tax increment revenue to repay the \$3,095,000 bonds issued in November 2011. Proceeds from the bonds refunded the 2003 G.O. TIF Bonds and the 2004 G.O. TIF Bonds on February 1, 2013. Incremental property taxes were projected to produce 100% of the debt service requirements over the life of the bond issue. Total principal and interest remaining on the bonds is \$3,908,543, payable through February 2032. For the current year, principal and interest paid and total tax increment revenues were \$227,765 and \$227,765, respectively.

## 7. FUND BALANCE/NET POSITION

### A. GOVERNMENTAL CLASSIFICATIONS

At December 31, 2015, a summary of the governmental fund balance classifications is as follows:

	General Fund	Improvement Bonds	Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Prepaid items, inventory	\$ -	\$ -	\$ 16,500	\$ -	\$ 4,085	\$ 20,585
Restricted for:						
Debt service	-	16,797,693	-	-	1,410,981	18,208,674
Abatement purposes	-	-	-	1,819,362	-	1,819,362
Tax increment purposes	-	-	23,936,765	-	-	23,936,765
Public safety	-	-	-	-	1,049,204	1,049,204
Public health	-	-	-	-	112,078	112,078
Grant purposes	-	-	-	-	14,450	14,450
Art Center	-	-	100,806	-	-	100,806
Cemetery	-	-	-	-	909,821	909,821
Communications	-	-	-	-	257,880	257,880
Street reconstruction	-	-	-	5,455,783	-	5,455,783
Total restricted	-	16,797,693	24,037,571	7,275,145	3,754,414	51,864,823
Committed:						
Encumbrances *	660,975	-	-	-	-	660,975
Budget carryovers	598,028	-	-	-	-	598,028
Capital purposes	-	-	-	-	260,531	260,531
Park development	-	-	1,196,825	-	-	1,196,825
Public safety	-	-	-	-	729,086	729,086
Future projects	-	-	3,854,246	-	-	3,854,246
Communications	-	-	-	-	453,674	453,674
Total committed	1,259,003	-	5,051,071	-	1,443,291	7,753,365
Assigned for:						
Capital purposes	-	-	-	-	604,211	604,211
Street reconstruction	-	-	-	20,749,715	-	20,749,715
Total assigned	-	-	-	20,749,715	604,211	21,353,926
Unassigned	26,700,761	-	-	-	-	26,700,761
Total fund balances	<u>\$ 27,959,764</u>	<u>\$ 16,797,693</u>	<u>\$ 29,105,142</u>	<u>\$ 28,024,860</u>	<u>\$ 5,806,001</u>	<u>\$107,693,460</u>

\* The largest encumbrance is for a \$460,851 sodium chloride purchase order; the remaining \$200,124 in encumbrances are for various purchase orders made across all functions.

### B. WORKING CAPITAL FUND BALANCE POLICY

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

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

At December 31, 2015, the fund balance of the General Fund was \$27,959,764, 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, 2015:

Fund/Component Unit		Receivable	Payable
General Fund	(1)	\$ 550,000	\$ -
Capital Projects	(1)	2,460,000	-
Improvement Construction	(1)	-	2,460,000
Enterprise Funds:			
Water/Wastewater Fund	(2)	395,483	-
Internal Service Fund	(2)	-	395,483
Nonmajor enterprise funds	(1)	-	420,000
Nonmajor governmental funds	(1)	-	130,000
Total		<u>3,405,483</u>	<u>3,405,483</u>
Primary Government:			
General Fund		\$ 153,217	\$ -
Community Development Block Grant Fund		-	83,710
Capital Projects Fund		4,124,731	867,431
Bonds receivable – due:			
Within one year		125,000	-
In more than one year		2,803,353	-
Component Units:			
Housing and Redevelopment Authority:			
Primary government		83,710	136,154
Bonds payable – due:			
Within one year		-	125,000
In more than one year		-	2,803,353
Port Authority		867,431	4,141,794
		<u>\$ 8,157,442</u>	<u>\$ 8,157,442</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, 2015:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>
General	Community Dev. Block Grant	\$ 14,150
	Capital Projects	2,446,896
	Nonmajor Governmental	108,000
	Nonmajor Enterprise	276,635
Total General		<u>2,845,681</u>
Capital Projects	Improvement Construction	800,603
	General Fund	525,000
	Nonmajor Governmental	108,000
Total Capital Projects		<u>1,433,603</u>
Nonmajor Governmental	Internal Service	212,124
	Capital Projects	1,313,567
Total Nonmajor Governmental		<u>1,525,691</u>
Nonmajor Enterprise	General Fund	<u>300,000</u>
Improvement Bonds	Improvement Construction	<u>1,446,371</u>
Improvement Construction	Improvement Bonds	<u>17,470</u>
Internal Service	Nonmajor Governmental	30,504
	Water	18,098
	General Fund	17,808
	Internal Service	1,060,008
	Capital Projects	60,000
Total Internal Service		<u>1,186,418</u>
Total		<u><u>\$ 8,755,234</u></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, 2015.

### 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 PLANS

### A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA)

#### *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

*Pensions.* For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### *PLAN DESCRIPTION*

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

#### 1. General Employees Retirement Fund (GERF)

All full-time (with the exception of employees covered by PEPFF) and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

## 2. Public Employees Police and Fire Fund (PEPFF)

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

### *BENEFITS PROVIDED*

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

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

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

### 1. GERS Benefits

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

### 2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

### *CONTRIBUTIONS*

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

### 1. GERS Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to



contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERS for the year ended December 31, 2015, were \$2,414,889. The City's contributions were equal to the required contributions as set by state statute.

## 2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$1,995,234. The City's contributions were equal to the required contributions as set by state statute.

## PENSION COSTS

### 1. GERS Pension Costs

At December 31, 2015, the City reported a liability of \$27,928,595 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .5389% which was a decrease of .0538% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$3,082,060 for its proportionate share of the GERS's pension expense.

At December 31, 2015, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,408,076
Changes in actuarial assumptions	-	-
Difference between projected and actual actual investment earnings	2,643,870	-
Changes in proportion	-	1,895,441
Contributions paid to PERA subsequent to the measurement date	1,205,837	-
Total	<u>\$ 3,849,707</u>	<u>\$ 3,303,517</u>

\$1,205,837 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense</u>
2016	\$ (440,205)
2017	(440,205)
2018	(440,203)
2019	660,966
2020	-
Thereafter	-

## 2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$14,646,056 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was 1.2890% which was an increase of .0030% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$2,412,845 for its proportionate share of the PEPFF's pension expense. The City also recognized \$116,010 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 2,375,111
Changes in actuarial assumptions	-	-
Difference between projected and actual actual investment earnings	2,551,833	-
Changes in proportion	27,001	-
Contributions paid to PERA subsequent to the measurement date	<u>1,031,918</u>	<u>-</u>
Total	<u>\$ 3,610,752</u>	<u>\$ 2,375,111</u>

\$1,031,918 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense
2016	\$ 168,336
2017	168,336
2018	168,336
2019	168,337
2020	(469,622)
Thereafter	-

#### *ACTUARIAL ASSUMPTIONS*

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1% effective every January 1<sup>st</sup> until 2034, and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004 through June 30, 2009.

There are no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15	6.00
Bonds	18	1.45
Alternative assets	20	6.40
Cash	2	.50

#### *DISCOUNT RATE*

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

#### *PENSION LIABILITY SENSITIVITY*

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

	1% Decrease in Discount Rate (6.90%)	Discount Rate (7.90%)	1% Increase in Discount Rate (8.90%)
City's proportionate share of the GERF net pension liability	\$ 43,913,678	\$ 27,928,595	\$ 14,727,372
City's proportionate share of the PEPFF net pension liability	28,545,317	14,646,056	3,162,845

#### *PENSION PLAN FIDUCIARY NET POSITION*

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained online at [www.mnpera.org](http://www.mnpera.org).

### **B. SINGLE EMPLOYER PLAN – BLOOMINGTON FIRE DEPARTMENT RELIEF ASSOCIATION**

#### *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

*Pensions.* For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Bloomington Fire Department Relief Association (Relief) and additions to / deductions from the Relief's fiduciary net position have been determined on the same basis as they were reported by the Relief. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## *PLAN DESCRIPTION*

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

## *BENEFITS PROVIDED*

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

### Twenty Year Service Pension

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

### Disability Benefits

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

### Death Benefits

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

## *EMPLOYEES COVERED BY BENEFIT TERMS*

At December 31, 2015, the following members were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	188
Retired members entitled to benefits, but who have not received them	16
Current members:	
Fully vested (20 years or more)	6
Nonvested (less than 20 years)	112
	<hr/>
Total	322
	<hr/>

## *CONTRIBUTIONS*

Minnesota Statutes Chapter 69.772 sets the minimum contribution requirement for the City and State aid on an annual basis. These statutes are established and amended by the state legislature. The Relief Association is comprised of volunteers; therefore, members have no contribution requirements. The City receives the State aid contribution and is required by state statutes to pass this through as payment to the Relief Association. The City's contributions to the Relief for the year ended December 31, 2015 were \$1,175,095. The City's contributions were equal to the required contribution as set by state statute. State aid contributions for the year ended December 31, 2015 were \$540,186.

## *NET PENSION LIABILITY*

The City's net pension liability (asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2016.

## *ACTUARIAL ASSUMPTIONS*

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Measurement date	December 31, 2015
Investment rate of return	6.00%
Projected salary increases	4.00%
Inflation	Built into other rate assumptions
Cost-of-living adjustments	4.00%
Age of service retirement	50 with 20 years of service
Post-retirement benefit increase	None

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

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

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

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

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

The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expectant long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of January 1, 2016.

Asset Class	Long-Term Expected Geometric Real Rate of Return
Cash	0.59%
Broad U.S. equities	3.88
Large Cap U.S. equities	3.79
Core fixed income	1.97
Developed foreign equities	4.30

### *DISCOUNT RATES*

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

### *CHANGES IN THE NET PENSION LIABILITY*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at December 31, 2014	\$ 133,798,748	\$ 152,114,148	\$ (18,315,400)
Charges for the year:			
Service cost	3,141,630	-	3,141,630
Interest	8,072,050	-	8,072,050
Differences between expected and actual experience	(7,292,468)	-	(7,292,468)
Contributions – employer	-	1,175,095	(1,175,095)
On behalf contributions – State of MN	-	540,186	(540,186)
Contributions – employee	-	-	-
Net investment income	-	(1,023,994)	1,023,994
Benefit payments, including refunds of employee Contributions	(4,883,583)	(4,883,583)	-
Administrative expense	-	(93,226)	93,226
Net changes	(962,371)	(4,285,522)	3,323,151
Balance at December 31, 2015	\$ 132,836,377	\$ 147,828,626	\$ (14,992,249)

### *PENSION LIABILITY (ASSET) SENSITIVITY*

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

	1% Decrease in Discount Rate (5.00%)	Discount Rate (6.00%)	1% Increase in Discount Rate (7.00%)
Net pension liability (asset)	\$ 7,637,386	\$ (14,992,249)	\$ (32,810,462)

*PENSION PLAN FIDUCIARY NET POSITION*

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

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

For the year ended December 31, 2015, the City recognized pension expense of \$1,877,312. The City also recognized \$540,186 for the year ended December 31, 2015, as pension expense (and grant revenue) for the State of Minnesota's on-behalf contribution to the plan. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 5,422,604
Difference between projected and actual actual investment earnings	8,043,538	-
Total	<u>\$ 8,043,538</u>	<u>\$ 5,422,604</u>

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

Year Ended December 31,	Pension Expense
2016	\$ 141,022
2017	141,022
2018	328,007
2019	2,010,883



## C. PENSION EXPENSE

Pension expense recognized by the City for the fiscal year ended December 31, 2015 is as follows:

GERF	\$	3,082,060
PEPFF		2,528,855
Fire Relief		<u>2,417,498</u>
Total	\$	<u>8,028,413</u>

## 12. POST-EMPLOYMENT BENEFITS

### A. PLAN DESCRIPTION

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

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

### B. BENEFITS PROVIDED

#### *RETIREES*

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

#### Eligibility Requirements

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

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

- Retirees may continue spouse/dependent coverage at retirement or add such coverage at the spouse's retirement or the beginning of an enrollment year. Covered spouses/dependents may continue coverage after the retiree's death.

#### Length of coverage

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

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

#### *DISABLED PEACE OFFICERS AND FIREFIGHTERS*

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

In 2015, the City paid \$83,308 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 2015, the City recognized as revenue a \$24,743 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 2015, participants consisted of:

Retirees and beneficiaries currently purchasing health insurance through the City	43
Active employees with coverage	546
Active employees without coverage	<u>0</u>
Total	<u>589</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, 2015, was calculated as follows:

Annual required contribution (ARC)	\$ 1,141,500
Interest on net OPEB obligation	211,866
Adjustment to ARC	<u>(209,982)</u>
Annual OPEB cost	1,143,384
Contributions made during the year (1)	<u>(312,257)</u>
Increase (decrease) in net OPEB obligation	831,127
Net OPEB obligation – beginning of year	<u>5,296,640</u>
Net OPEB obligation – end of year	<u>\$ 6,127,767</u>

- (1) Employer contributions (Pay-As-You-Go costs) in 2015 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 2015 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
12/31/13	\$ 1,222,982	\$ 395,976	32.4%	\$ 4,491,840
12/31/14	1,268,987	464,187	36.6	5,296,640
12/31/15	1,143,384	312,257	27.3	6,127,767

## 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)
01/01/13	\$ -	\$ 11,193,424	\$ 11,193,424	0.0%	\$ 37,374,000	29.9%
01/01/14	-	11,976,962	11,976,962	0.0	38,776,000	30.9
01/01/15	-	9,744,125	9,744,125	0.0	39,887,000	24.4

\*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, 2015 is 22 years.

In the January 1, 2015 actuarial valuation, the Entry-age Normal Level Percent of Pay cost method was used. The following assumptions were used:

- Discount rate – 4% (pay-as-you-go funding)
- Inflation rate – 3%
- Payroll growth rate – 3.75%
- Salary increase rates – the salary increase rates used in the PERA plan of which the employee is a participant.
- Mortality rates – the mortality rates used in the PERA plan of which the employee is a participant.
- Retirement rates – the retirement rates used in the PERA plan of which the employee is a participant.
- Dependent status – the marital percentage assessed in 75% of males and 70% of females. Current and future retirees were assumed to have no dependent children.
- Healthcare Cost Trend Rate – a 2015 rate of 9.0%, reducing .50% each year over 10 years.

### 13. RECEIVABLES AND DEFERRED INFLOWS

Receivables not expected to be collected within one year are mortgages receivable of \$8,626,255 and deferred special assessments receivable of \$17,216,457. 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	\$ 426,304	\$ -	\$ 22,535	\$ -	\$ -	\$ 448,839
Community Development						
Block Grant	-	-	-	9,584,728	-	9,584,728
Capital Projects	-	-	1,677,879	-	7,418,047	9,095,926
Improvement Construction	-	773,118	-	-	606,477	1,379,595
Improvement Bonds	-	-	17,428,983	-	-	17,428,983
Total Major Funds	426,304	773,118	19,129,397	9,584,728	8,024,524	37,938,071
Nonmajor Funds	-	-	-	-	-	-
Total Deferred Inflows	<u>\$ 426,304</u>	<u>\$ 773,118</u>	<u>\$ 19,129,397</u>	<u>\$ 9,584,728</u>	<u>\$ 8,024,524</u>	<u>\$ 37,938,071</u>

### 14. SUBSEQUENT EVENT

The Port Authority negotiated with the hotel owners in early 2016 to purchase the Ramada hotel near the Mall of America for \$18.5 million. The closing is scheduled to occur in mid-May with demolition to take place in September, 2016.

### 15. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2015, the City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. GASB 68 addresses accounting and financial reporting for pension plans that are provided to employees of state and local governments. The standard requires the City to record its share of the net pension liability of defined benefit plans, as well as any corresponding deferred inflows and outflows of resources. See Note 11 for further information.

The standard required retroactive implementation which resulted in a restatement of net position as of December 31, 2014. Certain amounts necessary to fully restate 2014 financial information are not determinable, therefore, prior year comparative amounts have not been restated. Details of the prior period adjustment are as follows:

	Governmental Activities	PERA Pension Internal Service Fund
Net position – January 1, 2015, as previously reported	\$ 438,166,782	\$ -
Prior period adjustment:		
Deferred outflows of resources – pension related	2,023,366	2,023,366
Net pension asset	18,315,400	-
Net pension liability	<u>(41,731,404)</u>	<u>(41,731,404)</u>
Net position – January 1, 2015, as restated	<u>\$ 416,774,144</u>	<u>\$ (39,708,038)</u>

#### 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, 2015, the bank balance of the Port's deposits was covered by federal depository insurance or covered by collateral pledged and held in the Port Authorities name.

At December 31, 2015, the carrying amount of the Port Authority's deposits with financial institutions and the bank balances totaled \$89,734.

#### 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, 2015, the Port Authority had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than One Year</u>	<u>One Year to Five Years</u>	<u>Five Years to Ten Years</u>
Money Market	\$ 12,556,354	\$ 12,556,354	\$ -	\$ -
Commercial Paper	4,995,250	4,995,250	-	-
Treasury Bills	10,010,950	-	10,010,950	-
Federal Farm Credit Bank	5,000,050	-	5,000,050	-
Municipal	32,813,260	25,236,153	7,577,107	-
Total investments	65,375,864	<u>\$ 42,787,757</u>	<u>\$ 22,588,107</u>	<u>\$ -</u>
Total deposits	<u>89,734</u>			
Total investments and deposits	<u>\$ 65,465,598</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, 2015, all investments of the Port Authority were insured, registered, and held by the Port Authority or its agent in the Port Authority's name.

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

*Credit Risk* - State law limits investments in commercial paper to the top rating issued by at least two of the nationally recognized statistical rating organizations; at December 31, 2015 the Port Authority held commercial paper. The Port Authority's investments in money market funds, Federal Farm Credit Bank

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

and the municipal investments are all rated AA or better by Standard & Poor's and Moody's Investors Service.

*Concentration of Credit Risk* - The Port Authority places no limit on the amount the Port Authority may invest in any one issuer. More than 5% of the Port Authority's investments are in the following governmental agencies: Commercial Paper (23%), Municipals (35%) and Treasury Bills (15%).

**Committed Contracts**

At December 31, 2015, the Port had commitments for construction contracts in the Capital Projects fund with a remaining balance of \$7,180,317.

**Long-term Debt**

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

Type of Bonds	Original Issue	Maturities	Rates	Balance 12/31/15
Governmental activities -				
Taxable G.O. Tax Increment Bonds	\$ 7,150,000	2019-2035	2.00 – 3.60%	\$ 7,150,000

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

Changes in long-term liabilities during 2015 are summarized as follows:

	Balance 1/01/15	Additions	Retirements	Balance 12/31/15	Due Within One Year
Governmental Activities:					
G.O. Tax Increment Bonds	\$ -	\$ 7,150,000	\$ -	\$ 7,150,000	\$ -
Unamortized Bond Premiums	-	15,331	(132)	15,199	793
Due to Primary Government -					
Loan from City	3,073,601	96,954	(112,357)	3,058,198	498,186
Total	<u>\$ 3,073,601</u>	<u>\$ -</u>	<u>\$ (112,489)</u>	<u>\$10,223,397</u>	<u>\$ 498,979</u>



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

Long-term debt maturities (including interest of \$2,775,156) are as follows:

Year Ending December 31	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	\$ -	\$ 166,109	\$ -	\$ -	\$ 166,109
2017	-	218,245	-	-	218,245
2018	-	218,245	-	-	218,245
2019	380,000	214,445	-	-	594,445
2020	385,000	206,795	-	-	591,795
2021-2025	1,940,000	906,462	-	-	2,846,462
2026-2030	2,030,000	621,205	-	-	2,651,205
2031-2036	2,415,000	223,650	-	-	2,638,650
Total	<u>\$ 7,150,000</u>	<u>\$ 2,775,156</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,925,156</u>

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 \$1,547,875, payable through February 2016.

Due from 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 as of December 21, 2015 is \$847,098. At December 31, 2015, other payments due to the Port Authority were \$20,333.

Due to City

At December 31, 2015, the Port Authority owed the City \$17,062 for services, facilities provided and payments made by the City that are Port Authority related. In addition, the Port Authority owed the City \$1,066,533 for a portion of City projects that the Port Authority is contributing to the cost of building. The Port Authority also has a loan due to the City of \$3,058,198, the proceeds of which were used to catch up special assessments owed and \$2,000,000 for future special assessments that will be levied for public improvements. The expected repayment to the City in 2016 is \$498,186.

Payments to City

During 2015 the Port contributed \$3,383,930 to the City for the Lindau Lane and Old Cedar Avenue Bridge projects.

Loan Receivable

In 2014 the Port Authority loaned a developer \$2 million at an interest rate of four percent. Semi-annual principal payments are scheduled to begin in 2016 with the last payment scheduled in 2021. The balance at December 31, 2015, including interest, was \$2,121,600.

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

**Governmental Classifications**

At December 31, 2015, a summary of the governmental fund balance classifications is as follows:

	General Fund	Debt Service	Capital Projects	Total Governmental Funds
Nonspendable -				
Prepaid items	\$ -	\$ -	\$ -	\$ -
Restricted for -				
Debt service	-	278,318	-	278,318
Tax increment purposes	-	-	62,177,858	62,177,858
Committed -				
Capital purposes	-	-	151,319	151,319
Unassigned	36,549	-	-	36,549
Total fund balances	<u>\$ 36,549</u>	<u>\$ 278,318</u>	<u>\$ 62,329,177</u>	<u>\$ 62,644,044</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, 2015 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	\$ 537,740	\$ 101,871

Investment balances at December 31, 2015 were:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>	<u>Percentage of Total</u>
Money market	01/01/16	\$ 5,714,710	100%
Total investments		5,714,710	<u>100.0%</u>
Total deposits		<u>101,871</u>	
Net cash, cash equivalents, and investments		<u>\$ 5,816,581</u>	

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

**Capital Assets and Land Held for Resale**

Changes in general capital assets during 2015 are summarized as follows:

	Balance 1/1/15	Additions	Retirements	Balance 12/31/15
<b>Governmental activities:</b>				
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	(26,995)	(2,513)	-	(29,508)
Total capital assets being depreciated, net	3,769	(2,513)		1,256
Governmental activities capital assets, net	\$ 134,069	\$ (2,513)	\$ -	\$ 131,556
<b>Business-type activities:</b>				
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	(1,887,268)	(98,170)	-	(1,985,438)
Total capital assets being depreciated, net	1,398,349	(98,170)	-	1,300,179
Business-type activities capital assets, net	\$2,868,349	\$ (98,170)	\$ -	\$ 2,770,179

Land held for resale activity for the year ended December 31, 2015, was as follows:

	Balance 1/1/15	Additions	Retirements	Balance 12/31/15
Land Held for Resale (Inventory)	\$ 873,285	\$ 102,876	\$ (243,203)	\$ 732,958

**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 12/31/15</u>
Governmental activities -				
Due to primary government:				
2011 Crossover Refunding Bonds	<u>\$ 3,095,000</u>	2016-2032	3.00 – 4.35%	<u>\$ 2,850,000</u>
Total	<u>\$ 3,095,000</u>			<u>\$ 2,850,000</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 2015 are summarized as follows:

	<u>Balance 1/01/15</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/15</u>	<u>Due Within One Year</u>
Governmental Activities:					
Due to Primary Government-					
Bonds Payable	\$2,970,000	\$ -	\$ (120,000)	\$ 2,850,000	\$ 125,000
Business-type Activities -					
Enterprise Fund Loan					
Agreements	<u>1,574,720</u>	<u>-</u>	<u>-</u>	<u>1,574,720</u>	<u>-</u>
Total	<u>\$ 4,544,720</u>	<u>\$ -</u>	<u>\$ (120,000)</u>	<u>\$ 4,324,720</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	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2016	125,000	104,090	-	-	229,090
2017	135,000	100,190	-	-	235,190
2018	135,000	96,140	-	-	231,140
2019	140,000	92,015	-	-	232,015
2020	130,000	87,965	-	-	217,965
2021-2025	790,000	367,008	1,324,720	-	2,481,728
2026-2030	995,000	195,098	250,000	-	1,440,098
2031-2032	400,000	16,038	-	-	416,038
Total	<u>\$ 2,850,000</u>	<u>\$ 1,058,544</u>	<u>\$ 1,574,720</u>	<u>\$ -</u>	<u>\$ 5,483,264</u>

### Fund Balance Classifications

At December 31, 2015 a summary of the governmental fund balance classifications is as follows:

	General Fund	Housing Develop	Redevelop	Section 8 Vouchers	Housing Rehab	TIF Special Revenue	Capital Projects	Totals
Nonspendable:								
Long term receivables	\$ -	\$ 394,559	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 394,559
Prepaid items	-	-	-	334,436	-	-	-	334,436
Restricted for:								
Tax increment purposes	-	-	-	-	-	1,215,306	-	1,215,306
HUD rehab loans	-	-	-	-	69,899	-	-	69,899
Committed to:								
Development activities	-	6,986,693	-	-	-	-	-	6,986,693
Rehabilitation loans	-	-	-	-	1,324,361	-	-	1,324,361
Assigned	-	-	-	-	-	-	38,755	38,755
Unassigned	515,154	-	-	(285,497)	-	(4,475,719)	-	(4,246,062)
Total fund balances	<u>\$ 515,154</u>	<u>\$ 7,381,252</u>	<u>\$ -</u>	<u>\$ 48,939</u>	<u>\$ 1,394,260</u>	<u>\$ (3,260,413)</u>	<u>\$ 38,755</u>	<u>\$ 6,117,947</u>

### Due to the City

At December 31, 2015, the HRA owed the City \$136,154 for services and facilities provided to the HRA and \$125,000 for the current portion and \$2,803,353 for the long-term portion of the debt obligation.

### Due to HRA

At December 31, 2015, the City owed a total of \$83,710 to the HRA for HRA rehabilitation loan program activities.

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

### Conduit Debt Obligations

From time to time, the HRA has issued Housing Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of housing facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The HRA, the State, or any other political subdivision thereof is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2015, there is one series of Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$2.0 million.

The following table shows the balance of the conduit debt obligations as of December 31, 2015:

	Original Balance	Beginning Balance 1/01/15	Additions	Less Payments/ Refinance	Ending Balance 12/31/15
Masonic Homes	\$ 4,000,000	\$ 2,200,000	\$ -	\$ (200,000)	\$ 2,000,000

### 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 \$4,201,734 as of December 31, 2015. The Neighborhood loans have been recognized on the balance sheet as mortgage receivable and deferred inflow.

The HRA entered into an agreement with Hennepin County to match funds for a rehabilitation program specifically focusing on foreclosed single family homes in 2009. Each entity provided \$200,000 in funds for a program total of \$400,000 with a maximum \$20,000 per property. The HRA reapplied in 2010 and entered into another agreement with Hennepin County for an additional \$200,000 to continue this successful program. Half of the amount provided to the homeowner from Hennepin County will become a grant if the homeowner remains in the home for a minimum of five years. The other half of the amount provided to the homeowner from the HRA is a five percent interest rate loan with the accrual of interest ceasing after ten years. Therefore, the proceeds from repayments for the amount loaned from the HRA is recognized as revenue when received. The foreclosure home (FHIP) loan balances outstanding, including interest, total \$409,799 as of December 31, 2015. 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 the County for loans. In late 2012, another agreement was entered into with \$200,000 being pledged from each entity. The third round of funding was committed in 2013 providing an additional \$233,934 from the HRA and the County. The HRA and County alternates the loans which are committed in terms of who is the mortgage holder. The CEPII loan balances outstanding, including interest, total \$736,308 as of December 31, 2015. The HRA loans are recognized as mortgage receivable and deferred inflow on the balance sheet.

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

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

The HRA has a \$406,000 mortgage note receivable dated December 17, 1990, from the sale of land to a developer, Bloomington Family Townhomes LP. The funds were loaned to the developer for the purpose of constructing townhouse projects. The note accrues interest at 3% simple interest per year until the adjustment date, as defined in the note. The accumulated interest and principal was amended in 2008 to be due in the year 2025, or upon sale of the property. In 2015 the mortgage note and interest totaling \$710,967 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 88<sup>th</sup> 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, 2015:

	Balance 01/01/15	Additions	Interest	Payments Received	Balance 12/31/15
Neighborhood Loans	\$ 4,232,538	\$ 17,582	\$ 57,794	\$ (106,180)	\$ 4,201,734
Foreclosure Loans	441,404	12,344	17,305	(61,254)	409,799
CEP II Loans	470,212	279,661	23,728	(37,293)	736,308
Essex Knoll	320,000	-	-	-	320,000
Bloomington Family					
Townhomes	698,787	-	12,180	-	710,967
Bloomington Southview LP	150,000	-	-	-	150,000
Bloomington Southview LP	237,436	-	7,123	-	244,559
Blooming Glen	237,742	-	6,000	-	249,742
Blooming Glen	290,000	-	-	-	290,000
Crossings at Valley View	600,000	-	-	-	600,000
VEPP	1	-	-	-	1
Total	<u>\$ 7,684,120</u>	<u>\$ 309,587</u>	<u>\$ 124,130</u>	<u>\$ (204,727)</u>	<u>\$ 7,913,110</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 one VEPP agreement with face values totaling \$5,000. The agreements defer payment for portions of property values that were underwritten by the HRA under various homeownership programs. Each agreement is secured by a promissory note and a second mortgage against the individual property. The notes are repaid when a property is sold, leased, or upon maturity of the note (31 years), whichever comes first. There are no interim installment payments required by the note. Proceeds will be recognized as revenue by the HRA when received.

### Subsequent Event

The HRA purchased property at 8000 Knox Avenue South for \$1,999,688 on February 1, 2016. It is one block east of the Penn & American land previously developed by the HRA. The intention is to work with a private development firm to redevelop the land and possibly create redevelopment and housing TIF districts in this area. Apartments and a hotel are tentatively planned for the site.



# REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**

EXHIBIT A-1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund  
Year Ended December 31, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 39,258,742	\$ 39,258,742	\$ 39,091,646	\$ (167,096)
Fiscal disparities	3,000,000	3,000,000	3,407,395	407,395
Special assessments	-	-	24,726	24,726
Lodging and admissions tax	7,936,905	7,936,905	8,306,823	369,918
Business licenses	4,589,800	4,589,800	6,241,921	1,652,121
Fines and forfeitures	1,178,750	1,178,750	988,111	(190,639)
Intergovernmental	2,197,967	2,259,367	2,345,709	86,342
Program income	2,348,131	2,381,480	2,245,723	(135,757)
Interest	76,875	76,875	190,529	113,654
Net change in fair value of investments	-	-	(102,052)	(102,052)
Other	848,615	889,526	933,509	43,983
Total revenues	<u>61,435,785</u>	<u>61,571,445</u>	<u>63,674,040</u>	<u>2,102,595</u>
<b>EXPENDITURES</b>				
General Government	575,887	592,087	523,680	68,407
City Manager	359,594	383,344	308,873	74,471
Legal	1,319,783	1,384,283	1,366,765	17,518
Human Resources	671,765	715,347	551,494	163,853
Finance	1,057,734	1,046,493	995,162	51,331
Public Safety	27,034,392	26,978,974	26,807,004	171,970
Community Development	6,712,942	6,712,942	6,406,626	306,316
Community Services	12,892,096	12,993,155	12,666,791	326,364
Public Works	10,859,205	10,756,479	10,038,572	717,907
Technical Services	2,786,071	2,762,758	2,675,488	87,270
Contingency/estimated unspent	(643,787)	(643,787)	20,000	(663,787)
Total expenditures	<u>63,625,682</u>	<u>63,682,075</u>	<u>62,360,455</u>	<u>1,321,620</u>
Excess (deficiency) of revenues over (under) expenditures	(2,189,897)	(2,110,630)	1,313,585	3,424,215
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	2,554,897	2,554,897	2,845,681	290,784
Transfers to other funds	(365,000)	(890,840)	(842,808)	48,032
Total other financing sources	<u>2,189,897</u>	<u>1,664,057</u>	<u>2,002,873</u>	<u>338,816</u>
Net change in fund balance	-	(446,573)	3,316,458	3,763,031
Fund balance - January 1	<u>20,691,737</u>	<u>19,297,582</u>	<u>24,643,306</u>	<u>5,345,724</u>
Fund balance - December 31	<u>\$ 20,691,737</u>	<u>\$ 18,851,009</u>	<u>\$ 27,959,764</u>	<u>\$ 9,108,755</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, 2015

	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Intergovernmental	\$ 715,634	\$ 715,634	\$ 313,483	\$ (402,151)
Program income	400,000	400,000	266,142	(133,858)
Total revenues	<u>1,115,634</u>	<u>1,115,634</u>	<u>579,625</u>	<u>(536,009)</u>
<b>EXPENDITURES</b>				
Current -				
Development services	<u>1,080,634</u>	<u>1,080,634</u>	<u>565,475</u>	<u>515,159</u>
Total expenditures	<u>1,080,634</u>	<u>1,080,634</u>	<u>565,475</u>	<u>515,159</u>
Excess (deficiency) of revenues over (under) expenditures	35,000	35,000	14,150	(20,850)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	<u>(35,000)</u>	<u>(35,000)</u>	<u>(14,150)</u>	<u>20,850</u>
Net change in fund balance	-	-	-	-
Fund balance - January 1	<u>16,537</u>	<u>16,537</u>	<u>-</u>	<u>(16,537)</u>
Fund balance - December 31	<u><u>\$ 16,537</u></u>	<u><u>\$ 16,537</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (16,537)</u></u>

**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Funding Progress - Retiree Health Plan  
Year Ended December 31, 2015

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, 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%
January 1, 2014	-	11,976,962	11,976,962	0.0%	38,776,000	30.9%
January 1, 2015		9,744,125	9,744,125	0.0%	39,887,000	24.4%

Using the entry age normal actuarial pay cost method.

**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Proportionate Share of Net Pension Liability -  
General Employees Retirement Fund  
Year Ended December 31, 2015

EXHIBIT A-4

<u>Measurement Date</u>	<u>Fiscal Year Ending</u>	<u>Proportion (Percentage) of the Net Pension Liability</u>	<u>Proportionate Share (Amount) of the Net Pension Liability (a)</u>	<u>Covered- Employee Payroll (b)</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a/b)</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
June 30, 2015	December 31, 2015	0.5389%	\$27,928,595	\$31,663,355	88.2%	78.2%

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



**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Pension Contributions -  
General Employees Retirement Fund  
Year Ended December 31, 2015

EXHIBIT A-5

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
December 31, 2015	\$2,414,889	\$2,414,889	\$0	\$32,198,520	7.5%

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

**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Proportionate Share of Net Pension Liability -  
Public Employees Police and Fire Fund  
Year Ended December 31, 2015

EXHIBIT A-6

Measurement Date	Fiscal Year Ending	Proportion (Percentage) of the Net Pension Liability	Proportionate Share (Amount) of the Net Pension Liability (a)	Covered- Employee Payroll (b)	Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	December 31, 2015	1.2890%	\$14,646,056	\$11,806,022	124.1%	86.6%

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

**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Pension Contributions -  
Public Employees Police and Fire Fund  
Year Ended December 31, 2015

EXHIBIT A-7

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll (b/c)
December 31, 2015	\$1,995,234	\$1,995,234	\$ -	\$12,316,259	16.2%

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

**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios -  
Public Employees Police and Fire Fund  
Year Ended December 31, 2015

EXHIBIT A-8

Fiscal Year Ending Measurement Date	December 31, 2015 <u>December 31, 2015</u>	December 31, 2014 <u>December 31, 2014</u>
Total pension liability:		
Service cost	\$3,141,630	\$3,047,649
Interest cost	8,072,050	7,443,533
Change of benefit terms	-	-
Difference between expected and actual experience	(7,292,468)	(1,567,433)
Changes in assumptions	-	-
Benefit payments, including refunds of employee contributions	<u>(4,883,583)</u>	<u>(4,566,912)</u>
Net change in total pension liability	(962,371)	4,356,837
Total pension liability - beginning	<u>133,798,748</u>	<u>129,441,911</u>
Total pension liability - ending (a)	<u><u>\$132,836,377</u></u>	<u><u>\$133,798,748</u></u>
Plan fiduciary net position:		
Contributions - employer	\$1,175,095	\$2,548,091
Contributions - State of Minnesota	540,186	622,164
Contributions - employee	-	-
Net investment income	(1,023,994)	9,982,524
Benefit payments, including refunds of employee contributions	(4,883,583)	(4,566,912)
Administrative expense	(93,226)	(83,410)
Other	-	-
Net change in plan fiduciary net position	<u>(4,285,522)</u>	<u>8,502,457</u>
Plan fiduciary net position - beginning	<u>152,114,148</u>	<u>143,611,691</u>
Plan fiduciary net position - ending (b)	<u><u>\$147,828,626</u></u>	<u><u>\$152,114,148</u></u>
Net pension liability / (asset) - ending (a) - (b)	<u><u>(\$14,992,249)</u></u>	<u><u>(\$18,315,400)</u></u>
Plan fiduciary net position as a percentage of the total pension liability	111.29%	113.69%
Covered-employee payroll*	\$10,773,375	\$10,110,384
Net pension liability (asset) as a percentage of covered employee payroll	-139.16%	-181.15%

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

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

**CITY OF BLOOMINGTON, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
Schedule of Pension Contributions -  
Bloomington Fire Department Relief Association  
Year Ended December 31, 2015

EXHIBIT A-9

Fiscal Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (c)	Contributions as a Percentage of Covered-Employee Payroll* (b/c)
December 31, 2015	\$1,715,281	\$1,715,281	\$ -	\$10,773,375	15.9%

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

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

## **CITY OF BLOOMINGTON, MINNESOTA**

### **NOTE TO REQUIRED SUPPLEMENTARY INFORMATION** **FOR THE YEAR ENDED DECEMBER 31, 2015**

#### **BUDGETARY INFORMATION**

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

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

The legal level of budgetary control for the General Fund is at the department level (such as General Government, City Manager's Office, Legal, and Human Resources) and at the fund level for the Community Development Block Grant Fund. Neither the General Fund nor the Community Development Block Grant Fund expenditures exceeded the legal level of budgetary control for fiscal year ended December 31, 2015.

#### **PENSION INFORMATION**

##### **PERA – General Employees Retirement Fund**

There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. With only one year reported in the RSI, there is no additional information to include in the notes. Details can be obtained from the financial reports of PERA.

##### **PERA – Public Employees Police and Fire Fund**

There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. With only one year reported in the RSI, there is no additional information to include in the notes. Details can be obtained from the financial reports of PERA.

##### **Single Employer – Fire Relief Association**

There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. With only one year reported in the RSI, there is no additional information to include in the notes. Details can be obtained from the financial reports of the Fire Relief Association.

# SUPPLEMENTARY INFORMATION





## **CITY OF BLOOMINGTON, MINNESOTA**

### **NONMAJOR GOVERNMENTAL FUNDS**

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#### **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.

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**

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

**CITY OF BLOOMINGTON, MINNESOTA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015

				Special Revenue		
	Public Health Special Revenue	Public Safety Special Revenue	Communications	Parks Grants	Community Landscape	South Loop Revolving Dev
<b>ASSETS</b>						
Cash, cash equivalents and investments	\$ 1,723	\$ 1,881,465	\$ 393,090	\$ 255,900	\$ 1,102	\$ 221,045
Accrued interest receivable	(422)	7,054	1,375	839	-	938
Taxes receivable	-	-	-	-	-	-
Accounts receivable	8,440	540	362,271	-	-	37,698
Prepays	4,085	-	-	-	-	-
Due from other governments	339,212	124,789	-	-	-	-
<b>Total assets</b>	<u>\$ 353,038</u>	<u>\$ 2,013,848</u>	<u>\$ 756,736</u>	<u>\$ 256,739</u>	<u>\$ 1,102</u>	<u>\$ 259,681</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 50,113	\$ 101,902	\$ 45,182	\$ 3,500	\$ -	\$ 252
Due to other funds	130,000	-	-	-	-	-
Unearned revenue	56,762	133,656	-	238,789	-	-
Deposits payable	-	-	-	-	-	-
Total liabilities	<u>236,875</u>	<u>235,558</u>	<u>45,182</u>	<u>242,289</u>	<u>-</u>	<u>252</u>
<b>FUND BALANCES</b>						
Nonspendable	4,085	-	-	-	-	-
Restricted	112,078	1,049,204	257,880	14,450	-	-
Committed	-	729,086	453,674	-	1,102	259,429
Assigned	-	-	-	-	-	-
Total fund balances	<u>116,163</u>	<u>1,778,290</u>	<u>711,554</u>	<u>14,450</u>	<u>1,102</u>	<u>259,429</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 353,038</u>	<u>\$ 2,013,848</u>	<u>\$ 756,736</u>	<u>\$ 256,739</u>	<u>\$ 1,102</u>	<u>\$ 259,681</u>

## EXHIBIT B-1

Cemetery Trust	Total	G.O. Tax Increment	Debt Service		Capital Projects Developer Escrow	Total Nonmajor Governmental Funds
			General Obligation Bonds	Total		
\$ 906,951	\$ 3,661,276	\$ 9,402	\$ 1,397,335	\$ 1,406,737	\$ 923,416	\$ 5,991,429
2,870	12,654	30	4,419	4,449	2,686	19,789
-	-	-	(205)	(205)	-	(205)
-	408,949	-	-	-	-	408,949
-	4,085	-	-	-	-	4,085
-	464,001	-	-	-	-	464,001
<u>\$ 909,821</u>	<u>\$ 4,550,965</u>	<u>\$ 9,432</u>	<u>\$ 1,401,549</u>	<u>\$ 1,410,981</u>	<u>\$ 926,102</u>	<u>\$ 6,888,048</u>
\$ -	\$ 200,949	\$ -	\$ -	\$ -	\$ -	\$ 200,949
-	130,000	-	-	-	-	130,000
-	429,207	-	-	-	-	429,207
-	-	-	-	-	321,891	321,891
-	760,156	-	-	-	321,891	1,082,047
-	4,085	-	-	-	-	4,085
909,821	2,343,433	9,432	1,401,549	1,410,981	-	3,754,414
-	1,443,291	-	-	-	-	1,443,291
-	-	-	-	-	604,211	604,211
<u>909,821</u>	<u>3,790,809</u>	<u>9,432</u>	<u>1,401,549</u>	<u>1,410,981</u>	<u>604,211</u>	<u>5,806,001</u>
<u>\$ 909,821</u>	<u>\$ 4,550,965</u>	<u>\$ 9,432</u>	<u>\$ 1,401,549</u>	<u>\$ 1,410,981</u>	<u>\$ 926,102</u>	<u>\$ 6,888,048</u>

**CITY OF BLOOMINGTON, MINNESOTA**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended December 31, 2015

	Public Health	Public Safety		Special Revenue	
	Special Revenue	Special Revenue	Communications	Parks	Community
				Grants	Landscape
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fiscal disparities	-	-	-	-	-
Fines and forfeitures	-	263,582	-	-	-
Intergovernmental	1,208,114	1,842,275	-	35,484	-
Program income	109,678	-	1,355	-	-
Interest	(1,170)	16,276	3,453	2,455	-
Net change in fair value of investments	1,235	9,001	(898)	(991)	-
Other	-	31,748	142,228	26,000	-
Franchise fees	-	-	1,400,108	-	-
Total revenues	<u>1,317,857</u>	<u>2,162,882</u>	<u>1,546,246</u>	<u>62,948</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
General services	-	-	-	-	-
Development services	-	-	-	-	-
Public safety	-	2,889,824	-	-	-
Community services	1,315,175	-	1,361,524	68,976	-
Debt service:					
Interest	-	-	-	-	-
Principal retirement	-	-	-	-	-
Capital outlay:					
Public safety	-	506,284	-	-	-
Community services	-	-	73,766	-	-
Total expenditures	<u>1,315,175</u>	<u>3,396,108</u>	<u>1,435,290</u>	<u>68,976</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,682</u>	<u>(1,233,226)</u>	<u>110,956</u>	<u>(6,028)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	-	1,403,567	122,124	-	-
Transfers to other funds	-	(138,504)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,265,063</u>	<u>122,124</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,682	31,837	233,080	(6,028)	-
Fund balance - January 1	<u>113,481</u>	<u>1,746,453</u>	<u>478,474</u>	<u>20,478</u>	<u>1,102</u>
Fund balance - December 31	<u>\$ 116,163</u>	<u>\$ 1,778,290</u>	<u>\$ 711,554</u>	<u>\$ 14,450</u>	<u>\$ 1,102</u>

## EXHIBIT B-2

South Loop Revolving Dev	Cemetery Trust	Total	G.O. Tax Increment	Debt Service		Capital Projects Developer Escrow	Total Nonmajor Governmental Funds
				General Obligation Bonds	Total		
\$ -	\$ -	\$ -	\$ -	\$ 996,527	\$ 996,527	\$ -	\$ 996,527
-	-	-	-	85,007	85,007	-	85,007
-	-	263,582	-	-	-	-	263,582
-	-	3,085,873	-	-	-	-	3,085,873
370,066	123,850	604,949	-	-	-	-	604,949
2,648	7,352	31,014	127	7,956	8,083	5,713	44,810
(1,672)	278	6,953	(19)	(3,126)	(3,145)	1,346	5,154
37,698	-	237,674	227,908	-	227,908	-	465,582
-	-	1,400,108	-	-	-	-	1,400,108
408,740	131,480	5,630,153	228,016	1,086,364	1,314,380	7,059	6,951,592
-	86,764	86,764	143	286	429	-	\$ 87,193
79,882	-	79,882	-	-	-	-	79,882
-	-	2,889,824	-	-	-	-	2,889,824
-	-	2,745,675	-	-	-	-	2,745,675
-	-	-	107,765	139,800	247,565	-	247,565
-	-	-	120,000	885,000	1,005,000	-	1,005,000
-	-	506,284	-	-	-	-	506,284
-	-	73,766	-	-	-	-	73,766
79,882	86,764	6,382,195	227,908	1,025,086	1,252,994	-	7,635,189
328,858	44,716	(752,042)	108	61,278	61,386	7,059	(683,597)
-	-	1,525,691	-	-	-	-	1,525,691
(108,000)	-	(246,504)	-	-	-	-	(246,504)
(108,000)	-	1,279,187	-	-	-	-	1,279,187
220,858	44,716	527,145	108	61,278	61,386	7,059	595,590
38,571	865,105	3,263,664	9,324	1,340,271	1,349,595	597,152	5,210,411
\$ 259,429	\$ 909,821	\$ 3,790,809	\$ 9,432	\$ 1,401,549	\$ 1,410,981	\$ 604,211	\$ 5,806,001

**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, 2015

	Budget		Actual	Variance
	Original	Final		With Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 1,243,634	\$ 1,350,133	\$ 1,208,114	\$ (142,019)
Program income	70,668	91,893	109,678	17,785
Interest	-	-	(1,170)	(1,170)
Net change in fair value of investments	-	-	1,235	1,235
Total revenues	<u>1,314,302</u>	<u>1,442,026</u>	<u>1,317,857</u>	<u>(124,169)</u>
<b>EXPENDITURES</b>				
Current -				
Community services	<u>1,351,560</u>	<u>1,479,284</u>	<u>1,315,175</u>	<u>(164,109)</u>
Total expenditures	<u>1,351,560</u>	<u>1,479,284</u>	<u>1,315,175</u>	<u>(164,109)</u>
Excess (deficiency) of revenues over (under) expenditures	(37,258)	(37,258)	2,682	39,940
Fund balance - January 1	<u>60,599</u>	<u>60,599</u>	<u>113,481</u>	<u>52,882</u>
Fund balance - December 31	<u>\$ 23,341</u>	<u>\$ 23,341</u>	<u>\$ 116,163</u>	<u>\$ 92,822</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, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Fines and forfeitures	\$ 192,500	\$ 192,500	\$ 263,582	\$ 71,082
Intergovernmental	1,217,821	1,971,292	1,842,275	(129,017)
Interest	9,991	9,991	16,276	6,285
Net change in fair value of investments	-	-	9,001	9,001
Other	-	118,036	31,748	(86,288)
Total revenues	<u>1,420,312</u>	<u>2,291,819</u>	<u>2,162,882</u>	<u>(128,937)</u>
<b>EXPENDITURES</b>				
Current -				
Public safety	2,344,684	3,069,112	2,889,824	179,288
Capital outlay	<u>579,161</u>	<u>716,709</u>	<u>506,284</u>	<u>210,425</u>
Total expenditures	<u>2,923,845</u>	<u>3,785,821</u>	<u>3,396,108</u>	<u>389,713</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,503,533)</u>	<u>(1,494,002)</u>	<u>(1,233,226)</u>	<u>260,776</u>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	<u>(138,500)</u>	<u>(138,500)</u>	<u>(138,504)</u>	<u>4</u>
Total other financing sources (uses)	<u>1,265,100</u>	<u>1,265,100</u>	<u>1,265,063</u>	<u>(37)</u>
Net change in fund balance	(238,433)	(228,902)	31,837	260,739
Fund balance - January 1	<u>1,654,337</u>	<u>1,593,309</u>	<u>1,746,453</u>	<u>(153,144)</u>
Fund balance - December 31	<u>\$ 1,415,904</u>	<u>\$ 1,364,407</u>	<u>\$ 1,778,290</u>	<u>\$ 413,883</u>

**CITY OF BLOOMINGTON, MINNESOTA**

EXHIBIT C-3

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Communications  
Year Ended December 31, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Program income	\$ 2,500	\$ 2,500	\$ 1,355	\$ (1,145)
Interest	-	-	3,453	3,453
Net change in fair value of investments	-	-	(898)	(898)
Other	110,400	110,400	142,228	31,828
Franchise fees	1,416,000	1,416,000	1,400,108	(15,892)
Total revenues	<u>1,528,900</u>	<u>1,528,900</u>	<u>1,546,246</u>	<u>17,346</u>
<b>EXPENDITURES</b>				
Current -				
Community services	1,416,138	1,431,364	1,361,525	69,839
Capital outlay	126,200	78,022	73,765	4,257
Total expenditures	<u>1,542,338</u>	<u>1,509,386</u>	<u>1,435,290</u>	<u>74,096</u>
Excess (deficiency) of revenues over (under) expenditures	(13,438)	19,514	110,956	91,442
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	122,219	122,219	122,124	(95)
Total other financing sources (uses)	<u>122,219</u>	<u>122,219</u>	<u>122,124</u>	<u>(95)</u>
Net change in fund balance	108,781	141,733	233,080	91,347
Fund balance - January 1	<u>684,678</u>	<u>626,458</u>	<u>478,474</u>	<u>(147,984)</u>
Fund balance - December 31	<u>\$ 793,459</u>	<u>\$ 768,191</u>	<u>\$ 711,554</u>	<u>\$ (56,637)</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, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 70,352	\$ 48,447	\$ 35,484	\$ (12,963)
Interest	-	-	2,455	2,455
Net change in fair value of investments	-	-	(991)	(991)
Contributions	-	25,000	26,000	1,000
Total revenues	<u>70,352</u>	<u>73,447</u>	<u>62,948</u>	<u>(10,499)</u>
<b>EXPENDITURES</b>				
Current -				
Community services	<u>64,000</u>	<u>89,000</u>	<u>68,976</u>	<u>20,024</u>
Total expenditures	<u>64,000</u>	<u>89,000</u>	<u>68,976</u>	<u>20,024</u>
Net change in fund balance	6,352	(15,553)	(6,028)	9,525
Fund balance - January 1	<u>(30,027)</u>	<u>(88,248)</u>	<u>20,478</u>	<u>108,726</u>
Fund balance - December 31	<u>\$ (23,675)</u>	<u>\$ (103,801)</u>	<u>\$ 14,450</u>	<u>\$ 118,251</u>

**CITY OF BLOOMINGTON, MINNESOTA**

EXHIBIT C-5

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
South Loop Revolving Development Services  
Year Ended December 31, 2015

	Budget		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Program income	\$ 270,000	\$ 270,000	\$ 370,066	\$ 100,066
Interest	50	50	2,648	2,598
Net change in fair value of investments	-	-	(1,672)	(1,672)
Other	-	-	37,698	37,698
Total revenues	<u>270,050</u>	<u>270,050</u>	<u>408,740</u>	<u>138,690</u>
<b>EXPENDITURES</b>				
Current -				
Development services	-	40,550	79,882	(39,332)
Total expenditures	<u>-</u>	<u>40,550</u>	<u>79,882</u>	<u>(39,332)</u>
Excess (deficiency) of revenues over expenditures	270,050	229,500	328,858	99,358
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers to other funds	(150,000)	(150,000)	(108,000)	42,000
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	<u>(108,000)</u>	<u>42,000</u>
Net change in fund balance	120,050	79,500	220,858	141,358
Fund balance - January 1	<u>35,322</u>	<u>29,061</u>	<u>38,571</u>	<u>9,510</u>
Fund balance - December 31	<u>\$ 155,372</u>	<u>\$ 108,561</u>	<u>\$ 259,429</u>	<u>\$ 150,868</u>

**CITY OF BLOOMINGTON, MINNESOTA**

EXHIBIT C-6

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Cemetery Trust  
Year Ended December 31, 2015

	<u>Budget</u>			Variance With Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>REVENUES</b>				
Program income	\$ 109,800	\$ 109,800	\$ 123,850	\$ 14,050
Interest	8,498	8,498	7,352	(1,146)
Net change in fair value of investments	<u>-</u>	<u>-</u>	<u>278</u>	<u>278</u>
Total revenues	<u>118,298</u>	<u>118,298</u>	<u>131,480</u>	<u>13,182</u>
<b>EXPENDITURES</b>				
Current -				
General services	80,377	80,377	86,764	6,387
Capital outlay	<u>258,240</u>	<u>158,240</u>	<u>-</u>	<u>158,240</u>
Total expenditures	<u>338,617</u>	<u>238,617</u>	<u>86,764</u>	<u>164,627</u>
Excess of revenues over expenditures	(220,319)	(120,319)	44,716	165,035
Fund balance - January 1	<u>795,776</u>	<u>795,776</u>	<u>865,105</u>	<u>69,329</u>
Fund balance - December 31	<u><u>\$ 575,457</u></u>	<u><u>\$ 675,457</u></u>	<u><u>\$ 909,821</u></u>	<u><u>\$ 234,364</u></u>



## CITY OF BLOOMINGTON, MINNESOTA

### NONMAJOR ENTERPRISE FUNDS

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#### **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, 2015

EXHIBIT D-1

	Solid Waste Management	Contractual Police	Motor Vehicle	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 590,333	\$ 1,899	\$ 561,853	\$ 1,154,085
Accrued interest receivable	1,690	-	1,554	3,244
Taxes receivable	30,523	-	-	30,523
Accounts receivable	244,381	634,087	-	878,468
Due from other governments	80,409	-	-	80,409
Total current assets	<u>947,336</u>	<u>635,986</u>	<u>563,407</u>	<u>2,146,729</u>
Noncurrent assets:				
Machinery and equipment	24,229	-	-	24,229
Accumulated depreciation	<u>(23,017)</u>	<u>-</u>	<u>-</u>	<u>(23,017)</u>
Total noncurrent assets	<u>1,212</u>	<u>-</u>	<u>-</u>	<u>1,212</u>
<b>Total assets</b>	<u>948,548</u>	<u>635,986</u>	<u>563,407</u>	<u>2,147,941</u>
 <b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	104,232	213,692	167,689	485,613
Due to other funds	-	420,000	-	420,000
Unearned revenue	8,638	-	-	8,638
Deposits payable	<u>-</u>	<u>2,294</u>	<u>-</u>	<u>2,294</u>
Total current liabilities	<u>112,870</u>	<u>635,986</u>	<u>167,689</u>	<u>916,545</u>
<b>Total liabilities</b>	<u>112,870</u>	<u>635,986</u>	<u>167,689</u>	<u>916,545</u>
 <b>NET POSITION</b>				
Net investment in capital assets	1,212	-	-	1,212
Unrestricted	<u>834,466</u>	<u>-</u>	<u>395,718</u>	<u>1,230,184</u>
<b>Total net position</b>	<u>\$ 835,678</u>	<u>\$ -</u>	<u>\$ 395,718</u>	<u>\$ 1,231,396</u>

**CITY OF BLOOMINGTON, MINNESOTA**  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Nonmajor Enterprise Funds  
Year Ended December 31, 2015

EXHIBIT D-2

	Business-type Activities - Enterprise Funds			
	Solid Waste Management	Contractual Police	Motor Vehicle	Total
Operating revenues -				
Charges for services	\$ 967,086	\$ 1,873,928	\$ 729,473	\$ 3,570,487
Other	46,525	-	-	46,525
Total operating revenues	<u>1,013,611</u>	<u>1,873,928</u>	<u>729,473</u>	<u>3,617,012</u>
Operating expenses:				
Salaries and benefits	115,325	1,504,128	541,074	2,160,527
Materials, supplies and service	1,780,112	172,018	127,704	2,079,834
Depreciation	2,423	-	-	2,423
Total operating expenses	<u>1,897,860</u>	<u>1,676,146</u>	<u>668,778</u>	<u>4,242,784</u>
Operating income (loss)	<u>(884,249)</u>	<u>197,782</u>	<u>60,695</u>	<u>(625,772)</u>
Nonoperating revenues:				
Taxes	49,656	-	-	49,656
Intergovernmental	310,909	48,853	-	359,762
Interest income	3,613	-	5,255	8,868
Net change in fair value of investments	1,295	-	(1,438)	(143)
Total nonoperating revenues	<u>365,473</u>	<u>48,853</u>	<u>3,817</u>	<u>418,143</u>
Income (loss) before transfers	(518,776)	246,635	64,512	(207,629)
Transfers from other funds	300,000	-	-	300,000
Transfers to other funds	<u>-</u>	<u>(246,635)</u>	<u>(30,000)</u>	<u>(276,635)</u>
Change in net position	(218,776)	-	34,512	(184,264)
Total net position - January 1	<u>1,054,454</u>	<u>-</u>	<u>361,206</u>	<u>1,415,660</u>
Total net position - December 31	<u>\$ 835,678</u>	<u>\$ -</u>	<u>\$ 395,718</u>	<u>\$ 1,231,396</u>

**CITY OF BLOOMINGTON, MINNESOTA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended December 31, 2015

EXHIBIT D-3

	Solid Waste Management	Contractual Police	Motor Vehicle	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 1,022,932	\$ 1,400,858	\$ 748,494	\$ 3,172,284
Other cash receipts	-	-	-	-
Cash payments to other funds	(135,478)	-	(115,896)	(251,374)
Payments to employees	(111,937)	(1,146,938)	(536,998)	(1,795,873)
Payments to suppliers	(1,594,621)	(24,804)	(9,393)	(1,628,818)
Net cash provided by (used in) operating activities	(819,104)	229,116	86,207	(503,781)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grants	341,002	48,853	-	389,855
Transfers from other funds	300,000	-	-	300,000
Transfers to other funds	-	(246,635)	(30,000)	(276,635)
Taxes	49,656	-	-	49,656
Net cash provided by noncapital financing activities	690,658	(197,782)	(30,000)	462,876
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	4,908	-	3,817	8,725
Net cash provided by investing activities	4,908	-	3,817	8,725
Net increase (decrease) in cash and cash equivalents	(123,538)	31,334	60,024	(32,180)
Cash and cash equivalents - January 1	713,871	(29,435)	501,829	1,186,265
Cash and cash equivalents - December 31	\$ 590,333	\$ 1,899	\$ 561,853	\$ 1,154,085
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (884,249)	\$ 197,782	\$ 60,695	\$ (625,772)
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	9,321	(473,069)	(745)	(464,493)
Accounts payable - other	(6,838)	11,446	2,250	6,858
Accounts payable - supplier	56,852	121,080	19,932	197,864
Interfund payables	-	334,000	-	334,000
Salaries and benefits payable	3,387	37,877	4,075	45,339
Net cash used in operating activities	\$ (819,104)	\$ 229,116	\$ 86,207	\$ (503,781)



## CITY OF BLOOMINGTON, MINNESOTA

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### **INTERNAL SERVICE FUNDS**

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

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

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

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

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

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

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

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

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

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

**CITY OF BLOOMINGTON, MINNESOTA**  
Combining Statement of Fund Net Position  
Internal Service Funds  
December 31, 2015

	Information Systems	Equipment Division	Support Services	Public Safety Radio
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,869,754	\$ 5,880,913	\$ 192,471	\$ 931,195
Accrued interest receivable	8,812	18,829	519	2,872
Accounts receivable	65	2,601	15	-
Prepaid items	433,481	-	-	-
Due from other governments	-	-	-	-
Inventory	-	178,361	-	-
Total current assets	<u>3,312,112</u>	<u>6,080,704</u>	<u>193,005</u>	<u>934,067</u>
Noncurrent assets:				
Land	-	-	-	-
Buildings and structures	-	-	-	305,383
Machinery and equipment	1,657,137	27,192,951	133,245	1,388,727
Improvements	-	26,827	-	-
Construction in progress	-	347,082	-	-
Accumulated depreciation	(729,792)	(19,296,228)	(119,795)	(1,000,661)
Total noncurrent assets	<u>927,345</u>	<u>8,270,632</u>	<u>13,450</u>	<u>693,449</u>
<b>Total assets</b>	<u>4,239,457</u>	<u>14,351,336</u>	<u>206,455</u>	<u>1,627,516</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - related to pensions	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	232,103	308,822	6,894	18,158
Estimated claims payable	-	-	-	-
Benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Current bonds payable	-	-	-	-
Accrued interest payable	-	-	-	-
Deposits payable	-	-	-	-
Total current liabilities	<u>232,103</u>	<u>308,822</u>	<u>6,894</u>	<u>18,158</u>
Noncurrent liabilities:				
Benefits payable	-	-	-	-
Bonds payable	-	-	-	-
Estimated claims payable	-	-	-	-
Net pension liability	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>232,103</u>	<u>308,822</u>	<u>6,894</u>	<u>18,158</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - related to pensions	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	927,345	8,270,632	13,450	693,449
Unrestricted	3,080,009	5,771,882	186,111	915,909
<b>Total net position</b>	<u>\$ 4,007,354</u>	<u>\$ 14,042,514</u>	<u>\$ 199,561</u>	<u>\$ 1,609,358</u>

## EXHIBIT E-1

Self-Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	PERA Pension	Total
\$ 3,485,393	\$ 12,368,385	\$ 2,738,237	\$ 7,500,462	\$ -	\$ 35,966,810
9,931	39,665	7,456	22,248	-	110,332
-	-	317	-	-	2,998
221,944	-	-	-	-	655,425
-	-	-	550	-	550
-	-	-	-	-	178,361
<u>3,717,268</u>	<u>12,408,050</u>	<u>2,746,010</u>	<u>7,523,260</u>	<u>-</u>	<u>36,914,476</u>
-	-	-	11,432,262	-	11,432,262
-	-	-	39,846,904	-	40,152,287
-	-	-	4,763,137	-	35,135,197
-	-	-	1,361,938	-	1,388,765
-	-	-	-	-	347,082
-	-	-	(17,604,076)	-	(38,750,552)
<u>-</u>	<u>-</u>	<u>-</u>	<u>39,800,165</u>	<u>-</u>	<u>49,705,041</u>
<u>3,717,268</u>	<u>12,408,050</u>	<u>2,746,010</u>	<u>47,323,425</u>	<u>-</u>	<u>86,619,517</u>
-	-	-	-	7,460,459	7,460,459
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,460,459</u>	<u>7,460,459</u>
137,396	1,992	12,986	313,246	-	1,031,597
762,485	-	-	-	-	762,485
-	695,017	-	-	-	695,017
-	-	-	395,483	-	395,483
-	-	-	75,000	-	75,000
-	-	-	575,000	-	575,000
-	-	-	32,228	-	32,228
-	-	50,564	-	-	50,564
<u>899,881</u>	<u>697,009</u>	<u>63,550</u>	<u>1,390,957</u>	<u>-</u>	<u>3,617,374</u>
-	13,205,331	-	-	-	13,205,331
-	-	-	3,085,000	-	3,085,000
1,126,364	-	-	-	-	1,126,364
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,574,651</u>	<u>42,574,651</u>
<u>1,126,364</u>	<u>13,205,331</u>	<u>-</u>	<u>3,085,000</u>	<u>42,574,651</u>	<u>59,991,346</u>
<u>2,026,245</u>	<u>13,902,340</u>	<u>63,550</u>	<u>4,475,957</u>	<u>42,574,651</u>	<u>63,608,720</u>
-	-	-	-	5,678,628	5,678,628
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,678,628</u>	<u>5,678,628</u>
-	-	-	36,140,165	-	46,045,041
1,691,023	(1,494,290)	2,682,460	6,707,303	(40,792,820)	(21,252,413)
<u>\$ 1,691,023</u>	<u>\$ (1,494,290)</u>	<u>\$ 2,682,460</u>	<u>\$ 42,847,468</u>	<u>\$ (40,792,820)</u>	<u>\$ 24,792,628</u>

**CITY OF BLOOMINGTON, MINNESOTA**  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position  
Internal Service Funds  
Year Ended December 31, 2015

	Information Systems	Equipment Division	Support Services	Public Safety Radio
Operating revenues:				
Charges for services	\$ 4,706,918	\$ 6,633,144	\$ 413,693	\$ 553,383
Other	3,908	34,370	-	-
Total operating revenues	<u>4,710,826</u>	<u>6,667,514</u>	<u>413,693</u>	<u>553,383</u>
Operating expenses:				
Salaries and benefits	1,603,880	1,288,084	194,854	113,578
Materials, supplies and service	3,143,558	3,015,412	250,950	553,897
Depreciation	<u>212,491</u>	<u>2,021,529</u>	<u>5,280</u>	<u>125,044</u>
Total operating expenses	<u>4,959,929</u>	<u>6,325,025</u>	<u>451,084</u>	<u>792,519</u>
Operating income (loss)	<u>(249,103)</u>	<u>342,489</u>	<u>(37,391)</u>	<u>(239,136)</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	-	-	-
Interest income	25,258	54,340	1,599	8,411
Net change in fair value of investments	(4,867)	(16,219)	242	(942)
Gain (loss) on sale of capital assets	-	170,137	-	(12,327)
Interest expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>20,391</u>	<u>208,258</u>	<u>1,841</u>	<u>(4,858)</u>
Income (loss) before transfers	(228,712)	550,747	(35,550)	(243,994)
Transfers from other funds	-	18,098	-	17,808
Transfers to other funds	<u>(182,124)</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>
Change in net position	(410,836)	568,845	(35,550)	(316,186)
Total net position - January 1	4,418,190	13,473,669	235,111	1,925,544
Prior Period Adjustment - see Note 15	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net position - January 1, as restated	<u>4,418,190</u>	<u>13,473,669</u>	<u>235,111</u>	<u>1,925,544</u>
Total net position - December 31	<u>\$ 4,007,354</u>	<u>\$ 14,042,514</u>	<u>\$ 199,561</u>	<u>\$ 1,609,358</u>

## EXHIBIT E-2

Self-Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	PERA Pension	Total
\$ 2,226,406	\$ 1,642,998	\$ 8,823,344	\$ 10,821,431	\$ 4,410,123	\$ 40,231,440
-	-	25,000	21,252	-	84,530
<u>2,226,406</u>	<u>1,642,998</u>	<u>8,848,344</u>	<u>10,842,683</u>	<u>4,410,123</u>	<u>40,315,970</u>
-	1,914,550	9,243,673	3,358,071	5,610,915	23,327,605
1,236,563	-	385	5,109,218	-	13,309,983
-	-	-	1,496,197	-	3,860,541
<u>1,236,563</u>	<u>1,914,550</u>	<u>9,244,058</u>	<u>9,963,486</u>	<u>5,610,915</u>	<u>40,498,129</u>
<u>989,843</u>	<u>(271,552)</u>	<u>(395,714)</u>	<u>879,197</u>	<u>(1,200,792)</u>	<u>(182,159)</u>
-	-	-	-	116,010	116,010
26,753	110,327	22,758	60,881	-	310,327
(10,732)	(30,155)	3,337	(20,884)	-	(80,220)
-	-	-	-	-	157,810
-	-	-	(77,922)	-	(77,922)
<u>16,021</u>	<u>80,172</u>	<u>26,095</u>	<u>(37,925)</u>	<u>116,010</u>	<u>542,015</u>
1,005,864	(191,380)	(369,619)	841,272	(1,084,782)	243,846
500,004	500,004	30,504	120,000	-	1,186,418
-	-	(1,000,008)	-	-	(1,272,132)
1,505,868	308,624	(1,339,123)	961,272	(1,084,782)	158,132
185,155	(1,802,914)	4,021,583	41,886,196	-	64,342,534
-	-	-	-	(39,708,038)	(39,708,038)
<u>185,155</u>	<u>(1,802,914)</u>	<u>4,021,583</u>	<u>41,886,196</u>	<u>(39,708,038)</u>	<u>24,634,496</u>
<u>\$ 1,691,023</u>	<u>\$ (1,494,290)</u>	<u>\$ 2,682,460</u>	<u>\$ 42,847,468</u>	<u>\$ (40,792,820)</u>	<u>\$ 24,792,628</u>

**CITY OF BLOOMINGTON, MINNESOTA**

Combining Statement of Cash Flows

Internal Service Funds

Year Ended December 31, 2015

	Information Systems	Equipment Division	Support Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from interfund services provided	\$ 4,696,758	\$ 6,656,274	\$ 413,665
Cash payments to other funds	(268,930)	(1,175,936)	(184,856)
Payments to employees	(1,602,794)	(1,281,207)	(193,700)
Payments to suppliers	(2,919,194)	(1,886,103)	(65,680)
Net cash provided by (used in) operating activities	<u>(94,160)</u>	<u>2,313,028</u>	<u>(30,571)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Grants	-	-	-
Transfers from other funds	-	18,098	-
Transfers to other funds	(182,124)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(182,124)</u>	<u>18,098</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Bond payments	-	-	-
Interest and other payments	-	-	-
Proceeds from sale of capital assets	-	218,406	-
Purchase of capital assets	(117,708)	(2,305,023)	(14,945)
Net cash provided by (used in) capital and related financing activities	<u>(117,708)</u>	<u>(2,086,617)</u>	<u>(14,945)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	20,391	38,121	1,841
Net cash provided by investing activities	<u>20,391</u>	<u>38,121</u>	<u>1,841</u>
Net increase (decrease) in cash and cash equivalents	<u>(373,601)</u>	<u>282,630</u>	<u>(43,675)</u>
Cash and cash equivalents - January 1	<u>3,243,355</u>	<u>5,598,283</u>	<u>236,146</u>
Cash and cash equivalents - December 31	<u><u>\$ 2,869,754</u></u>	<u><u>\$ 5,880,913</u></u>	<u><u>\$ 192,471</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (249,103)	\$ 342,489	\$ (37,391)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities -			
Depreciation	212,491	2,021,529	5,280
Changes in assets and liabilities:			
Accounts receivable	(10,918)	(8,639)	(15)
Other operating receivables	(3,152)	(2,601)	(13)
Interfund receipts	-	-	-
Inventory	-	(13,132)	-
Accounts payable - other	(14)	3,197	414
Accounts payable - supplier	(44,550)	(36,692)	-
Net pension liability	-	-	-
Salaries and benefits payable	1,086	6,877	1,154
Deferred outflows of resources	-	-	-
Deferred inflows of resources	-	-	-
Net cash provided by (used in) operating activities	<u><u>\$ (94,160)</u></u>	<u><u>\$ 2,313,028</u></u>	<u><u>\$ (30,571)</u></u>

Public Safety Radio	Self- Insurance	Benefit Accrual	Insured Benefits	Facilities & Parks Maintenance	PERA Pension	Total
\$ 552,567	\$ 2,228,560	\$ 1,626,112	\$ 8,851,844	\$ 10,945,336	\$ 4,410,123	\$ 40,381,239
(14,378)	(721,188)	-	-	(2,229,074)	-	(4,594,362)
(113,000)	-	(1,537,456)	(9,157,043)	(3,346,684)	(4,526,133)	(21,758,017)
(538,224)	(943,029)	-	(36,309)	(2,958,571)	-	(9,347,110)
(113,035)	564,343	88,656	(341,508)	2,411,007	(116,010)	4,681,750
-	-	-	-	-	116,010	116,010
17,808	500,004	500,004	30,504	120,000	-	1,186,418
(90,000)	-	-	(1,000,008)	-	-	(1,272,132)
(72,192)	500,004	500,004	(969,504)	120,000	116,010	30,296
-	-	-	-	(575,000)	-	(575,000)
-	-	-	-	(77,922)	-	(77,922)
-	-	-	-	-	-	218,406
-	-	-	-	(806,463)	-	(3,244,139)
-	-	-	-	(1,459,385)	-	(3,678,655)
7,468	16,020	80,172	26,096	39,997	-	230,106
7,468	16,020	80,172	26,096	39,997	-	230,106
(177,759)	1,080,367	668,832	(1,284,916)	1,111,619	-	1,263,497
1,108,954	2,405,026	11,699,553	4,023,153	6,388,843	-	34,703,313
\$ 931,195	\$ 3,485,393	\$ 12,368,385	\$ 2,738,237	\$ 7,500,462	\$ -	\$ 35,966,810
\$ (239,136)	\$ 989,843	\$ (271,552)	\$ (395,714)	\$ 879,197	\$ (1,200,792)	\$ (182,159)
125,044	-	-	-	1,496,197	-	3,860,541
-	7,423	-	3,727	113,424	-	105,002
(815)	(5,269)	(16,887)	(228)	(10,771)	-	(39,736)
-	-	-	-	(35,953)	-	(35,953)
-	-	-	-	-	-	(13,132)
-	(431,252)	-	50,707	15,395	-	(361,553)
1,295	3,598	451,532	-	(57,929)	-	317,254
-	-	-	-	-	2,866,613	2,866,613
577	-	(74,437)	-	11,447	-	(53,296)
-	-	-	-	-	(7,460,459)	(7,460,459)
-	-	-	-	-	5,678,628	5,678,628
\$ (113,035)	\$ 564,343	\$ 88,656	\$ (341,508)	\$ 2,411,007	\$ (116,010)	\$ 4,681,750

## CITY OF BLOOMINGTON, MINNESOTA

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### **FIDUCIARY FUNDS - AGENCY**

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

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

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

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



**City of Bloomington**  
Combining Statement of Fiduciary Net Position  
Agency Funds  
December 31, 2015

EXHIBIT F-1

	Convention Bureau	State Pass-Through Loans	City Fiduciary	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 325,047	\$ 6,012	\$ 496,840	\$ 827,899
Accounts receivable	291,024	-	-	291,024
<b>Total assets</b>	<u>616,071</u>	<u>6,012</u>	<u>496,840</u>	<u>1,118,923</u>
<b>LIABILITIES</b>				
Current liabilities -				
Accounts payable	<u>616,071</u>	<u>6,012</u>	<u>496,840</u>	<u>1,118,923</u>
<b>NET POSITION</b>	<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, 2015

EXHIBIT F-2

	Balance 1/1/2015	Additions	Deductions	Balance 12/31/2015
<b><u>CONVENTION BUREAU</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 306,925	\$ 4,724,812	\$ 4,706,690	\$ 325,047
Accounts receivable	278,085	291,024	278,085	291,024
Total assets	<u>\$ 585,010</u>	<u>\$ 5,015,836</u>	<u>\$ 4,984,775</u>	<u>\$ 616,071</u>
<b>LIABILITIES</b>				
Due to Convention Bureau	<u>\$ 585,010</u>	<u>\$ 5,015,836</u>	<u>\$ 4,984,775</u>	<u>\$ 616,071</u>
<b><u>STATE PASS-THROUGH LOANS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,006	\$ 36,072	\$ 33,066	\$6,012
Accounts receivable	3,006	33,066	36,072	-
Total assets	<u>\$ 6,012</u>	<u>\$ 69,138</u>	<u>\$ 69,138</u>	<u>6,012</u>
<b>LIABILITIES</b>				
Due to Loan Recipients	<u>\$ 6,012</u>	<u>\$ 69,138</u>	<u>\$ 69,138</u>	<u>6,012</u>
<b><u>CITY FIDUCIARY</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 347,731</u>	<u>\$ 908,465</u>	<u>\$ 759,356</u>	<u>496,840</u>
<b>LIABILITIES</b>				
Due to Other Parties	<u>\$ 347,731</u>	<u>\$ 908,465</u>	<u>\$ 759,356</u>	<u>496,840</u>
<b><u>TOTAL - ALL AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 657,662	\$ 5,669,349	\$ 5,499,112	827,899
Accounts receivable	281,091	324,090	314,157	291,024
Total assets	<u>\$ 938,753</u>	<u>\$ 5,993,439</u>	<u>\$ 5,813,269</u>	<u>1,118,923</u>
<b>LIABILITIES</b>				
Due to Convention Bureau	\$ 585,010	\$ 5,015,836	\$ 4,984,775	616,071
Due to Loan Recipients	6,012	69,138	69,138	6,012
Due to Other Parties	347,731	908,465	759,356	496,840
Total liabilities	<u>\$ 938,753</u>	<u>\$ 5,993,439</u>	<u>\$ 5,813,269</u>	<u>1,118,923</u>

**OTHER  
SUPPLEMENTARY  
INFORMATION –  
  
COMPONENT  
UNITS**

**PORT AUTHORITY OF THE  
CITY OF BLOOMINGTON, MINNESOTA**  
Schedule of Assets, Liabilities, and Fund Balances  
December 31, 2015

EXHIBIT G-1

	Governmental Fund Types			Totals	
	General	Debt Service	Capital Projects	2015	2014
<b>ASSETS</b>					
Cash, cash equivalents, and investments	\$ 52,021	\$ 290,749	\$ 65,122,828	\$ 65,465,598	\$ 47,420,686
Taxes receivable	-	-	5,627	5,627	5,830
Accrued interest receivable	137	569	130,622	131,328	19,519
Prepaid items	-	-	-	-	16,500
Due from primary government	-	-	867,431	867,431	2,785,056
Loans receivable	-	-	2,121,600	2,121,600	2,040,000
<b>Total assets</b>	<u>52,158</u>	<u>291,318</u>	<u>68,248,108</u>	<u>68,591,584</u>	<u>52,287,591</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	2,509	13,000	1,790,238	1,805,747	1,342,689
Due to primary government	13,100	-	4,128,693	4,141,793	3,577,943
<b>Total liabilities</b>	<u>15,609</u>	<u>13,000</u>	<u>5,918,931</u>	<u>5,947,540</u>	<u>4,920,632</u>
Fund Balances:					
Nonspendable	-	-	-	-	16,500
Restricted	-	278,318	62,177,858	62,456,176	47,162,557
Committed	-	-	151,319	151,319	150,911
Unassigned	36,549	-	-	36,549	36,991
<b>Total fund balances</b>	<u>36,549</u>	<u>278,318</u>	<u>62,329,177</u>	<u>62,644,044</u>	<u>47,366,959</u>
<b>Total liabilities and fund balances</b>	<u>\$ 52,158</u>	<u>\$ 291,318</u>	<u>\$ 68,248,108</u>	<u>\$ 68,591,584</u>	<u>\$ 52,287,591</u>

**PORT AUTHORITY OF THE  
CITY OF BLOOMINGTON, MINNESOTA**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended December 31, 2015

EXHIBIT G-2

	Governmental Fund Types			Totals	
	General	Debt Service	Capital Projects	2015	2014
<b>REVENUES</b>					
Property tax increment	\$ -	\$ -	\$ 22,093,532	\$ 22,093,532	\$ 23,209,171
Interest	253	641	345,696	346,590	12,548
Net change in fair value of investments	(43)	(348)	(37,024)	(37,415)	176,681
City contribution	260,000	-	-	260,000	6,290,000
Other	-	-	-	-	150,929
Total revenues	<u>260,210</u>	<u>293</u>	<u>22,402,204</u>	<u>22,662,707</u>	<u>29,839,329</u>
<b>EXPENDITURES</b>					
Current:					
General services	277,152	66,502	305,461	649,115	584,317
Development services	-	-	13,781,229	13,781,229	28,803,787
Debt service:					
Interest	-	-	120,609	120,609	259,774
Total expenditures	<u>277,152</u>	<u>66,502</u>	<u>14,207,299</u>	<u>14,550,953</u>	<u>29,647,878</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,942)</u>	<u>(66,209)</u>	<u>8,194,905</u>	<u>8,111,754</u>	<u>191,451</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	3,214,651	3,214,651	-
Transfers out	-	-	(3,214,651)	(3,214,651)	-
Issuance of debt	-	344,527	6,805,473	7,150,000	-
Premium on bonds issued	-	-	15,331	15,331	-
Total other financing sources (uses)	<u>-</u>	<u>344,527</u>	<u>6,820,804</u>	<u>7,165,331</u>	<u>-</u>
Net change in fund balance	(16,942)	278,318	15,015,709	15,277,085	191,451
Fund balance - January 1	<u>53,491</u>	<u>-</u>	<u>47,313,468</u>	<u>47,366,959</u>	<u>47,175,508</u>
Fund balance - December 31	<u>\$ 36,549</u>	<u>\$ 278,318</u>	<u>\$ 62,329,177</u>	<u>\$ 62,644,044</u>	<u>\$ 47,366,959</u>

**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF BLOOMINGTON**  
Schedule of Net Position  
December 31, 2015

EXHIBIT H-1

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 5,305,102	\$ 511,479	\$ 5,816,581
Accounts receivable	7,943,722	-	7,943,722
Prepaid items	334,436	-	334,436
Due from primary government	83,710	-	83,710
Due from other government	159,639	-	159,639
Inventory - land held for resale	732,958	-	732,958
Land	130,300	1,470,000	1,600,300
Buildings and structures, net of accumulated depreciation	-	1,300,179	1,300,179
Machinery and equipment, net of accumulated depreciation	1,256	-	1,256
<b>Total assets</b>	<b>14,691,123</b>	<b>3,281,658</b>	<b>17,972,781</b>
<b>LIABILITIES</b>			
Accounts payable	54,376	86,498	140,874
Due to primary government	245,278	15,876	261,154
Noncurrent liabilities:			
Due to primary government -			
Bonds payable due in more than one year	2,803,353	-	2,803,353
Due in more than one year	-	1,574,720	1,574,720
<b>Total liabilities</b>	<b>3,103,007</b>	<b>1,677,094</b>	<b>4,780,101</b>
<b>NET POSITION</b>			
Net investment in capital assets	131,556	1,195,459	1,327,015
Restricted for:			
Tax increment purposes	1,136,953	-	1,136,953
HUD rehab loans	69,899	-	69,899
Unrestricted	10,249,708	409,105	10,658,813
<b>Total net position</b>	<b>\$ 11,588,116</b>	<b>\$ 1,604,564</b>	<b>\$ 13,192,680</b>

**HOUSING AND REDEVELOPMENT AUTHORITY**  
**IN AND FOR THE CITY OF BLOOMINGTON**  
Schedule of Activities  
For the Year Ended December 31, 2015

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	\$ 4,671,838	\$ 14,963	\$ 4,320,697	\$ -	\$ (336,178)	\$ -	\$ (336,178)
Development services	1,953,225	402,309	827,575	-	(723,341)	-	(723,341)
Interest on long-term debt and amounts due to primary government - bonds payable	104,139	-	-	-	(104,139)	-	(104,139)
Total governmental activities	6,729,202	417,272	5,148,272	-	(1,163,658)	-	(1,163,658)
Business-type activities:							
Property management	271,298	211,416	-	-	-	(59,882)	(59,882)
Assisted rental	271,708	310,489	-	-	-	38,781	38,781
Total business-type activities	543,006	521,905	-	-	-	(21,101)	(21,101)
Total	<u>\$ 7,272,208</u>	<u>\$ 939,177</u>	<u>\$ 5,148,272</u>	<u>-</u>	<u>(1,163,658)</u>	<u>(21,101)</u>	<u>(1,184,759)</u>
General revenues:							
Property taxes					2,723,052	-	2,723,052
Interest and investment earnings					-	-	-
Gain on sale of capital assets					-	-	-
Transfers					-	-	-
Total general revenues and transfers					<u>2,723,052</u>	<u>-</u>	<u>2,723,052</u>
Change in net position					1,559,394	(21,101)	1,538,293
Net position - January 1					<u>10,028,722</u>	<u>1,625,665</u>	<u>11,654,387</u>
Net position - December 31					<u>\$ 11,588,116</u>	<u>\$ 1,604,564</u>	<u>\$ 13,192,680</u>

**HOUSING AND REDEVELOPMENT AUTHORITY**  
**IN AND FOR THE CITY OF BLOOMINGTON**  
Schedule of Assets, Liabilities, and Fund Balances  
Governmental Funds  
December 31, 2015

	General Fund	Housing Development	Redevelopment	Section 8 Vouchers
<b>ASSETS</b>				
Cash and cash equivalents	\$ 542,071	\$ 2,110,718	\$ -	\$ 65,027
Taxes receivable	15,457	-	-	-
Accounts receivable	-	6,225	-	588
Mortgage receivable	-	1,425,527	-	-
Prepaid items	-	-	-	334,436
Due from other funds	-	4,900,000	-	-
Due from primary government	-	-	-	-
Due from other govts	-	-	-	16,109
Inventory - land for resale	-	-	-	-
<b>Total assets</b>	<u>\$ 557,528</u>	<u>\$ 8,442,470</u>	<u>\$ -</u>	<u>\$ 416,160</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable	\$ 489	\$ 16,105	\$ -	\$ 11,568
Due to other funds	-	-	-	300,000
Due to primary government	26,428	14,145	-	55,653
<b>Total liabilities</b>	<u>26,917</u>	<u>30,250</u>	<u>-</u>	<u>367,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow-taxes	15,457	-	-	-
Deferred inflow-mortgages	-	1,030,968	-	-
Deferred inflow-land held for resale	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>15,457</u>	<u>1,030,968</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Fund Balances (Deficits):				
Nonspendable	-	394,559	-	334,436
Restricted	-	-	-	-
Committed	-	6,986,693	-	-
Assigned	-	-	-	-
Unassigned	515,154	-	-	(285,497)
Total fund balances	<u>515,154</u>	<u>7,381,252</u>	<u>-</u>	<u>48,939</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 557,528</u>	<u>\$ 8,442,470</u>	<u>\$ -</u>	<u>\$ 416,160</u>



## EXHIBIT H-3

Housing Rehabilitation	TIF Special Revenue	Capital Projects	Total Governmental Funds
\$ 1,195,403	\$ 1,352,968	\$ 38,915	\$ 5,305,102
-	703	-	16,160
-	7,639	-	14,452
5,347,841	-	1,139,742	7,913,110
-	-	-	334,436
-	-	-	4,900,000
83,710	-	-	83,710
143,530	-	-	159,639
-	267,700	465,258	732,958
<u>\$ 6,770,484</u>	<u>\$ 1,629,010</u>	<u>\$ 1,643,915</u>	<u>\$ 19,459,567</u>
\$ 4,331	\$ 21,723	\$ 160	\$ 54,376
-	4,600,000	-	4,900,000
24,052	-	-	120,278
<u>28,383</u>	<u>4,621,723</u>	<u>160</u>	<u>5,074,654</u>
-	-	-	\$ 15,457
5,347,841	-	1,139,742	7,518,551
-	267,700	465,258	732,958
<u>5,347,841</u>	<u>267,700</u>	<u>1,605,000</u>	<u>8,266,966</u>
-	-	-	728,995
69,899	1,215,306	-	1,285,205
1,324,361	-	-	8,311,054
-	-	38,755	38,755
-	(4,475,719)	-	(4,246,062)
<u>1,394,260</u>	<u>(3,260,413)</u>	<u>38,755</u>	<u>6,117,947</u>
<u>\$ 6,770,484</u>	<u>\$ 1,629,010</u>	<u>\$ 1,643,915</u>	<u>\$ 19,459,567</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, 2015

<b>FUND BALANCE - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$</b>	<b>6,117,947</b>
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Amounts reported for governmental activities in the Schedule of Net Position are different because:

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

Cost of capital assets	\$ 161,064	
Less accumulated depreciation	<u>(29,508)</u>	131,556

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.

8,266,966

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

(2,850,000)

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.

(34,201)

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

(44,152)

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 11,588,116**



**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, 2015

	General Fund	Housing Development	Redevelopment
<b>REVENUES</b>			
Taxes:			
Regular	\$ 281,404	\$ 1,434,759	\$ -
Tax increment	-	32,456	-
Intergovernmental	-	-	-
Sale of real property	-	-	-
Program	-	7,123	-
Interest	(845)	-	-
Other	900	6,225	-
Total revenues	<u>281,459</u>	<u>1,480,563</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
General services	256,317	-	-
Development services	-	329,385	173,924
Debt service:			
Administrative charges	-	-	5,472
Interest	-	-	-
Principal retirement	-	-	-
Capital outlay -			
Development services	-	-	-
Total expenditures	<u>256,317</u>	<u>329,385</u>	<u>179,396</u>
Excess (deficiency) of revenues over expenditures	25,142	1,151,178	(179,396)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers to other funds	-	(132,000)	(44,494)
Transfers from other funds	-	44,494	-
Total other financing sources (uses)	<u>-</u>	<u>(87,506)</u>	<u>(44,494)</u>
Net change in fund balance	25,142	1,063,672	(223,890)
Fund balance (deficit) - January 1	<u>490,012</u>	<u>6,317,580</u>	<u>223,890</u>
Fund balance (deficit) - December 31	<u>\$ 515,154</u>	<u>\$ 7,381,252</u>	<u>\$ -</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>
\$ -	\$ 99,185	\$ -	\$ -	\$ 1,815,348
-	-	875,520	-	907,976
4,320,697	715,093	112,482	-	5,148,272
-	-	-	211,971	211,971
-	159,456	-	-	166,579
-	-	-	-	(845)
14,908	-	7,639	-	29,672
<u>4,335,605</u>	<u>973,734</u>	<u>995,641</u>	<u>211,971</u>	<u>8,278,973</u>
4,413,008	-	-	-	4,669,325
-	1,189,985	147,331	69,157	1,909,782
-	-	2,739	-	8,211
-	-	107,765	-	107,765
-	-	120,000	-	120,000
-	-	-	106,876	106,876
<u>4,413,008</u>	<u>1,189,985</u>	<u>377,835</u>	<u>176,033</u>	<u>6,921,959</u>
(77,403)	(216,251)	617,806	35,938	1,357,014
-	-	-	-	(176,494)
<u>80,000</u>	<u>50,000</u>	<u>-</u>	<u>2,000</u>	<u>176,494</u>
<u>80,000</u>	<u>50,000</u>	<u>-</u>	<u>2,000</u>	<u>-</u>
2,597	(166,251)	617,806	37,938	1,357,014
<u>46,342</u>	<u>1,560,511</u>	<u>(3,878,219)</u>	<u>817</u>	<u>4,760,933</u>
<u>\$ 48,939</u>	<u>\$ 1,394,260</u>	<u>\$ (3,260,413)</u>	<u>\$ 38,755</u>	<u>\$ 6,117,947</u>

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

EXHIBIT H-6

Reconciliation of the Schedule of Revenues,  
Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Schedule of Activities  
For The Year Ended December 31, 2015

<b>NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,357,014</b>
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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	<u>(2,513)</u>	(2,513)
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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.		(273)
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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.		221,866
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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.		(140,327)
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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.		120,000
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Governmental funds report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Schedule of Activities.		2,126
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Change in accrued interest on general long-term debt is reported in the Schedule of Activities but does not require the use of current financial resources and, therefore, is not reported as an expenditure in governmental funds.		<u>1,500</u>
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<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 1,559,394</u></b>
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**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF BLOOMINGTON**

EXHIBIT H-7

Schedule of Fund Net Position

Proprietary Funds

December 31, 2015

	Assisted Rental	Property Management	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 398,370	\$ 113,109	\$ 511,479
Total current assets	<u>398,370</u>	<u>113,109</u>	<u>511,479</u>
Noncurrent assets:			
Land	700,000	770,000	1,470,000
Buildings and structures	1,698,090	1,587,527	3,285,617
Accumulated depreciation	<u>(1,022,483)</u>	<u>(962,955)</u>	<u>(1,985,438)</u>
Total noncurrent assets	<u>1,375,607</u>	<u>1,394,572</u>	<u>2,770,179</u>
<b>Total assets</b>	<u>1,773,977</u>	<u>1,507,681</u>	<u>3,281,658</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	2,057	1,616	3,673
Due to primary government	8,795	7,081	15,876
Deposits payable	<u>7,515</u>	<u>75,310</u>	<u>82,825</u>
Total current liabilities	<u>18,367</u>	<u>84,007</u>	<u>102,374</u>
Noncurrent liabilities -			
Long-term debt	<u>-</u>	<u>1,574,720</u>	<u>1,574,720</u>
<b>Total liabilities</b>	<u>18,367</u>	<u>1,658,727</u>	<u>1,677,094</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,375,607	(180,148)	1,195,459
Unrestricted	<u>380,003</u>	<u>29,102</u>	<u>409,105</u>
<b>Total net position</b>	<u>\$ 1,755,610</u>	<u>\$ (151,046)</u>	<u>\$ 1,604,564</u>

**HOUSING AND REDEVELOPMENT AUTHORITY**  
**IN AND FOR THE CITY OF BLOOMINGTON**  
Schedule of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
Year Ended December 31, 2015

EXHIBIT H-8

	Assisted Rental	Property Management	Total
<b>OPERATING REVENUES</b>			
Program income	\$ 279,751	\$ 190,685	\$ 470,436
Other	30,738	20,731	51,469
Total operating revenues	<u>310,489</u>	<u>211,416</u>	<u>521,905</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	69,091	70,319	139,410
Professional services	1,405	3,033	4,438
City support services	3,336	163	3,499
Purchased services	40,436	33,401	73,837
Home rehabilitation	107,503	116,149	223,652
Depreciation	49,937	48,233	98,170
Total operating expenses	<u>271,708</u>	<u>271,298</u>	<u>543,006</u>
Operating income (loss)	38,781	(59,882)	(21,101)
Total net position - January 1	<u>1,716,829</u>	<u>(91,164)</u>	<u>1,625,665</u>
Total net position - December 31	<u><u>\$ 1,755,610</u></u>	<u><u>\$ (151,046)</u></u>	<u><u>\$ 1,604,564</u></u>



**HOUSING AND REDEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF BLOOMINGTON**  
Schedule of Cash Flows  
Proprietary Funds  
Year Ended December 31, 2015

EXHIBIT H-9

	Assisted Rental	Property Management	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers	\$ 356,760	\$ 248,541	\$ 605,301
Payments to other funds	(7,550)	(3,270)	(10,820)
Payments to employees	(69,091)	(70,319)	(139,410)
Payments to suppliers	(153,153)	(149,223)	(302,376)
Net cash provided by (used in) operating activities	<u>126,966</u>	<u>25,729</u>	<u>152,695</u>
 Net increase in cash and cash equivalents	 126,966	 25,729	 152,695
Cash and cash equivalents - January 1	<u>271,404</u>	<u>87,380</u>	<u>358,784</u>
Cash and cash equivalents - December 31	<u><u>\$ 398,370</u></u>	<u><u>\$ 113,109</u></u>	<u><u>\$ 511,479</u></u>
 <b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 38,781	\$ (59,882)	\$ (21,101)
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	(289)	(6)	(295)
Deposits payable	(3,520)	3,366	(154)
Due to primary government	(4,214)	(3,107)	(7,321)
Customer receivables	46,271	37,125	83,396
Net cash provided by (used in) operating activities	<u><u>\$ 126,966</u></u>	<u><u>\$ 25,729</u></u>	<u><u>\$ 152,695</u></u>

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

EXHIBIT H-10

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
General Fund  
Year Ended December 31, 2015

	Budget			Variance With
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Taxes -				
Regular	\$ 280,290	\$ 280,290	\$ 281,404	\$ 1,114
Interest	1,000	1,000	(845)	(1,845)
Other	-	-	900	900
Total revenues	<u>281,290</u>	<u>281,290</u>	<u>281,459</u>	<u>169</u>
<b>EXPENDITURES</b>				
Current -				
General services	<u>281,290</u>	<u>291,290</u>	<u>256,317</u>	<u>34,973</u>
Net change in fund balance	-	(10,000)	25,142	35,142
Fund balance - January 1	<u>490,012</u>	<u>490,012</u>	<u>490,012</u>	<u>-</u>
Fund balance - December 31	<u><u>\$ 490,012</u></u>	<u><u>\$ 480,012</u></u>	<u><u>\$ 515,154</u></u>	<u><u>\$ 35,142</u></u>

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

EXHIBIT H-11

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Housing Development Fund  
Year Ended December 31, 2015

	Budget			Variance With Final Budget
	Original	Final	Actual	
<b>REVENUES</b>				
Taxes:				
Regular	\$ 1,446,546	\$ 1,431,546	\$ 1,434,759	\$ 3,213
Tax increment	32,456	32,456	32,456	-
Sale of real property	150,000	-	-	-
Program	7,123	7,123	7,123	-
Other	6,225	6,225	6,225	-
Total revenues	<u>1,642,350</u>	<u>1,477,350</u>	<u>1,480,563</u>	<u>3,213</u>
<b>EXPENDITURES</b>				
Current -				
Development services	182,399	332,399	329,385	3,014
Capital outlay -				
Development services	1,459,951	1,459,951	-	1,459,951
Total expenditures	<u>1,642,350</u>	<u>1,792,350</u>	<u>329,385</u>	<u>1,462,965</u>
Excess (deficiency) of revenues over expenditures	-	(315,000)	1,151,178	1,466,178
<b>OTHER FINANCING USES</b>				
Transfers to other funds	-	(132,000)	(132,000)	-
Transfers from other funds	-	50,000	44,494	(5,506)
Total other financing uses	<u>-</u>	<u>(82,000)</u>	<u>(87,506)</u>	<u>(5,506)</u>
Net change in fund balance	-	(397,000)	1,063,672	1,460,672
Fund balance - January 1	<u>6,317,580</u>	<u>6,317,580</u>	<u>6,317,580</u>	<u>-</u>
Fund balance - December 31	<u>\$ 6,317,580</u>	<u>\$ 5,920,580</u>	<u>\$ 7,381,252</u>	<u>\$ 1,460,672</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, 2015

	<u>Budget</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Taxes -				
Regular	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current -				
Development services	-	176,000	173,924	2,076
Debt service:				
Administrative charges	-	6,000	5,472	528
Total expenditures	-	182,000	179,396	2,604
Excess of revenues over expenditures	-	(182,000)	(179,396)	2,604
<b>OTHER FINANCING USES</b>				
Transfers to other funds	-	(45,000)	(44,494)	(506)
Total other financing sources (uses)	-	(45,000)	(44,494)	(506)
Net change in fund balance	-	(227,000)	(223,890)	3,110
Fund balance - January 1	223,890	223,890	223,890	-
Fund balance - December 31	<u>\$ 223,890</u>	<u>\$ (3,110)</u>	<u>\$ -</u>	<u>\$ 3,110</u>

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

EXHIBIT H-13

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Section 8 Vouchers Fund  
Year Ended December 31, 2015

	<u>Budget</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 4,183,000	\$ 4,283,000	\$ 4,320,697	\$ 37,697
Interest	1,000	1,000	-	(1,000)
Other	14,000	14,000	14,908	908
Total revenues	<u>4,198,000</u>	<u>4,298,000</u>	<u>4,335,605</u>	<u>37,605</u>
<b>EXPENDITURES</b>				
Current -				
General services	<u>4,198,000</u>	<u>4,443,000</u>	<u>4,413,008</u>	<u>29,992</u>
Excess of revenues over expenditures	-	(145,000)	(77,403)	67,597
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	<u>-</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net change in fund balance	-	(65,000)	2,597	67,597
Fund balance - January 1	<u>46,342</u>	<u>46,342</u>	<u>46,342</u>	<u>-</u>
Fund balance - December 31	<u>\$ 46,342</u>	<u>\$ (18,658)</u>	<u>\$ 48,939</u>	<u>\$ 67,597</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, 2015

	<u>Budget</u>			Variance With
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Taxes -				
Regular	\$ 100,000	\$ 100,000	\$ 99,185	\$ (815)
Intergovernmental	1,381,085	711,085	715,093	4,008
Program	160,000	160,000	159,456	(544)
Total revenues	<u>1,641,085</u>	<u>971,085</u>	<u>973,734</u>	<u>2,649</u>
<b>EXPENDITURES</b>				
Current -				
Development services	<u>1,641,085</u>	<u>1,291,085</u>	<u>1,189,985</u>	<u>101,100</u>
Excess (deficiency) of revenues over (under) expenditures	-	(320,000)	(216,251)	103,749
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	-	(270,000)	(166,251)	103,749
Fund balance - January 1	<u>1,560,511</u>	<u>1,560,511</u>	<u>1,560,511</u>	<u>-</u>
Fund balance - December 31	<u>\$ 1,560,511</u>	<u>\$ 1,290,511</u>	<u>\$ 1,394,260</u>	<u>\$ 103,749</u>



**HOUSING AND REDEVELOPMENT AUTHORITY**  
**IN AND FOR THE CITY OF BLOOMINGTON**  
Combining Schedule of Assets, Liabilities, and Fund Balances  
TIF Special Revenue Fund  
December 31, 2015

	Oxboro O-4	France & Old Shakopee	Penn & American
<b>ASSETS</b>			
Cash and cash equivalents	\$ 9,665	\$ 39,685	\$ 86,420
Taxes receivable	-	-	-
Accounts receivable	7,639	-	-
Inventory - land for resale	-	267,700	-
<b>Total assets</b>	<u>\$ 17,304</u>	<u>\$ 307,385</u>	<u>\$ 86,420</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current liabilities -			
Accounts payable	\$ 17,304	\$ 623	\$ 1,201
Due to other funds	-	1,000,000	3,600,000
<b>Total liabilities</b>	<u>17,304</u>	<u>1,000,623</u>	<u>3,601,201</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow-land held for resale	-	267,700	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>267,700</u>	<u>-</u>
<b>FUND BALANCES</b>			
Fund Balances:			
Restricted	-	-	-
Unassigned	-	(960,938)	(3,514,781)
Total fund balances	<u>-</u>	<u>(960,938)</u>	<u>(3,514,781)</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 17,304</u>	<u>\$ 307,385</u>	<u>\$ 86,420</u>



## EXHIBIT H-15

GO Tax Increment Bonds 2004A	GO Tax Increment Bonds 2003A	Total
\$ 883,115	\$ 334,083	\$ 1,352,968
703	-	703
-	-	7,639
-	-	267,700
<u>\$ 883,818</u>	<u>\$ 334,083</u>	<u>\$ 1,629,010</u>
\$ 1,611	\$ 984	\$ 21,723
-	-	4,600,000
<u>1,611</u>	<u>984</u>	<u>4,621,723</u>
-	-	267,700
-	-	267,700
882,207	333,099	1,215,306
-	-	(4,475,719)
<u>882,207</u>	<u>333,099</u>	<u>(3,260,413)</u>
<u>\$ 883,818</u>	<u>\$ 334,083</u>	<u>\$ 1,629,010</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, 2015

	<u>Oxboro O-4</u>	<u>France &amp; Old Shakopee</u>	<u>Penn &amp; American</u>
<b>REVENUES</b>			
Taxes -			
Tax increment	\$ 19,331	\$ 24,128	\$ 400,206
Intergovernmental	-	-	112,482
Other	7,639	-	-
Total revenues	<u>26,970</u>	<u>24,128</u>	<u>512,688</u>
<b>EXPENDITURES</b>			
Current -			
Development services	26,970	2,919	117,442
Debt service:			
Administrative charges	-	-	-
Interest	-	-	-
Principal retirement	-	-	-
Total expenditures	<u>26,970</u>	<u>2,919</u>	<u>117,442</u>
Net change in fund balance	-	21,209	395,246
Fund balance - January 1	<u>-</u>	<u>(982,147)</u>	<u>(3,910,027)</u>
Fund balance - December 31	<u>\$ -</u>	<u>\$ (960,938)</u>	<u>\$ (3,514,781)</u>

TIF Special Revenue			
Oxboro 0-3 Bonds 1997	GO Tax Increment Bonds 2004A	GO Tax Increment Bonds 2003A	Total
\$ -	\$ 348,436	\$ 83,419	\$ 875,520
-	-	-	112,482
-	-	-	7,639
-	348,436	83,419	995,641
-	-	-	147,331
-	1,683	1,056	2,739
-	79,665	28,100	107,765
-	90,000	30,000	120,000
-	171,348	59,156	377,835
-	177,088	24,263	617,806
-	705,119	308,836	(3,878,219)
\$ -	\$ 882,207	\$ 333,099	\$ (3,260,413)



# CITY OF BLOOMINGTON, MINNESOTA

Comprehensive Annual Financial Report  
For the Year Ended December 31, 2015

## SECTION III

# STATISTICAL INFORMATION



**CITY OF BLOOMINGTON, MINNESOTA  
STATISTICAL SECTION**

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

<b>CONTENTS</b>	<b>PAGE</b>
<b>Financial Trends</b>	<b>186</b>
These tables contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	<b>194</b>
These tables contain information to help the reader assess the factors affecting the City's ability to generate its property tax.	
<b>Debt Capacity</b>	<b>199</b>
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.	
<b>Demographic and Economic Information</b>	<b>206</b>
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.	
<b>Operating Information</b>	<b>208</b>
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)

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	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$233,313,606	\$234,297,444	\$232,922,311	\$235,909,200
Restricted	18,287,861	26,841,630	27,895,072	32,235,051
Unrestricted	101,101,321	106,939,521	124,055,525	123,811,008
Total governmental activities net position	<u>\$352,702,788</u>	<u>\$368,078,595</u>	<u>\$384,872,908</u>	<u>\$391,955,259</u>
Business-type activities:				
Net investment in capital assets	\$75,763,507	\$78,786,554	\$81,918,711	\$82,916,273
Restricted	183,500	183,500	183,500	183,500
Unrestricted	19,306,154	16,299,438	14,147,711	14,605,681
Total business-type activities net position	<u>\$95,253,161</u>	<u>\$95,269,492</u>	<u>\$96,249,922</u>	<u>\$97,705,454</u>
Primary government:				
Net investment in capital assets	\$309,077,113	\$313,083,798	\$314,841,022	\$318,825,473
Restricted	18,471,361	27,025,130	28,078,572	32,418,551
Unrestricted	120,407,475	123,238,959	138,203,236	138,416,689
Total primary government net position	<u>\$447,955,949</u>	<u>\$463,347,887</u>	<u>\$481,122,830</u>	<u>\$489,660,713</u>



Table 1

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$237,427,493	\$239,452,569	\$247,436,963	\$269,230,824	\$283,643,717	\$300,117,784
32,602,549	78,893,688	82,269,101	91,045,904	67,294,971	68,599,352
127,671,490	84,444,842	80,282,505	73,886,361	87,228,094	69,232,697
<u>\$397,701,532</u>	<u>\$402,791,099</u>	<u>\$409,988,569</u>	<u>\$434,163,089</u>	<u>\$438,166,782</u>	<u>\$437,949,833</u>
\$83,743,321	\$84,427,251	\$84,300,863	\$84,457,359	\$86,185,438	\$85,388,894
183,500	183,500	183,500	-	-	-
13,691,701	13,264,850	14,968,340	14,056,641	11,782,412	12,401,673
<u>\$97,618,522</u>	<u>\$97,875,601</u>	<u>\$99,452,703</u>	<u>\$98,514,000</u>	<u>\$97,967,850</u>	<u>\$97,790,567</u>
\$321,170,814	\$323,879,820	\$331,737,826	\$353,688,183	\$369,829,155	\$385,506,678
32,786,049	79,077,188	82,452,601	91,045,904	67,294,971	68,599,352
141,363,191	97,709,692	95,250,845	87,943,002	99,010,506	81,634,370
<u>\$495,320,054</u>	<u>\$500,666,700</u>	<u>\$509,441,272</u>	<u>\$532,677,089</u>	<u>\$536,134,632</u>	<u>\$535,740,400</u>

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

	2006	2007	2008	2009
<b>Expenses</b>				
Governmental activities:				
General services	\$6,216,805	\$6,551,564	\$7,552,801	\$7,749,164
Development services	10,640,623	12,936,734	11,446,884	10,440,313
Public works	14,402,209	15,879,366	18,618,172	16,483,155
Public safety	21,401,304	22,163,979	22,690,239	23,123,311
Community services	10,434,867	11,085,832	11,204,261	11,501,567
Interest on long-term debt	1,847,762	2,169,550	1,928,534	2,254,770
Total governmental activities expenses	<u>64,943,570</u>	<u>70,787,025</u>	<u>73,440,891</u>	<u>71,552,280</u>
Business-type activities:				
Water/wastewater	19,173,632	20,241,555	20,445,586	21,095,746
Storm water	2,368,189	2,741,346	3,022,346	2,940,357
Recreational facilities	4,916,572	5,035,848	5,244,075	5,180,193
Other activities	1,762,678	1,868,510	2,515,841	2,190,527
Total business-type activities expenses	<u>28,221,071</u>	<u>29,887,259</u>	<u>31,227,848</u>	<u>31,406,823</u>
Total primary government expenses	<u>\$93,164,641</u>	<u>\$100,674,284</u>	<u>\$104,668,739</u>	<u>\$102,959,103</u>
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General services	\$2,661,425	\$2,821,039	\$2,721,079	\$2,716,248
Development services	3,379,723	3,763,403	2,743,925	2,833,463
Public works	314,316	709,361	250,770	1,275,586
Public safety	953,783	889,046	835,721	759,798
Community services	1,857,661	1,947,222	2,067,333	2,165,263
Operating grants and contributions	4,808,672	5,275,523	5,323,062	5,532,596
Capital grants and contributions	15,197,852	16,640,764	20,075,161	16,448,770
Total governmental activities program revs	<u>29,173,432</u>	<u>32,046,358</u>	<u>34,017,051</u>	<u>31,731,724</u>
Business-type activities:				
Charges for services:				
Water/wastewater	18,166,058	18,958,895	19,870,545	21,262,140
Storm water	3,990,285	3,903,039	4,152,024	4,463,832
Recreational facilities	3,456,326	3,412,322	3,747,232	3,694,046
Other activities	1,550,438	1,663,392	1,905,193	1,991,306
Operating grants and contributions	266,916	286,829	783,997	39,369
Capital grants and contributions	-	-	-	-
Total business-type activities program revs	<u>27,430,023</u>	<u>28,224,477</u>	<u>30,458,991</u>	<u>31,450,693</u>
Total primary government program revs	<u>\$56,603,455</u>	<u>\$60,270,835</u>	<u>\$64,476,042</u>	<u>\$63,182,417</u>
<b>Net (expense) revenue:</b>				
Governmental activities	(35,770,138)	(38,740,667)	(39,423,840)	(39,820,556)
Business-type activities	(791,048)	(1,662,782)	(768,857)	43,870
Total primary gov't net (expense) revenue	<u>(\$36,561,186)</u>	<u>(\$40,403,449)</u>	<u>(\$40,192,697)</u>	<u>(\$39,776,686)</u>
<b>General revenues and other changes in net position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$36,663,093	\$39,924,520	\$40,957,857	\$41,263,207
Business taxes	6,068,647	6,529,409	6,818,771	5,808,668
Unrestricted grants and contributions	1,265,422	1,267,909	1,203,893	1,179,388
Gain on sale of capital assets	114,928	-	30,545	7,491
Investment earnings	4,977,731	6,377,834	6,936,739	2,649,119
Transfers	(75,269)	16,602	(24,000)	(265,927)
Total governmental activities	<u>49,014,552</u>	<u>54,116,274</u>	<u>55,923,805</u>	<u>50,641,946</u>
Business-type activities:				
Taxes	714,712	751,318	768,967	872,387
Gain on sale of capital assets	-	-	-	809
Investment earnings	945,526	944,397	775,794	272,539
Transfers	75,269	(16,602)	24,000	265,927
Total business-type activities	<u>1,735,507</u>	<u>1,679,113</u>	<u>1,568,761</u>	<u>1,411,662</u>
Total primary government	<u>\$50,750,059</u>	<u>\$55,795,387</u>	<u>\$57,492,566</u>	<u>\$52,053,608</u>
<b>Change in net position:</b>				
Governmental activities	\$13,244,414	\$15,375,607	\$16,499,965	\$10,821,390
Business-type activities	944,459	16,331	799,904	1,455,532
Total primary government	<u>\$14,188,873</u>	<u>\$15,391,938</u>	<u>\$17,299,869</u>	<u>\$12,276,922</u>

Table 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$6,755,313	\$7,255,182	\$7,185,895	\$7,527,901	\$7,702,188	\$7,574,572
10,201,540	9,993,980	9,686,546	12,006,241	23,261,857	11,120,055
16,918,065	16,787,405	14,229,217	15,162,908	15,620,844	15,922,887
26,208,360	26,751,391	26,245,526	28,124,185	29,695,195	30,927,415
12,593,495	12,532,613	14,787,079	15,894,544	15,720,340	15,987,952
2,312,818	2,140,825	2,236,062	3,145,420	1,767,122	1,587,935
74,989,591	75,461,396	74,370,325	81,861,199	93,767,546	83,120,816
21,186,738	21,876,605	21,927,951	22,804,577	23,004,075	23,091,127
3,207,573	3,205,055	3,181,680	3,229,686	3,446,390	3,453,095
5,193,546	5,290,940	5,372,380	5,459,451	5,781,663	5,620,253
2,097,085	2,272,292	2,294,436	2,479,382	2,851,567	4,285,676
31,684,942	32,644,892	32,776,447	33,973,096	35,083,695	36,450,151
<u>\$106,674,533</u>	<u>\$108,106,288</u>	<u>\$107,146,772</u>	<u>\$115,834,295</u>	<u>\$128,851,241</u>	<u>\$119,570,967</u>
\$3,034,137	\$3,002,960	\$2,999,283	\$3,117,163	\$3,500,551	\$3,906,587
2,844,876	3,482,579	3,601,313	3,692,808	5,166,271	5,788,420
795,439	926,935	433,640	352,955	385,274	85,841
916,777	623,482	564,118	664,015	511,613	559,691
2,298,546	2,141,239	2,378,476	2,294,859	2,150,551	2,084,066
7,765,315	7,250,512	5,407,043	6,277,517	6,524,865	7,103,296
11,273,508	13,390,833	14,166,562	32,781,014	16,172,833	17,377,334
28,928,598	30,818,540	29,550,435	49,180,331	34,411,958	36,905,235
19,974,684	19,800,214	20,954,786	20,575,176	20,578,287	21,412,966
4,491,970	4,373,221	4,519,242	4,736,151	4,873,273	5,269,105
3,695,146	3,485,848	3,445,419	3,412,602	3,448,585	3,710,670
1,949,741	2,119,848	2,349,498	2,137,718	2,264,970	3,617,012
16,768	78,763	267,591	592,432	854,174	519,824
-	179	36	-	-	245,654
30,128,309	29,858,073	31,536,572	31,454,079	32,019,289	34,775,231
<u>\$59,056,907</u>	<u>\$60,676,613</u>	<u>\$61,087,007</u>	<u>\$80,634,410</u>	<u>\$66,431,247</u>	<u>\$71,680,466</u>
(46,060,993)	(44,642,856)	(44,819,890)	(32,680,868)	(59,355,588)	(46,215,581)
(1,556,633)	(2,786,819)	(1,239,875)	(2,519,017)	(3,064,406)	(1,674,920)
<u>(\$47,617,626)</u>	<u>(\$47,429,675)</u>	<u>(\$46,059,765)</u>	<u>(\$35,199,885)</u>	<u>(\$62,419,994)</u>	<u>(\$47,890,501)</u>
\$41,994,611	\$40,962,947	\$43,284,520	\$44,775,678	\$46,752,023	\$48,881,455
6,200,706	6,874,548	7,010,018	8,906,394	14,222,910	14,412,263
1,167,739	1,593,424	1,232,810	1,202,154	1,850,619	2,877,947
99,283	82,023	58,760	70,765	4,275	163,564
2,562,594	2,002,925	1,551,127	513,017	1,508,213	1,061,308
(217,667)	(1,783,444)	(1,535,643)	(189,469)	(978,759)	(5,267)
51,807,266	49,732,423	51,601,592	55,278,539	63,359,281	67,391,270
1,001,875	1,092,948	1,253,288	1,366,798	1,451,140	1,414,133
7,481	6,367	-	-	-	-
242,678	161,139	28,046	24,047	88,357	78,237
217,667	1,783,444	1,535,643	189,469	978,759	5,267
1,469,701	3,043,898	2,816,977	1,580,314	2,518,256	1,497,637
<u>\$53,276,967</u>	<u>\$52,776,321</u>	<u>\$54,418,569</u>	<u>\$56,858,853</u>	<u>\$65,877,537</u>	<u>\$68,888,907</u>
\$5,746,273	\$5,089,567	\$6,781,702	\$22,597,671	\$4,003,693	\$21,175,689
(86,932)	257,079	1,577,102	(938,703)	(546,150)	(177,283)
<u>\$5,659,341</u>	<u>\$5,346,646</u>	<u>\$8,358,804</u>	<u>\$21,658,968</u>	<u>\$3,457,543</u>	<u>\$20,998,406</u>

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

	2006	2007	2008	2009
General Fund:				
Reserved	\$389,770	\$622,847	\$316,429	\$261,546
Unreserved	16,703,081	18,300,838	19,388,591	19,650,614
Fund balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$17,092,851</u>	<u>\$18,923,685</u>	<u>\$19,705,020</u>	<u>\$19,912,160</u>
All other governmental funds:				
Reserved	\$8,847,003	\$15,911,503	\$11,866,315	\$12,561,450
Unreserved, designated, reported in:				
Special revenue funds	6,053,338	5,266,190	4,989,824	4,615,480
Capital projects funds	48,346,797	59,561,910	72,251,099	71,551,551
Unreserved, undesignated, reported in -				
Special revenue funds	-	(96,377)	-	-
Fund balance:				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$63,247,138</u>	<u>\$80,643,226</u>	<u>\$89,107,238</u>	<u>\$88,728,481</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					
2010	2011	2012	2013	2014	2015
\$328,007	\$ -	\$ -	\$ -	\$ -	\$ -
19,122,276	-	-	-	-	-
-	-	-	-	3,952	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,007,844	712,554	571,066	1,250,496	1,259,003
-	18,997,494	19,979,183	20,344,235	23,388,858	26,700,761
<u>\$19,450,283</u>	<u>\$20,005,338</u>	<u>\$20,691,737</u>	<u>\$20,915,301</u>	<u>\$24,643,306</u>	<u>\$27,959,764</u>
\$13,047,049	\$ -	\$ -	\$ -	\$ -	\$ -
8,152,553	-	-	-	-	-
65,668,487	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	20,585
-	58,933,054	63,348,535	73,455,034	49,590,387	51,864,823
-	13,096,599	12,621,177	11,155,740	6,375,212	6,494,362
-	21,312,731	17,996,032	16,211,514	19,649,729	21,353,926
-	-	-	-	-	-
<u>\$86,868,089</u>	<u>\$93,342,384</u>	<u>\$93,965,744</u>	<u>\$100,822,288</u>	<u>\$75,615,328</u>	<u>\$79,733,696</u>

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$36,635,384	\$38,604,975	\$40,277,913	\$41,277,481
Lodging and admissions taxes	6,068,647	6,529,409	6,818,771	5,808,668
Licenses, fees and permits	3,913,055	4,562,365	3,774,304	3,732,882
Fines and penalties	1,556,778	1,375,256	1,277,684	1,185,711
Charges for services	2,907,522	2,594,882	2,669,727	2,726,102
Special assessments	2,206,193	2,048,460	2,572,993	2,873,470
Intergovernmental	12,287,406	13,248,739	9,145,167	9,120,682
Investment earnings	3,684,855	4,980,416	5,651,222	2,100,221
Other revenues	7,024,906	8,780,360	10,544,436	9,691,594
Total revenues	<u>76,284,746</u>	<u>82,724,862</u>	<u>82,732,217</u>	<u>78,516,811</u>
Expenditures:				
Current:				
General services	5,213,619	5,513,732	5,624,310	6,024,864
Development services	8,522,035	9,569,608	8,481,077	7,996,300
Public works	10,759,575	11,175,235	11,491,947	11,756,830
Public safety	20,420,001	21,067,496	21,748,003	22,617,035
Community services	9,323,145	9,962,691	10,380,435	10,754,056
Debt service:				
Paying agent fees	25,123	191,853	60,689	76,932
Interest	1,563,055	1,708,961	2,196,443	1,936,789
Principal retirement	4,055,000	3,125,000	9,345,000	4,610,000
Capital outlay:				
General services	-	-	22,522	-
Development services	2,258,896	162,767	4,251,155	3,182,677
Public works	10,511,219	10,542,665	9,944,230	9,787,120
Public safety	904,876	276,882	281,249	125,671
Community services	659,250	270,224	1,061,763	912,968
District decertified - repayment of tax increments	1,008,680	1,054,532	-	-
Total expenditures	<u>75,224,474</u>	<u>74,621,646</u>	<u>84,888,823</u>	<u>79,781,242</u>
Revenues over (under) expenditures	<u>1,060,272</u>	<u>8,103,216</u>	<u>(2,156,606)</u>	<u>(1,264,431)</u>
Other financing sources (uses):				
Bonds issued	5,855,000	11,505,000	9,570,000	7,835,000
Bond premiums	86,519	89,705	213	(59,155)
Bond discounts	-	-	-	-
Proceeds capital assets	-	-	2,194,455	-
Transfers in	10,159,209	4,540,495	6,059,851	7,860,345
Transfers out	(11,684,757)	(5,011,494)	(6,543,471)	(10,804,337)
Total other financing sources (uses)	<u>4,415,971</u>	<u>11,123,706</u>	<u>11,281,048</u>	<u>4,831,853</u>
Net change in fund balance	<u>\$5,476,243</u>	<u>\$19,226,922</u>	<u>\$9,124,442</u>	<u>\$3,567,422</u>
Debt service as a percentage of noncapital expenditures	9.3%	8.1%	16.5%	9.9%
Debt service as percentage of total expenditures	7.5%	6.5%	13.6%	8.2%

**Table 4**

2010	2011	2012	2013	2014	2015
\$42,020,340	\$41,365,118	\$43,092,371	\$45,485,284	\$46,756,493	\$48,852,186
6,200,709	6,874,548	7,010,018	8,906,395	14,222,909	14,412,263
3,623,605	4,474,072	4,648,260	4,679,509	5,864,807	6,241,921
1,515,366	1,376,797	1,283,725	1,493,871	1,216,254	1,251,693
2,894,200	2,744,425	2,961,413	2,771,138	3,021,925	3,116,814
3,210,522	3,809,554	4,438,899	3,738,367	3,645,884	4,469,106
9,041,238	9,804,326	10,125,744	14,575,098	14,745,267	17,553,679
2,054,891	1,645,392	1,239,085	448,813	1,250,209	833,337
8,132,865	8,961,650	8,077,401	21,432,708	8,612,823	9,870,031
78,693,736	81,055,882	82,876,916	103,531,183	99,336,571	106,601,030
5,368,743	5,332,137	5,741,888	6,301,804	6,804,893	6,741,110
15,408,814	7,454,595	11,742,179	9,548,984	19,400,112	8,479,242
11,909,318	11,613,863	9,362,745	10,007,731	10,464,616	9,989,225
25,500,113	26,191,631	25,733,989	27,490,143	28,984,753	29,692,500
11,658,659	11,683,752	13,979,633	14,983,442	14,709,288	15,396,539
88,308	227,284	281,170	136,333	43,887	-
1,961,215	2,203,535	2,074,532	2,342,029	1,973,965	1,697,056
4,335,000	5,020,000	7,765,000	8,720,000	17,645,000	7,895,000
-	-	-	-	238,249	-
2,797,431	1,800,019	2,735,526	17,709,054	12,057,284	14,577,484
8,553,896	11,780,955	11,225,868	8,076,371	11,681,648	9,044,239
759,463	640,353	269,002	607,105	80,704	510,613
865,036	1,310,704	964,706	750,975	1,779,496	979,392
-	-	-	-	-	-
89,205,996	85,258,828	91,876,238	106,673,971	125,863,895	105,002,400
(10,512,260)	(4,202,946)	(8,999,322)	(3,142,788)	(26,527,324)	1,598,630
8,445,000	12,720,000	11,515,000	9,315,000	7,465,000	5,355,000
15,426	202,010	882,240	476,462	177,674	400,749
(18,998)	-	-	-	-	-
-	-	-	-	-	-
14,113,607	7,509,683	5,748,790	6,205,652	4,213,697	7,268,816
(14,365,044)	(9,199,397)	(7,836,949)	(7,351,067)	(6,808,000)	(7,188,369)
8,189,991	11,232,296	10,309,081	8,646,047	5,048,371	5,836,196
(\$2,322,269)	\$7,029,350	\$1,309,759	\$5,503,259	(\$21,478,953)	\$7,434,826
8.2%	10.3%	12.8%	13.8%	19.4%	12.0%
7.1%	8.5%	10.7%	10.4%	15.6%	9.1%

**CITY OF BLOOMINGTON, MINNESOTA****TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY**

Last Ten Fiscal Years

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Fiscal Year Ended December 31	Residential Property <sup>(a)</sup>	Commercial/ Industrial Property	All Other <sup>(b)</sup>	Total Tax Capacity <sup>(c)</sup>	Less: Fiscal Disparity Contribution <sup>(d)</sup>
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
2014	59,132,614	70,232,985	2,004,039	131,369,638	15,255,532
2015	64,894,848	70,943,301	2,072,962	137,911,111	11,956,404

Source: City of Bloomington Assessing Division

By State Statute, property taxes are calculated and collected based on the prior year's assessor market value.

For example, the tax capacity and market value figures for payable 2015 above relate to the January 2, 2014 assessment.

<sup>(a)</sup> Includes single-family homes, condominiums, townhouses, cooperatives, apartments and residential vacant land.<sup>(b)</sup> Includes personal property accounts and utilities/machinery classification.<sup>(c)</sup> Includes properties in tax increment financing (TIF) districts, the majority of which are commercial/industrial.<sup>(d)</sup> Figure represents fiscal disparities contribution net of fiscal disparities distribution.<sup>(e)</sup> 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**

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Adjusted Tax Capacity Value <sup>(e)</sup>	Total Direct Tax Rate	Estimated Market Value (EMV)	Tax Capacity as a Percent of EMV
\$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%
116,114,106	48.68	9,874,797,100	1.18%
125,954,707	45.67	10,435,859,700	1.21%

**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	
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
2014	44.42	4.26	48.68	28.18	49.96	13.92	140.74
2015	41.98	3.69	45.67	25.74	46.40	12.76	130.57

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 2015			Payable 2006		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Mall of America	\$13,873,450 <sup>(a)</sup>	1	10.06%	\$11,147,976 <sup>(a)</sup>	1	8.29%
Metropolitan Life Insurance	6,055,980 <sup>(b)</sup>	2	4.39%	1,335,374 <sup>(b)</sup>	6	0.99%
Kraus-Anderson	1,956,460	3	1.42%	1,427,216	4	1.06%
Carlson Companies	1,524,410	4	1.11%	-	-	-
CB Richard Ellis	1,411,780	5	1.02%	-	-	-
Liberty Property LP	1,316,628	6	0.95%	1,345,338	5	1.00%
Frauenschuh	1,046,375	7	0.76%	-	-	-
Gateway Lake Properties	1,017,260	8	0.74%	892,258	9	0.66%
Artis REIT	931,220	9	0.68%	-	-	-
Founders Properties	843,640	10	0.61%	-	-	-
Teachers Insurance and Annuity	-	-	-	3,825,660 <sup>(b)</sup>	2	2.85%
United Properties	-	-	-	2,157,402	3	1.60%
Bloomington Central Station	-	-	-	1,006,646	7	0.75%
Duke Realty LP	-	-	-	949,462	8	0.71%
Bloomgate Holdings	-	-	-	799,654	10	0.59%
Total	<u>\$29,977,203</u>		<u>21.74%</u>	<u>\$24,886,986</u>		<u>18.50%</u>
Total All Property	<u>\$137,911,111</u>			<u>\$134,424,693</u>		

Source: City of Bloomington Assessing Division

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

<sup>(a)</sup> 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.

<sup>(b)</sup> Normandale Lake Office Park sold by Teachers Insurance to Equity Group in August 2012.

**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 <sup>(a)</sup>	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2014	48,049,784	47,836,890	99.56%	(156,495)	47,680,395	99.23%
2015	49,971,775	49,888,157	99.83%	(25,883)	49,862,274	99.78%

Source: City of Bloomington Finance Department

<sup>(a)</sup> 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 <sup>(a)</sup>	Per Capita <sup>(a)</sup>
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds		Revenue Bonds			
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	56,668,281	6,175,000	74,178,281	150,000	74,328,281	1.9%	864
2013	9,940,000	61,570,377	3,095,000	74,605,377	-	74,605,377	1.8%	864
2014	8,515,000	52,451,706	2,970,000	63,936,706	-	63,936,706	1.5%	741
2015	7,055,000	51,139,974	2,850,000	61,044,974	-	61,044,974	1.4%	707

Source: City of Bloomington Finance Department

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

<sup>(a)</sup>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 <sup>(a)</sup>	Net Bonded Debt Per Capita <sup>(b)</sup>
	General Obligation Bonds	Improvement Bonds	Tax Increment Bonds					
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	56,668,281	6,175,000	74,178,281	23,572,558	50,605,723	0.50%	588
2013	9,940,000	61,570,377	3,095,000	74,605,377	27,682,370	46,923,007	0.47%	544
2014	8,515,000	52,451,706	2,970,000	63,936,706	17,590,028	46,346,678	0.47%	537
2015	7,055,000	51,139,974	2,850,000	61,044,974	18,208,674	42,836,300	0.41%	496

Source: City of Bloomington Finance Department

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

<sup>(a)</sup>See Table 5 for estimated market value data.

<sup>(b)</sup>See Table 14 for population data.

**CITY OF BLOOMINGTON, MINNESOTA****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****Table 11**

December 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>(a)</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
School Districts:			
ISD No. 271	\$53,870,000	99.94%	\$53,837,678
ISD No. 272	66,315,000	0.48%	318,312
ISD No. 273	176,255,000	1.58%	2,784,829
Other debt:			
Hennepin County	706,625,000	8.19%	57,872,588
Hennepin County Park District	63,510,000	11.16%	7,087,716
Hennepin Regional RR Authority	34,695,000	11.16%	3,871,962
Metropolitan Council	206,020,000	3.80%	<u>7,828,760</u>
Subtotal - overlapping debt			133,601,845
City direct debt <sup>(b)</sup>	61,044,974	100.00%	<u>61,044,974</u>
Total direct and overlapping debt			<u><u>\$194,646,819</u></u>

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.

<sup>(a)</sup> 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.

<sup>(b)</sup> Excludes revenue bonded indebtedness.

**CITY OF BLOOMINGTON, MINNESOTA****LEGAL DEBT MARGIN INFORMATION**

Last Ten Fiscal Years

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	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$221,908,622	\$235,806,328	\$353,327,586	\$353,157,039
Total net debt applicable to limit <sup>(a)</sup>	<u>5,161,497</u>	<u>4,931,655</u>	<u>5,009,500</u>	<u>4,638,800</u>
Legal debt margin	<u>\$216,747,125</u>	<u>\$230,874,673</u>	<u>\$348,318,086</u>	<u>\$348,518,239</u>
Total net debt applicable to the limit as a percentage of debt limit	2.33%	2.09%	1.42%	1.31%

Source: City of Bloomington Finance Department

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

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

For example, in 2015 the debt limit was \$313,075,791, the total net debt applicable to the limit was \$5,039,777, and the City could issue up to an additional \$308,036,014 of general obligation debt and still be in compliance with the above statute.



**Table 12**

2010	2011	2012	2013	2014	2015
\$333,655,044	\$309,557,004	\$303,353,544	\$297,836,742	\$296,243,913	\$313,075,791
6,457,546	10,924,513	9,493,644	8,047,547	6,557,605	5,039,777
<u>\$327,197,498</u>	<u>\$298,632,491</u>	<u>\$293,859,900</u>	<u>\$289,789,195</u>	<u>\$289,686,308</u>	<u>\$308,036,014</u>
1.94%	3.53%	3.13%	2.70%	2.21%	1.61%

**Legal Debt Margin Calculation for Fiscal Year 2015**

Market value	<u>\$10,435,859,700</u>
Debt limit (3% of market value)	<u>313,075,791</u>
Debt applicable to limit:	
General obligation bonds	7,055,000
Less: Amount set aside for repayment	
of general obligation debt	<u>(2,015,223)</u>
Total net debt applicable to limit	<u>5,039,777</u>
Legal debt margin	<u><u>\$308,036,014</u></u>

**CITY OF BLOOMINGTON, MINNESOTA**

**PLEDGED-REVENUE COVERAGE**

Last Ten Fiscal Years

Fiscal Year	Enterprise Revenue Bonds <sup>(a)</sup>					Coverage
	Pledged Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
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
2014	-	-	-	-	-	0.00
2015	-	-	-	-	-	0.00

Source: City of Bloomington Finance Department

<sup>(a)</sup> 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.

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

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

**Table 13**

Improvement Bonds <sup>(b)</sup>				Tax Increment Bonds <sup>(b)</sup>			
Special Assessment Collections	Debt Service		Coverage	Tax Increment Collections	Debt Service		Coverage
	Principal	Interest			Principal	Interest	
\$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
3,440,152	16,660,000	1,576,016	0.19	723,577	125,000	111,440	3.06
4,278,664	6,890,000	1,329,972	0.52	885,766	120,000	107,765	3.89

**CITY OF BLOOMINGTON, MINNESOTA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
 Last Ten Fiscal Years

**Table 14**

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Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Personal Income (2)	Public School Enrollment (3)	Unemployment Rate (4)	
					Metropolitan Area	Bloomington
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
2014	86,314	\$4,204,441,254	48,711	10,005	3.2	3.0
2015	86,435	\$4,368,511,335	50,541	9,980	3.2	2.9

Sources: (1) U.S. Census estimates were used for 2010 through 2014 and Metropolitan Council estimates were used for prior years  
 (2) Minnesota per capita income, as published by Bureau of Economic Analysis  
 (3) Bloomington School Districts #271  
 (4) Minnesota Department of Employment and Economic Development, based on December rates

**CITY OF BLOOMINGTON, MINNESOTA**

**PRINCIPAL EMPLOYERS**

Current Year and Nine Years Ago

**Table 15**

Employer	2015			2006		
	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	14%
HealthPartners	2,792	2	3%	1,540	5	2%
Bloomington School District #271	1,893	3	2%	1,769	3	2%
Seagate Technology	1,700	4	2%	2,300	2	3%
Toro Company	1,020	5	1%	982	7	1%
NCS Pearson	1,018	6	1%	-	-	-
Donaldson Company	1,016	7	1%	1,200	6	1%
Express Scripts	722	8	1%	1,700	4	2%
Normandale Community College	675	9	1%	577	10	-
Minnesota Masonic Home	626	10	1%	-	-	-
Thermo King/Ingersoll Rand Corp.	-	-	-	950	8	1%
Holiday Companies	-	-	-	900	9	1%
Total	24,462		28%	24,918		27%
Total City Employment	87,259			90,681		

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	2006	2007	2008	2009
Governmental activities:				
General services	81	81	80	80
Development services	64	71	71	71
Public works	114	118	121	117
Public safety	153	153	153	153
Community services	56	55	56	58
Total governmental activities	468	478	481	479
Business-type activities:				
Water/wastewater	53	54	54	54
Storm water	9	11	11	12
Recreational facilities	16	16	15	16
Solid waste management	1	1	1	1
Contractual police	-	-	-	-
Motor vehicle	6	6	5	5
Total business-type activities	85	88	86	88
Total	553	566	567	567

Source: City of Bloomington Finance Department

Table 16

Full-Time Equivalent Employees as of December 31					
2010	2011	2012	2013	2014	2015
80	80	80	80	80	80
71	71	72	74	74	69
116	117	118	117	117	117
153	152	152	155	155	160
60	61	62	60	60	60
480	481	484	486	486	486
54	54	54	54	54	54
11	12	11	12	12	12
16	16	16	18	18	18
1	1	1	1	1	1
-	-	-	-	-	-
6	5	5	5	5	6
88	88	87	90	90	91
568	569	571	576	576	577

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
<b>Governmental activities:</b>				
General services:				
New full-time employees hired	32	34	23	19
Criminal case appearances	11,663	10,621	10,800	13,400
Purchase orders issued	2,386	2,307	2,047	1,912
Development services:				
Permits issued	11,386	12,940	11,443	10,061
Estimated value of permits	\$203,712,920	\$268,529,230	\$168,211,851	\$173,870,423
Fire inspections	2,338	1,995	1,972	2,121
Fire investigations	78	52	73	72
Public works:				
Street resurfacing (miles)	45	52	46	46
Street sweeping (tons of material)	3,100	3,967	3,447	4,558
Public safety:				
Bookings	2,536	2,515	2,358	2,469
DWI's	690	625	630	624
Part 1 crimes <sup>(a)</sup>	3,230	3,463	3,399	3,459
Fire department average response time	4:22	4:18	4:17	4:24
Fire emergency responses	1,207	1,305	1,309	1,089
Fires extinguished	289	238	192	178
Community services:				
City website pageviews	*	*	*	*
Number of E-Subscribers	N/A	N/A	N/A	3,050 <sup>(c)</sup>
Human services volunteers	406	431	390	321
Influenza immunizations	4,351	4,927	4,875	9,630
Client cancer screenings	919	1,141	1,079	1,347
<b>Business-type activities:</b>				
Water/wastewater utility:				
Average daily consumption (gallons)	12,410,000	12,270,000	11,800,000	11,700,000
Average daily sewage treatment (gallons)	8,850,000	8,789,000	8,550,000	8,190,000
Storm water utility:				
Storm mains inspected (miles)	6	6	3	6
Recreational facilities:				
Golf course rounds played	96,289	91,002	87,556	83,638
Ice garden hours	8,618	8,041	8,766	9,553
Solid waste management:				
Annual trash clean-up (tons)	2,166	1,963	1,626	1,796
Contractual police:				
Overtime hours billed	8,589	8,062	8,126	8,309
Motor vehicle:				
DNR transactions	2,971	2,913	2,734	2,676
Drivers license transactions	17,824	17,095	18,371	17,170
Motor vehicle transactions	60,129	59,969	58,130	56,743

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.

<sup>(a)</sup> Part 1 crimes include homicide, rape, robbery, aggravated assault, burglary, theft, auto theft, and arson.

<sup>(b)</sup> In 2015 the City launched a redesigned website with dramatically fewer pages.

<sup>(c)</sup> In 2009 the City implemented E-Subscribe, a free news service to send electronic notifications to registered subscribers.

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

<sup>(e)</sup> In 2015, Mall of America Security significantly increased their use of police contractual services.



Table 17

Fiscal Year					
2010	2011	2012	2013	2014	2015
15	33	43	44	44	51
12,200	14,200	16,000	20,000	18,000	20,000
1,788	1,696	1,875	1,457	1,382	1,026
11,179	11,254	11,362	16,119	14,413	12,313
\$128,201,819	\$263,305,005	\$198,432,583	\$201,614,610	\$342,190,790	\$485,208,914
1,909	1,730	2,111	2,643	2,724	2,851
61	105	152	152	117	105
41	36	43	31	36	40
4,552	3,784	4,263	3,477	3,834	2,635
2,420	2,153	2,262	2,349	2,350	2,218
624	593	512	451	425	362
3,309	3,358	3,443	3,524	3,423	3,118
4:31	4:36	4:31	4:23	4:16	4:06
1,168	1,184	1,161	1,221	1,317	1,510
153	142	177	159	149	184
*	1,776,135	1,814,332	1,948,674	1,911,818	1,468,653 <sup>(b)</sup>
4,100	5,673	7,565	9,706	12,191	14,593
405	284	309	317	350	324
6,780	4,101 <sup>(d)</sup>	3,506	4,488	3,851	3,216
1,170	1,234	1,213	1,139	574	396
10,500,000	10,720,000	11,700,000	11,202,000	10,700,000	10,300,000
8,285,000	8,570,000	8,130,000	8,078,000	8,175,000	7,920,000
9	9	8	8	9	11
76,209	66,180	62,852	51,658	61,355	62,392
9,888	9,342	9,206	9,635	9,440	9,793
1,689	1,717	1,497	1,300	1,789	1,758
6,552	8,308	9,399	9,270	7,739	23,481 <sup>(e)</sup>
2,730	2,543	2,879	2,876	2,641	2,581
17,346	18,209	21,610	20,439	20,727	20,092
55,900	61,878	64,265	61,835	66,061	66,569

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

Function/Program	Fiscal Year			
	2006	2007	2008	2009
<b>Governmental activities:</b>				
Public works:				
Streets (miles)	343	343	342	342
Streetlights	4,118	4,148	4,148	4,118
Traffic signals	149	149	149	147
Emergency outdoor warning sirens	22	22	22	22
Emergency vehicle pre-emption systems	121	121	121	121
Public safety:				
Police stations	1	1	1	1
Patrol units - marked and unmarked	37	37	37	37
Police investigator vehicles	26	27	27	27
Fire stations	6	6	6	6
Community services:				
Community center	1	1	1	1
Skate park	1	1	1	1
Playgrounds/playlots	46	46	54	54
Baseball/softball diamonds	74	74	62	61
Soccer/football fields	36	36	22	22
Tennis courts	57	53	52	51
Picnic shelters/gazebos	15	15	19	22
<b>Business-type activities:</b>				
Water/wastewater utility:				
Water mains (miles)	489	489	490	489
Fire hydrants	4,514	4,529	4,556	4,565
Storage capacity (gallons)	44,000,000	44,000,000	44,000,000	44,000,000
Sanitary sewers (miles)	380	380	382	383
Storm water utility:				
Storm sewers (miles)	250	250	250	253
Recreational facilities:				
Swimming beaches	1	1	1	1
Swimming pools	1	1	1	1
Golf courses	2	2	2	2
Indoor ice rinks	3	3	3	3

Sources: Various City of Bloomington departments.

<sup>(a)</sup> 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					
2010	2011	2012	2013	2014	2015
341	341	342	342	342	342
4,339	4,339	4,339	4,339	4,339	4,361
147	147	147	144	144	143
22	22	22	22	22	22
121	121	121	121	121	122
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	54	54	54	54	54
61	61	61	61	62	62
22	22	22	22	22	22
51	50	50	49	49	50
22	22	22	22	22	22
489	489	495	496	496	498
4,570	4,599	4,589	4,617	4,617	4,665
44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
383	384	384	384	384	385
253	253	253	253	251	252
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