

City of Blaine, Minnesota

Comprehensive Annual Financial Report

For the Year Ended December 31, 2015

Issued by the Finance Department



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Comprehensive Annual Financial Report
for the year ended December 31, 2015

Finance Department

Joseph Huss

Finance Director

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I. INTRODUCTORY SECTION

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City of Blaine

Finance Department

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www.ci.blaine.mn.us

June 3, 2016

To the Honorable Mayor, Council Members, City Manager, and the Citizens of the City of Blaine:

Minnesota Statutes require that all cities issue an annual financial report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Blaine (the City) for the fiscal year ended December 31, 2015.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the financial information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls is designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Blaine's financial statements have been audited by Redpath and Company, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor, based upon the audit, concluded that the City's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP, and rendered an unqualified opinion stating so. The independent auditor's report is presented as the first component of the financial section of this report.

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 Blaine's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City, incorporated in 1964, is a second-ring suburban community of the Minneapolis-St. Paul metropolitan area in the eastern part of Minnesota. This area is considered to be the major population and economic growth area in the state, and among the highly ranked economic growth areas in the country. In terms of population, Blaine itself is one of the fastest growing communities in the metropolitan area. The City occupies a land area of 34.5 square miles and serves a population of 63,180 according to the most recent estimate prepared by the Twin Cities Metropolitan Council, a regional planning agency serving the seven-county metropolitan area of St. Paul and Minneapolis. The City is empowered to levy a property tax on both real and certain personal properties located within its boundaries. While it also is empowered by State Statute to extend its corporate limits by annexation, Blaine is bordered on all sides by other incorporated communities.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a city council consisting of the mayor and six other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager. The city manager is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the city government, and for appointing heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is elected to serve a four-year term. All council members are elected by ward, two from each of the three wards within the City. The mayor is elected at large.

The City provides a full range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure; water and sewer services; and recreational activities and cultural events. Certain economic development services are provided through a legally separate Economic Development Authority that functions, in essence, as a department of the City and therefore has been included as an integral part of the City's financial statements.

Fire protection services are provided under a joint powers agreement by the Spring Lake Park – Blaine – Mounds View Fire Department, a private nonprofit Internal Revenue Code Section 501(c)(3) organization. Information on this joint powers agreement can be found in Note 14 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City submit requests for appropriation to the City Manager in June of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review by September 15. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than December 28.

The appropriated budget is prepared by fund, department (i.e., administration), division (i.e., city clerk), and activity (i.e., elections). The City Manager may make transfers between activities, divisions, or departments. Transfers between funds must be approved by the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on pages 39-40 as part of the basic financial statements for the governmental funds.

Local Economy

The City of Blaine is well positioned with a strong local economy. With a marketplace that has more than 3.5 million square feet of commercial development, the City serves as a regional retail center and is home to a variety of shopping malls. Northtown Mall, at nearly 1.1 million square feet, is the largest shopping mall in Anoka County and fifth largest in the Twin Cities metropolitan area. It is home to 110 stores and is 100% occupied.

Blaine also serves as the corporate headquarters for Aveda, a global plant-based cosmetic company and a subsidiary of Estee Lauder, a Fortune 500 company and Infinite Campus, a privately held software developer and provider. Aveda, known worldwide as a strong supporter of the environment, resides on a 65-acre site that employs approximately 700 people; Infinite Campus, which serves over 2,000 school districts in 43 states with student information solution systems, employs about 400 people. Overall, the City has an employed labor force of roughly 34,000.

Blaine is also home to the National Sports Center (NSC), one of the elite amateur sports complexes in the world. The facility has been the host of hundreds of events throughout its existence such as the U.S. Olympic Festival and the International Special Olympics, and attracts over four million visitors annually. Schwan's Super Rink at the NSC, with four NHL-sized ice sheets and four Olympic-sized ice sheets, is the largest indoor ice facility in the world, and is the former training home for the U.S. Women's National Hockey team. In 2011, the NSC completed construction of the Schwan Event Center, a 20,000 square-foot facility that provides indoor space for sports related uses such as soccer, baseball, and lacrosse, as well as space for special events such as community education and sports shows.

The Tournament Players Club (TPC) of the Twin Cities, located in Blaine, is one of 18 private golf courses owned and operated by the Professional Golf Association (PGA.) It is home to the annual 3M™ Championship which is part of the PGA Champions tour and annually attracts over 200,000 visitors to Blaine during its seven-day operation.

Blaine emerged from the latest economic downturn into a period of moderate to high residential growth. The City continues to add households at a rate well above the average for the region. For the six years from 2010 through 2015 Blaine added 2,363 new housing units, ranking third in the Twin Cities metropolitan area, behind Minneapolis and Maple Grove. New growth is generally scattered among several planned areas in the City's "Lakes" neighborhood in the northeast area of Blaine. Annual housing growth is expected to continue at a pace of over 300 new housing units per year through 2018. Commercial and industrial development has also contributed to Blaine's tax base growth with over 1 million square-feet of new commercial and industrial space added over the past five years.

Long-term Financial Planning

With an expanding population base and continuing development, the City Council has identified significant capital projects that will provide the necessary infrastructure that will allow the City to continue to provide a high level of service to its growing constituency.

Blaine continued progress on its 20-year water utility capital improvement program in 2015. The program, adopted in 2003, will provide over \$60 million in improvements to the City's water system. Funding for the program is through a combination of capital reserve funds on hand and revenue supported bonds. In addition to upgrading existing wells and treatment plants, the plan calls for the addition of six new wells, two treatment plants and one storage tower. In 2015, work continued on adding new wells to service the City's northeast section – the last remaining virtually undeveloped area of the City.

Work also continued in 2015 with the City's comprehensive Pavement Management Plan (PMP). The PMP, implemented in 2010, is designed to maintain and rehabilitate city streets in a cost-efficient manner. The PMP addresses both annual maintenance and regularly scheduled overlay and reconstruction of all city-maintained streets in Blaine. Initial efforts are

concentrated on those streets that are most in need of improvements as rated by factors including condition of the pavement, maintenance costs and traffic volume. Based on these and other factors, a determination is made as to the type of improvement – pavement overlay, or complete reconstruction – that will be initiated. In 2015, in addition to completing roughly \$670,000 in seal-coat and overlay projects, Blaine completed \$530,000 in reconstruction work under the PMP. Funding for the PMP comes from a combination of tax-levy supported debt and special assessments against improved property.

Relevant Financial Policies

Cash temporarily idle during the year was invested in money market instruments and US government agency obligations. Blaine's investment policy calls for the investment of public funds in a manner that will provide the highest investment return with minimum risk while meeting the daily cash flow demands of the City. For investments held at December 31, 2015, the time remaining until the investments' maturity ranged from 31 days to 11 years, with an average of 54 months remaining until maturity. The yield on investments maturing, called, or sold in 2015 ranged from a high of 4.31% to a low of .02%. The City's average return on investments in 2015 was 1.71%.

The City has actively worked to limit both its liability risk and insurance costs since 1993. The general liability of the City has been placed with the League of Minnesota Cities Insurance Trust. To limit its costs, the City has maintained a per-incident deductible of \$100,000 with an aggregate limit of \$200,000. These deductibles are funded from the Self-Insurance Internal Service Fund, which ended 2015 with a cash balance of \$1,090,468. The funding for this insurance program is a combination of property taxes and insurance rebates. Workers' compensation includes the statutory requirements and is accounted for in those funds that have permanent positions, the General and Public Utilities Funds.

Major Initiatives

In August 2015 the City celebrated the grand opening of the new Lexington Athletic Complex (LAC.) Development of LAC began in 2012, with the purchase of 38 acres of undeveloped land in the City's Northeast quadrant. LAC serves as a regional facility and operates two baseball fields, four multi-use fields for youth sports such as soccer, football and lacrosse, a basketball court, two tennis courts, four pickle-ball courts, an outdoor hockey rink, and a playground area. Total cost to acquire and develop LAC was just over \$7.3 million. Funding for LAC was provided by park dedication fees collected from developers.

In January, Blaine's Economic Development Authority approved the sale of its two senior housing facilities, Blaine Courts, a 55-unit apartment building constructed in 1990, and Cloverleaf Courts, a 102-unit apartment building constructed in 2000. The facilities were developed to provide affordable independent housing for senior residents of Blaine and surrounding communities. Two offers were considered, with the EDA opting for the offer of Lang-Nelson, which included a cash deposit of \$9,650,000 at the time of closing plus a \$1 million promissory note payable over ten years. The sale was completed in May with the closing and transfer of the property. The sale signaled the end of the EDA as a senior facility operator and will provide significant funding for both housing and other economic development opportunities for the EDA.

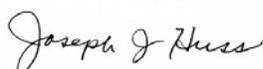
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the year ended December 31, 2014. This was the thirty-second consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to express our thanks to the Mayor and City Council for their leadership in conducting the operations of the City in a responsible and progressive manner. This appreciation is also extended to the City Manager and Department Heads for their continued interest and support in planning and conducting the financial operations of the City. Finally, we wish to express our thanks to the entire Finance Department staff for their efforts in assisting with this document. The preparation of this report would not have been possible without their efficient and dedicated services throughout the year.

Respectfully submitted,



Joe Huss
Finance Director



Bonnie Friedrich
Finance Supervisor of Accounting

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Government Finance Officers Association

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

Presented to

**City of Blaine
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

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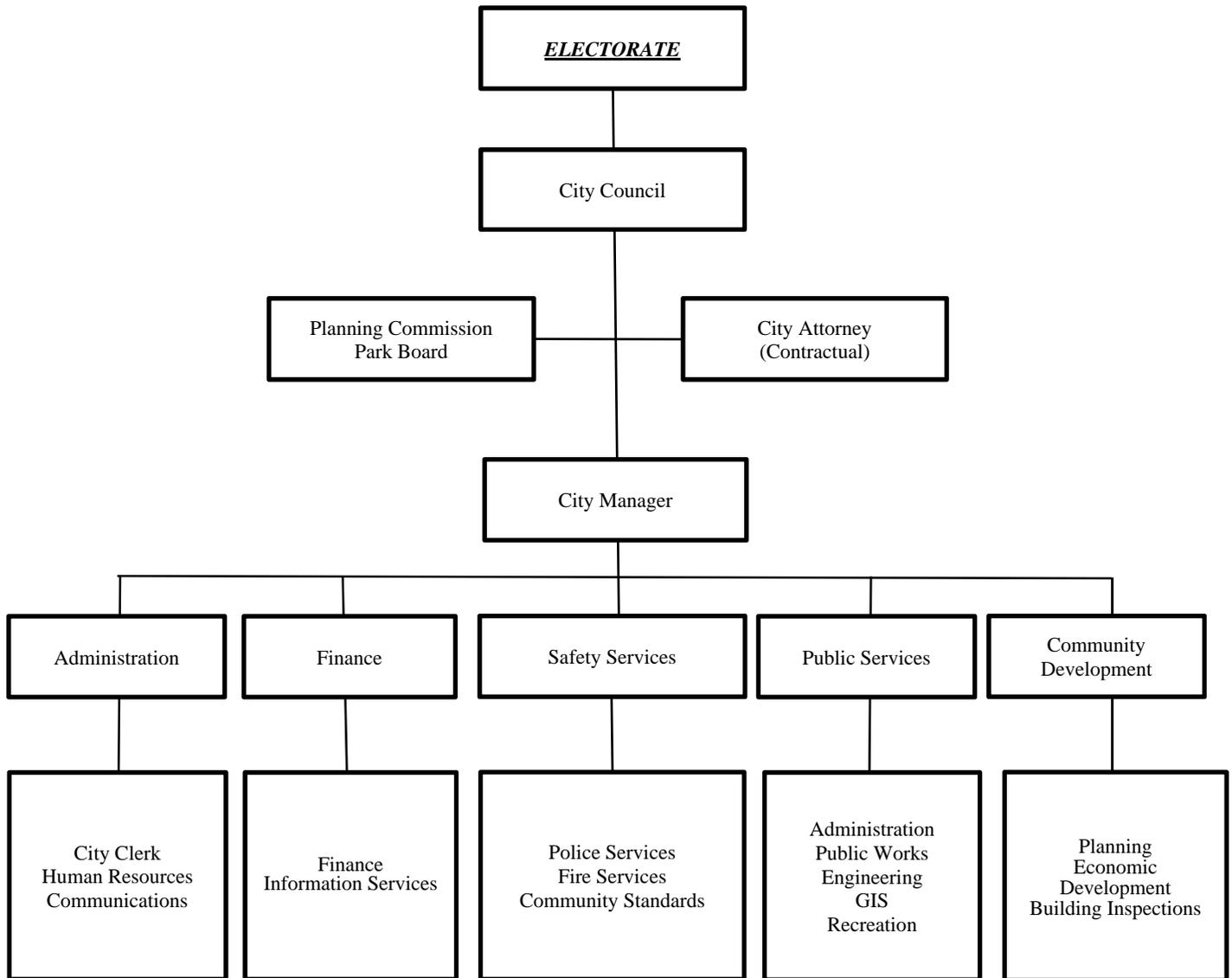


Legislative	Term Expires
<u>MAYOR</u>	
Thomas Ryan	December 31, 2016
<u>COUNCIL MEMBERS</u>	
Wes Hovland	December 31, 2018
Dick Swanson	December 31, 2016
Dave Clark	December 31, 2018
Mike Bourke	December 31, 2016
Jason King	December 31, 2018
Russ Herbst	December 31, 2016

Administrative	Date of Hire
<u>CITY MANAGER</u>	
Clark Arneson	February 25, 2008
<u>FINANCE DIRECTOR</u>	
Joseph J. Huss	July 17, 2003
<u>SAFETY SERVICES MANAGER/POLICE CHIEF</u>	
Christopher E. Olson	April 24, 1990
<u>PUBLIC SERVICES MANAGER</u>	
Robert E. Therres	May 21, 2001
<u>COMMUNITY DEVELOPMENT DIRECTOR</u>	
Bryan K. Schafer	June 2, 1986

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ORGANIZATIONAL CHART



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II. FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Blaine, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Blaine, 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 Blaine, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, each major fund, and the aggregate remaining fund information of the City of Blaine, Minnesota, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 11 and 16 to the financial statements, the City of Blaine, 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.

Report on Summarized Comparative Information

We have previously audited the City of Blaine, Minnesota's 2014 financial statements, and we expressed an unmodified audit opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated June 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of Proportionate Share of Net Pension Liability, the Schedules of Pension Contributions, and the Notes to the Required Supplementary Information on pages 19 through 27 and 82 through 86 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 Blaine, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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 3, 2016, on our consideration of the City of Blaine, 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 Blaine, Minnesota's internal control over financial reporting and compliance.

Redpath and Company, Ltd.

REDPATH AND COMPANY, LTD.
St. Paul, Minnesota

June 3, 2016

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Management's Discussion and Analysis

As management of the City of Blaine (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-5 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$382,126,029 (net position). Of this amount, \$44,723,541 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$9,476,574.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$64,934,810 an increase of \$12,059,761 in comparison with the prior year. This increase is primarily due to the increase in cash/transfers resulting from the sale of two Blaine EDA-operated senior high-rise apartment buildings in 2015.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,842,450, or 43 percent of the total general fund expenditures for 2015.
- The City's total long-term obligations increased by \$10,878,959 (25 percent) during the current year.

Overview of the Financial Statements

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

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

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

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

The 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 government, public safety, public works, sanitation, recreation, and community development. The business-type activities of the City include water, sanitary sewer, storm sewer, and solid waste and recycling collection utilities, and senior housing.

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

The government-wide financial statements can be found on pages 31-33 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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 the 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 financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, debt service fund, general capital projects fund, city improvement project fund, tax increment financing (TIF) fund, EDA capital projects fund, and parks development projects fund all of which are considered major funds. Data from the eight other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and its economic development authority, cable television and charitable gambling special revenue funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with adopted budgets.

The basic governmental fund financial statements can be found on pages 34-40 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. 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 public utilities and senior housing operations. Internal service funds are an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance program and for compensated absences. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the public utilities and senior housing operations, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 41-43 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45-79 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the basic financial statements. Combining and individual fund statements and schedules can be found on pages 91-108 of this report.



Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$382,126,029 at the close of the most recent fiscal year.

The largest portion of the City's net position (82 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Blaine's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$76,355,512	\$64,429,131	\$24,508,797	\$24,700,726	\$100,864,309	\$89,129,857
Capital assets	205,726,800	194,914,771	136,308,320	138,717,766	342,035,120	333,632,537
Total assets	<u>\$282,082,312</u>	<u>\$259,343,902</u>	<u>\$160,817,117</u>	<u>\$163,418,492</u>	<u>\$442,899,429</u>	<u>\$422,762,394</u>
Long-term liabilities						
outstanding	\$50,696,962	\$39,429,698	\$3,724,784	\$4,113,089	\$54,421,746	\$43,542,787
Other liabilities	6,404,111	5,608,688	899,531	961,464	7,303,642	6,570,152
Total liabilities	<u>\$57,101,073</u>	<u>\$45,038,386</u>	<u>\$4,624,315</u>	<u>\$5,074,553</u>	<u>\$61,725,388</u>	<u>\$50,112,939</u>
Net position:						
Net investment in capital assets	\$177,880,191	\$163,862,780	\$134,964,831	\$137,137,884	\$312,845,022	\$301,000,664
Restricted	24,430,446	17,067,275	127,020	126,105	24,557,466	17,193,380
Unrestricted	23,622,590	33,375,461	21,100,951	21,079,950	44,723,541	54,455,411
Total net position	<u>\$225,933,227</u>	<u>\$214,305,516</u>	<u>\$156,192,802</u>	<u>\$158,343,939</u>	<u>\$382,126,029</u>	<u>\$372,649,455</u>

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 Minnesota statutes.

Net position was negatively impacted by \$13,634,243 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:

Deferred outflows of resources	\$2,959,867
Deferred inflows of resources	(2,007,879)
Noncurrent liabilities	(14,586,231)
Total	<u>(\$13,634,243)</u>

A small portion of the City's net position (six percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$44,723,541) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

The City's net position increased \$9,476,574 during 2015. Of this increase, 78%, or \$7,389,099, represents the sale of capital assets, particularly the two senior high-rise apartment facilities sold in 2015.

Business-type activities. Business-type activities decreased the City's net position by \$2,151,137. The key element of this decrease is the disposal of assets through the sale of two senior high-rise apartment facilities.



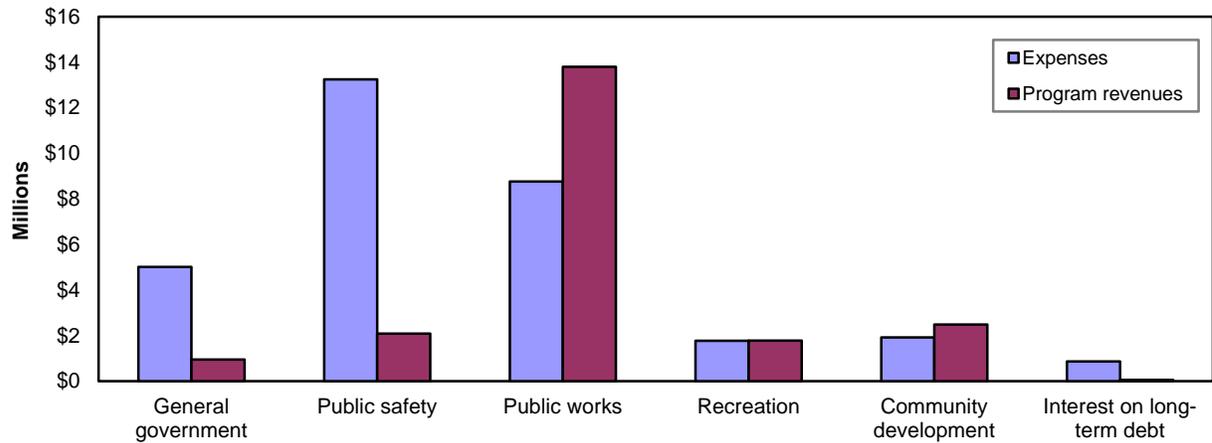
Governmental activities. Governmental activities increased the City's net position by \$11,627,711 accounting for 123% of the growth in the government's net position. The key element of this increase is the City's continued effort to maintain and enhance its infrastructure, with programs such as its pavement management plan and the acquisition of roadways from both private developers and Anoka County, thus increasing its asset base, especially in the City's investment in local streets and transportation systems. The following table provides additional detail regarding the City's increase in net position:

City's Changes in Net Position

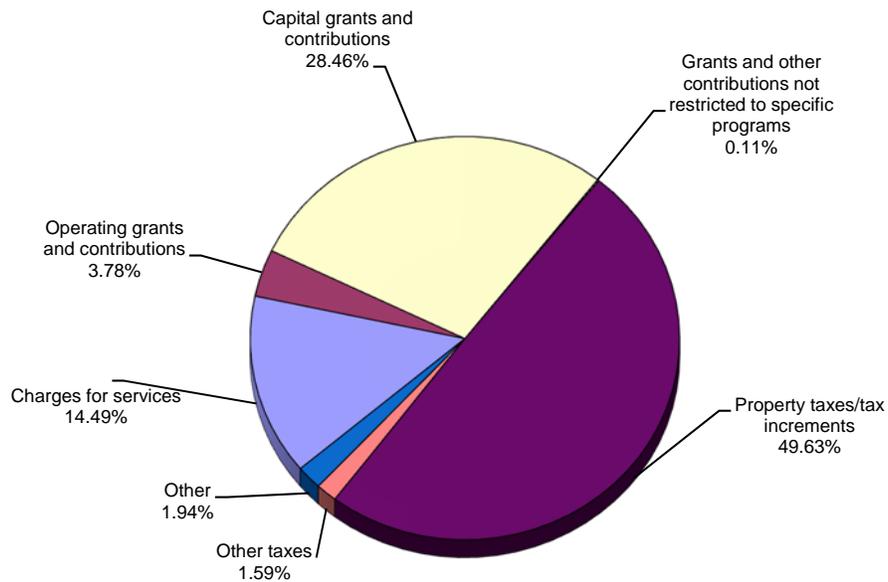
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$6,563,701	\$6,425,153	\$14,155,399	\$14,545,445	\$20,719,100	\$20,970,598
Operating grants and contributions	1,712,865	1,579,343	174,206	180,337	1,887,071	1,759,680
Capital grants and contributions	12,886,036	7,682,408	4,904,786	2,905,376	17,790,822	10,587,784
General revenues:						
Property taxes	22,473,211	20,020,998	-	-	22,473,211	20,020,998
Other taxes	719,227	684,477	-	-	719,227	684,477
Grants and contributions not restricted to specific programs	52,273	23,553	-	-	52,273	23,553
Other	877,188	1,424,251	249,310	559,687	1,126,498	1,983,938
Total revenues	45,284,501	37,840,183	19,483,701	18,190,845	64,768,202	56,031,028
Expenses:						
General government	5,015,012	4,968,604	-	-	5,015,012	4,968,604
Public safety	13,244,373	12,040,283	-	-	13,244,373	12,040,283
Public works	8,760,413	9,593,866	-	-	8,760,413	9,593,866
Recreation	1,774,749	1,582,176	-	-	1,774,749	1,582,176
Community development	1,918,293	2,291,106	-	-	1,918,293	2,291,106
Interest on long-term debt	867,411	958,481	-	-	867,411	958,481
Water	-	-	3,511,261	3,753,765	3,511,261	3,753,765
Sewer	-	-	5,260,903	5,178,537	5,260,903	5,178,537
Storm drainage	-	-	1,143,131	1,046,719	1,143,131	1,046,719
Sanitation	-	-	3,342,484	3,145,425	3,342,484	3,145,425
Senior housing	-	-	621,770	1,449,297	621,770	1,449,297
Total expenses	31,580,251	31,434,516	13,879,549	14,573,743	45,459,800	46,008,259
Increase in net position before transfers	13,704,250	6,405,667	5,604,152	3,617,102	19,308,402	10,022,769
Transfers	11,130,958	338,278	(11,130,958)	(338,278)	-	-
Special item - gain on sale of senior housing	-	-	3,375,669	-	3,375,669	-
Increase in net position	24,835,208	6,743,945	(2,151,137)	3,278,824	22,684,071	10,022,769
Net position - 01/01	214,305,516	207,561,571	158,343,939	155,065,115	372,649,455	362,626,686
Prior period adjustment	(13,207,497)	-	-	-	(13,207,497)	-
Net position - 01/01 restated	201,098,019	207,561,571	158,343,939	155,065,115	359,441,958	362,626,686
Net position - 12/31	\$225,933,227	\$214,305,516	\$156,192,802	\$158,343,939	\$382,126,029	\$372,649,455



Expenses and Program Revenues – Governmental Activities

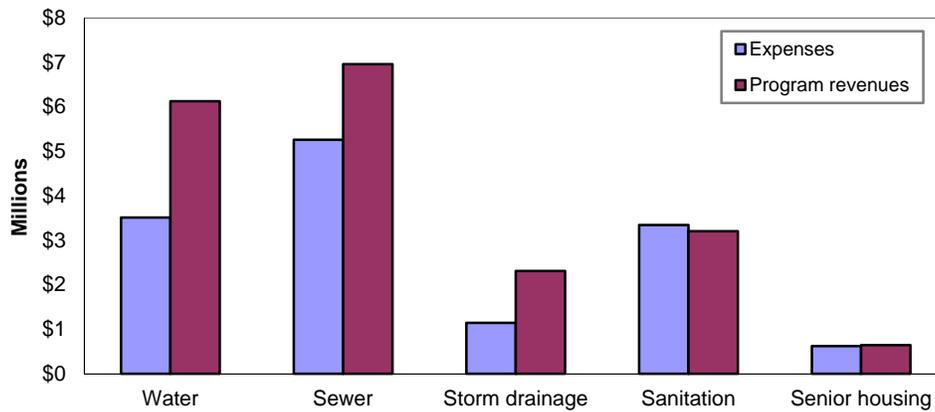


Revenues by Source – Governmental Activities

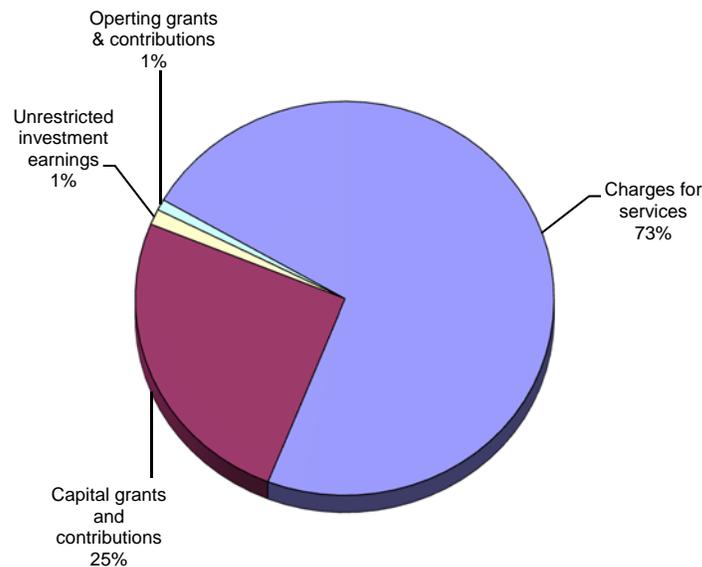




Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$64,934,810, an increase of \$12,059,761 in comparison with the prior year. Approximately 55 percent of this total amount, or \$35,939,194, constitutes unrestricted fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is classified as either non-spendable because it has already been committed to liquidate contracts and purchase orders of the prior year (\$221,911); or restricted for 1) payment of debt service (\$12,473,912); 2) funding of qualified tax increment projects (\$15,975,714); or 3) contractual obligations or grant requirements (\$324,079.)



The general fund is the chief operating fund of the City. At the end of the current fiscal year, unrestricted, unassigned fund balance of the general fund was \$10,842,450 while total fund balance reached \$11,064,361. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 44 percent of the total general fund expenditures at the current fiscal year end.

The fund balance of the City's general fund increased \$1,686,124 during the current fiscal year. The key factor responsible for this increase was the stronger than expected revenue collections from licenses and permits and charges for services.

The fund balance of the City's debt service fund was \$12,473,912, the entirety of which is restricted for the repayment of debt. The fund balance for debt service increased \$2,480,459 during the current fiscal year. The key factor responsible for this increase was the deposit of nearly \$2 million into an escrow account to be used for the retirement of general obligation tax increment bonds.

The fund balance of the City's general capital projects fund was \$10,787,021 at fiscal year-end, a decrease of \$1,323,517 over the previous year. The key factor responsible for this decrease was the expenditure of \$1.5 million for capital equipment purchases.

The fund balance of the City's improvement projects fund was \$6,979,842 at fiscal year-end, an increase of \$887,719 over the previous year. The key factor for the increase was the receipt of \$2.7 million in aid from the State of Minnesota for improvement projects on qualifying local roads.

The fund balance of the City's tax increment financing (TIF) projects fund was \$15,975,714 at fiscal year-end, an increase of \$5,332,735 over the previous year. The increase in fund balance is attributable to the reimbursement of TIF proceeds used to fund the construction of two senior high-rise apartment facilities that were sold in 2015.

The EDA capital projects fund ended the year with a fund balance of \$23,498, a modest increase of \$764 from the previous year-end.

The City's park development projects fund carried a negative fund balance of \$2,028,000 at fiscal year-end, a drop of \$1,050,463 over the previous year. The key factor for the decrease was the development of the City's Lexington Athletic Complex, for which the city spent \$1.1 million to improve in 2015.

The fund balance in the City's other governmental funds was \$9,658,462 at fiscal year-end, an increase of \$4,045,940 over the previous year. Additional information regarding activity in these funds can be found in statements 14 and 15 on pages 91 and 92 of this report.

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

The unrestricted portion of the public utilities fund's net position at the year-end was \$20,449,781. The growth in net position for the public utilities fund was \$5,791,769, due primarily to the acquisition of capital assets.

General Fund Budgetary Highlights

Actual total revenue exceeded final budgeted revenue by \$682,112 in the General Fund. Positive performances in the property tax (\$50,062 greater than budgeted), licenses and permits (\$357,352), intergovernmental (\$201,141), charges for services (\$72,668), and miscellaneous (\$128,887) categories more than offset lagging performances in fines and forfeits (\$39,732 below budget), and investment income (\$88,266). For expenditures, the key factor in bringing about a favorable budget variance was the transitional savings resulting from not filling vacant positions. Total expenditures in recreation exceeded the budgeted amount by \$26,984. This over-expenditure was the result of higher than expected participation in recreation programs. Savings from under-spending in other departments and higher-than-budgeted revenue from recreation programs more than offset the deficits. As a whole, revenues and other financing sources exceeded expenditures and other financing uses by \$1,686,124 for the year.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounts to \$342,035,120 per the Statement of Net Position (net of accumulated depreciation). This investment in capital assets includes land, buildings and structures, machinery and equipment, water distribution and sewage collection systems, infrastructure and construction in progress.



Major capital asset events during the current fiscal year included the following:

- Contributions totaling \$14,972,099 were received from developers in the form of streets, storm sewers, sanitary sewers, water mains, bridges, right-of-way, park land and out-lots to be left as open space.
- Parkland acquisition and improvements to parks and trails during the year totaled approximately \$2,106,679.
- Equipment and vehicles of \$1,630,840 were purchased during the year.

City of Blaine's Capital Assets
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$116,340,584	\$107,506,691	\$2,475,666	\$3,409,994	\$118,816,250	\$110,916,685
Buildings and structures	32,119,067	30,088,849	5,583,339	12,034,701	37,702,406	42,123,550
Machinery and equipment	5,826,398	5,182,106	1,933,962	2,148,650	7,760,360	7,330,756
Distribution and collection system	-	-	102,567,196	98,573,342	102,567,196	98,573,342
Infrastructure	46,003,023	44,964,203	21,761,074	20,440,752	67,764,097	65,404,955
Construction in progress	5,437,728	7,172,922	1,987,083	2,110,327	7,424,811	9,283,249
Total	\$205,726,800	\$194,914,771	\$136,308,320	\$138,717,766	\$342,035,120	\$333,632,537

Additional information on the City's capital assets can be found in Note 6 on pages 61-62 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$34,770,000. Of this amount, \$7,845,000 was for general obligation improvement debt which has financed special assessment construction as part the continuing development within the City. An additional \$1,900,000 was general obligation tax increment financing debt that financed the City's economic development and redevelopment program. There is also \$3,700,000 in outstanding utility revenue bonds that were issued to finance utility improvements including the construction of a water tower. The remaining \$21,325,000 is general obligation debt issued for the construction of a new fire station, to purchase capital equipment, to acquire open space within the City, to expand the City's public works facility, and to add a garage at the City hall site to house fire trucks and apparatus.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General obligation bonds	\$21,325,000	\$22,815,000	\$ -	\$ -	\$21,325,000	\$22,815,000
General obligation improvement bonds	7,845,000	9,260,000	-	-	7,845,000	9,260,000
General obligation revenue bonds	-	-	3,700,000	4,085,000	3,700,000	4,085,000
General obligation tax increment financing bonds	1,900,000	2,235,000	-	-	1,900,000	2,235,000
Total	\$31,070,000	\$34,310,000	\$3,700,000	\$4,085,000	\$34,770,000	\$38,395,000

The City's total bonded debt decreased by a net amount of \$3,625,000 (9%) during the current fiscal year as a result of payment of scheduled principal repayments

The City's bond rating for all of its general obligation debt was affirmed at AA+ by Standard and Poor's Ratings Services in July 2014.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3 percent of the total estimated market value of property within the city. The current debt limit for the City is \$164,343,153. Of the City's \$34,770,000 in outstanding debt at the current fiscal year end, \$21,325,000 is subject to the restrictions placed by State Statute.

Additional information on the City's long-term debt can be found in Note 8 on pages 64-68 of this report.

Economic Factors and Next Year's Budget and Rates

- The City's unemployment rate ended the year at 3.1 percent, which compares favorably with the state unemployment rate of 3.7 percent, and the national unemployment rate of 5.0 percent.



- The number of City building permits issued in 2015 increased by 396, while the valuation of those permits issued in 2015 increased as well by \$16.7 million (11%) compared to 2014. A total of 3,883 permits with a total valuation of \$166,474,259 were issued in 2015. Activity in 2014 was at 3,487 permits with a valuation of \$149,800,724.

During the current fiscal year, total fund balance increased \$1,686,124, while unrestricted fund balance in the general fund increased by \$1,710,189, or 19%.

Water fees in the public utilities fund were last increased in 2003 for the 2004 fiscal year, but expectations are that those fees will increase in 2016/17. The current fees are based on a study completed in 2003 encompassing significant long-term improvements and additions to the water distribution and treatment systems that currently exist in the City. Two of those projects, the building of a new water storage tower and the construction of a fourth water treatment plant were completed in 2009. Construction of a fifth treatment plant, and continued expansion of the water system is expected within the next two years.

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 requests for additional information should be addressed to the Finance Director, City of Blaine, 10801 Town Square Drive, Blaine, Minnesota 55449-8101.

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BASIC FINANCIAL STATEMENTS

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CITY OF BLAINE, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2015

Statement 1

	Primary Government		Totals 2015
	Governmental Activities	Business-Type Activities	
Assets:			
Cash, cash equivalents, and pooled investments	\$67,365,029	\$17,550,167	\$84,915,196
Cash and investments with escrow agent	6,776,158	-	6,776,158
Delinquent taxes receivable	369,886	-	369,886
Tax increment receivable	1,857	-	1,857
Accounts receivable	246,803	2,747,647	2,994,450
Special assessments receivable	2,429,251	76,812	2,506,063
Intergovernmental receivable	610,838	183,445	794,283
Internal balances	(3,601,170)	3,601,170	-
Prepaid items and other assets	354,625	281,937	636,562
Loans receivable	562,726	-	562,726
Lease receivable	19,778	-	19,778
Accrued interest receivable	219,731	67,619	287,350
Notes receivable	1,000,000	-	1,000,000
Capital assets (net of accumulated depreciation):			
Land	116,340,584	2,475,666	118,816,250
Building and structures	32,119,067	5,583,339	37,702,406
Machinery and equipment	5,826,398	1,933,962	7,760,360
Distribution and collection system	-	102,567,196	102,567,196
Infrastructure	46,003,023	21,761,074	67,764,097
Construction in progress	5,437,728	1,987,083	7,424,811
Total assets	<u>282,082,312</u>	<u>160,817,117</u>	<u>442,899,429</u>
Deferred outflows of resources:			
Related to pensions	<u>2,959,867</u>	<u>-</u>	<u>2,959,867</u>
Liabilities:			
Accounts payable	352,666	425,304	777,970
Accrued liabilities	161,188	11,032	172,220
Deposits payable	4,676,613	3,250	4,679,863
Contracts payable	681,801	238,707	920,508
Intergovernmental payable	22	105,305	105,327
Bond interest payable	398,725	61,667	460,392
Unearned revenue	133,096	54,266	187,362
Noncurrent liabilities:			
Due within one year	10,830,160	403,305	11,233,465
Due in more than one year	39,866,802	3,321,479	43,188,281
Total liabilities	<u>57,101,073</u>	<u>4,624,315</u>	<u>61,725,388</u>
Deferred inflows of resources:			
Related to pensions	<u>2,007,879</u>	<u>-</u>	<u>2,007,879</u>
Net position:			
Net investment in capital assets	177,880,191	134,964,831	312,845,022
Restricted for:			
Debt service	8,228,388	127,020	8,355,408
Tax increment purposes	15,977,571	-	15,977,571
Public safety programs	94,082	-	94,082
Charitable gambling	130,405	-	130,405
Unrestricted	23,622,590	21,100,951	44,723,541
Total net position	<u>\$225,933,227</u>	<u>\$156,192,802</u>	<u>\$382,126,029</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>
		Charges For Services
Primary government:		
Governmental activities:		
General government	\$5,015,012	\$1,055,819
Public safety	13,244,373	1,040,881
Public works	8,760,413	255,365
Recreation	1,774,749	1,731,064
Community development	1,918,293	2,480,572
Interest on long-term debt	867,411	-
Total governmental activities	<u>31,580,251</u>	<u>6,563,701</u>
Business-type activities:		
Water	3,511,261	4,375,570
Sewer	5,260,903	4,874,710
Storm drainage	1,143,131	1,234,141
Sanitation	3,342,484	3,027,897
Senior housing	621,770	643,081
Total business-type activities	<u>13,879,549</u>	<u>14,155,399</u>
Total primary government	<u>\$45,459,800</u>	<u>\$20,719,100</u>

The accompanying notes are an integral part of these financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total 2015
\$6,480	\$ -	(\$3,952,713)	\$ -	(\$3,952,713)
1,047,822	-	(11,155,670)	-	(11,155,670)
552,047	12,882,784	4,929,783	-	4,929,783
53,147	-	9,462	-	9,462
-	3,252	565,531	-	565,531
53,369	-	(814,042)	-	(814,042)
<u>1,712,865</u>	<u>12,886,036</u>	<u>(10,417,649)</u>	<u>0</u>	<u>(10,417,649)</u>
-	1,750,309	-	2,614,618	2,614,618
-	2,081,571	-	1,695,378	1,695,378
-	1,072,906	-	1,163,916	1,163,916
174,206	-	-	(140,381)	(140,381)
-	-	-	21,311	21,311
<u>174,206</u>	<u>4,904,786</u>	<u>0</u>	<u>5,354,842</u>	<u>5,354,842</u>
<u>\$1,887,071</u>	<u>\$17,790,822</u>	<u>(10,417,649)</u>	<u>5,354,842</u>	<u>(5,062,807)</u>
General revenues:				
Property taxes		22,277,346	-	22,277,346
Tax increments		195,865	-	195,865
Franchise taxes		585,647	-	585,647
Lodging taxes		3,904	-	3,904
Gambling taxes		129,676	-	129,676
Gain on sale of assets		103,850	-	103,850
Grants and contributions not restricted to specific programs		52,273	-	52,273
Unrestricted investment earnings		773,338	249,310	1,022,648
Transfers		11,130,958	(11,130,958)	-
Special item - gain on sale of senior apartments		-	3,375,669	3,375,669
Total general revenues, special items and transfers		<u>35,252,857</u>	<u>(7,505,979)</u>	<u>27,746,878</u>
Change in net position		<u>24,835,208</u>	<u>(2,151,137)</u>	<u>22,684,071</u>
Net position - January 1, as previously reported		214,305,516	158,343,939	372,649,455
Prior period adjustment		<u>(13,207,497)</u>	<u>-</u>	<u>(13,207,497)</u>
Net position - January 1, as restated		<u>201,098,019</u>	<u>158,343,939</u>	<u>359,441,958</u>
Net position - December 31		<u>\$225,933,227</u>	<u>\$156,192,802</u>	<u>\$382,126,029</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2015
With Comparative Totals For December 31, 2014

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
Assets			
Cash and pooled investments	\$14,000,077	\$5,642,466	\$10,796,599
Cash and investments with escrow agent	-	6,776,158	-
Delinquent taxes receivable	298,966	47,643	-
Tax increments receivable	-	-	-
Accounts receivable	28,916	-	-
Special assessments receivable	-	1,005,560	48,301
Intergovernmental receivable	244,614	39,553	-
Prepaid items and other assets	157,108	-	-
Inventory	64,803	-	-
Loans receivable	-	-	-
Lease receivable	-	-	-
Notes receivable	-	-	-
Accrued interest receivable	33,310	15,733	44,374
	<u>\$14,827,794</u>	<u>\$13,527,113</u>	<u>\$10,889,274</u>
Total assets			
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$250,775	\$ -	\$39,452
Accrued liabilities	158,984	-	-
Deposits payable	2,921,590	-	14,500
Contracts payable	-	-	-
Due to other governments	22	-	-
Interfund loans payable	-	-	-
Unearned revenue	133,096	-	-
Total liabilities	<u>3,464,467</u>	<u>0</u>	<u>53,952</u>
Deferred inflows of resources:			
Unavailable revenue	298,966	1,053,201	48,301
Total deferred inflows of resources	<u>298,966</u>	<u>1,053,201</u>	<u>48,301</u>
Fund balance:			
Nonspendable	221,911	-	-
Restricted	-	12,473,912	99,592
Committed	-	-	21,203
Assigned	-	-	10,666,226
Unassigned	10,842,450	-	-
Total fund balance	<u>11,064,361</u>	<u>12,473,912</u>	<u>10,787,021</u>
	<u>\$14,827,794</u>	<u>\$13,527,113</u>	<u>\$10,889,274</u>
Total liabilities, deferred inflows of resources, and fund balance			

Fund balance reported above

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

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.

Internal service funds are used by management to charge the cost of insurance, compensated absences and pension benefits to individual funds.

The assets and liabilities of the internal service funds are included in the governmental statement of net position.

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

Net position of governmental activities

The accompanying notes are an integral part of these financial statements.

City Improvement Projects	Tax Increment Financing Projects	EDA Capital Projects	Park Development Projects	Other Governmental Funds	Total	
					2015	2014
\$9,324,411	\$15,894,669	\$23,686	\$936,440	\$8,063,044	\$64,681,392	\$53,363,480
-	-	-	-	-	6,776,158	4,912,317
20,925	-	-	-	2,352	369,886	391,529
-	1,857	-	-	-	1,857	4,265
-	12,500	-	157,500	45,814	244,730	362,997
1,359,129	-	-	-	16,261	2,429,251	2,876,586
324,684	-	-	-	1,987	610,838	865,203
-	-	-	-	-	157,108	118,805
-	-	-	-	-	64,803	127,171
-	-	-	-	562,726	562,726	762,233
-	19,778	-	-	-	19,778	21,652
-	-	-	-	1,000,000	1,000,000	-
35,278	52,765	82	3,596	25,242	210,380	220,412
<u>\$11,064,427</u>	<u>\$15,981,569</u>	<u>\$23,768</u>	<u>\$1,097,536</u>	<u>\$9,717,426</u>	<u>\$77,128,907</u>	<u>\$64,026,650</u>
\$1,586	\$75	\$270	\$5,476	\$15,778	\$313,412	\$418,030
-	-	-	-	2,204	161,188	130,713
1,714,231	3,923	-	-	22,369	4,676,613	3,917,520
669,241	-	-	12,560	-	681,801	590,535
-	-	-	-	-	22	19
-	-	-	2,950,000	-	2,950,000	2,000,000
-	-	-	-	-	133,096	123,156
<u>2,385,058</u>	<u>3,998</u>	<u>270</u>	<u>2,968,036</u>	<u>40,351</u>	<u>8,916,132</u>	<u>7,179,973</u>
1,699,527	1,857	-	157,500	18,613	3,277,965	3,971,628
<u>1,699,527</u>	<u>1,857</u>	<u>0</u>	<u>157,500</u>	<u>18,613</u>	<u>3,277,965</u>	<u>3,971,628</u>
-	-	-	-	-	221,911	245,976
-	15,975,714	-	-	224,487	28,773,705	20,984,202
213,316	-	-	-	7,830,282	8,064,801	4,150,346
6,766,526	-	23,498	-	1,603,693	19,059,943	19,339,801
-	-	-	(2,028,000)	-	8,814,450	8,154,724
<u>6,979,842</u>	<u>15,975,714</u>	<u>23,498</u>	<u>(2,028,000)</u>	<u>9,658,462</u>	<u>64,934,810</u>	<u>52,875,049</u>
<u>\$11,064,427</u>	<u>\$15,981,569</u>	<u>\$23,768</u>	<u>\$1,097,536</u>	<u>\$9,717,426</u>	<u>\$77,128,907</u>	<u>\$64,026,650</u>
					\$64,934,810	
					205,726,800	
					3,277,965	
					(13,839,223)	
					<u>(34,167,125)</u>	
					<u>\$225,933,227</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2015
With Comparative Totals For The Year Ended December 31, 2014

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
Revenues:			
Property taxes	\$18,697,327	\$3,149,514	\$ -
Tax increments	-	-	-
Franchise taxes	-	-	-
Lodging taxes	-	-	-
Gambling taxes	-	-	-
Special assessments	-	723,074	246,822
Park dedication fees	-	-	-
Licenses and permits	2,223,602	-	-
Intergovernmental	1,379,641	229,879	4,500
Charges for services	4,084,718	-	600
Fines and forfeits	206,268	-	-
Interest earnings	114,234	47,425	145,453
Miscellaneous	181,887	109,000	12,410
Total revenues	<u>26,887,677</u>	<u>4,258,892</u>	<u>409,785</u>
Expenditures:			
Current:			
General government	4,154,161	-	-
Public safety	11,258,767	-	325
Public works	6,922,273	-	18,390
Recreation	1,065,135	-	52,282
Community development	1,401,298	-	-
Unallocated	400,826	-	-
Capital outlay:			
General government	-	-	18,581
Public safety	-	-	873,284
Public works	-	-	567,934
Recreation	-	-	34,961
Community development	-	-	7,564
Debt service:			
Principal	-	3,240,000	-
Interest	-	915,062	-
Issuance costs and fiscal charges	-	6,825	-
Total expenditures	<u>25,202,460</u>	<u>4,161,887</u>	<u>1,573,321</u>
Revenues over (under) expenditures	<u>1,685,217</u>	<u>97,005</u>	<u>(1,163,536)</u>
Other financing sources (uses):			
Transfers in	907	2,383,454	-
Transfers out	-	-	(259,831)
Issuance of bonds	-	-	-
Bond premium	-	-	-
Sale of capital assets	-	-	99,850
Total other financing sources (uses)	<u>907</u>	<u>2,383,454</u>	<u>(159,981)</u>
Net change in fund balance	1,686,124	2,480,459	(1,323,517)
Fund balance - January 1	9,378,237	9,993,453	12,110,538
Fund balance - December 31	<u>\$11,064,361</u>	<u>\$12,473,912</u>	<u>\$10,787,021</u>

The accompanying notes are an integral part of these financial statements.

Statement 4

City Improvement Projects	Tax Increment Financing Projects	EDA Capital Projects	Park Development Projects	Other Governmental Funds	Total	
					2015	2014
					\$250,177	\$ -
-	198,272	-	-	-	198,272	187,866
-	-	-	-	585,647	585,647	567,391
-	-	-	-	3,904	3,904	3,644
-	-	-	-	129,676	129,676	113,442
398,203	-	-	-	4,365	1,372,464	1,481,674
-	-	-	1,258,705	-	1,258,705	1,143,383
-	-	-	-	-	2,223,602	1,953,174
2,721,666	-	-	-	33,001	4,368,687	3,482,411
3,472	-	-	-	540,251	4,629,041	4,555,162
-	-	-	-	51,993	258,261	287,657
120,891	184,944	213	11,700	119,080	743,940	1,305,228
209,778	-	-	54,506	10,955	578,536	623,547
<u>3,704,187</u>	<u>383,216</u>	<u>213</u>	<u>1,324,911</u>	<u>1,680,845</u>	<u>38,649,726</u>	<u>35,602,351</u>
-	-	-	-	659,763	4,813,924	4,659,281
-	-	-	-	406,614	11,665,706	11,108,825
15,302	-	-	114,854	-	7,070,819	7,151,296
-	-	-	90,929	-	1,208,346	1,052,562
-	68,856	-	-	604,828	2,074,982	1,828,346
-	-	-	-	-	400,826	375,822
-	-	-	-	2,313	20,894	132,088
-	-	-	-	-	873,284	557,733
3,156,591	-	-	101,915	264	3,826,704	5,224,736
-	-	-	2,004,763	-	2,039,724	4,362,158
-	50,394	40,426	-	-	98,384	1,098,761
-	-	-	182,744	-	3,422,744	6,040,000
-	-	-	40,000	-	955,062	940,891
-	-	-	-	-	6,825	95,435
<u>3,171,893</u>	<u>119,250</u>	<u>40,426</u>	<u>2,535,205</u>	<u>1,673,782</u>	<u>38,478,224</u>	<u>44,627,934</u>
<u>532,294</u>	<u>263,966</u>	<u>(40,213)</u>	<u>(1,210,294)</u>	<u>7,063</u>	<u>171,502</u>	<u>(9,025,583)</u>
545,010	5,220,072	40,977	354,831	4,353,597	12,898,848	2,615,926
(189,585)	(155,303)	-	(195,000)	(314,720)	(1,114,439)	(1,972,546)
-	-	-	-	-	-	5,760,000
-	-	-	-	-	-	241,530
-	4,000	-	-	-	103,850	108,944
<u>355,425</u>	<u>5,068,769</u>	<u>40,977</u>	<u>159,831</u>	<u>4,038,877</u>	<u>11,888,259</u>	<u>6,753,854</u>
887,719	5,332,735	764	(1,050,463)	4,045,940	12,059,761	(2,271,729)
6,092,123	10,642,979	22,734	(977,537)	5,612,522	52,875,049	55,146,778
<u>\$6,979,842</u>	<u>\$15,975,714</u>	<u>\$23,498</u>	<u>(\$2,028,000)</u>	<u>\$9,658,462</u>	<u>\$64,934,810</u>	<u>\$52,875,049</u>

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2015

Statement 5

	<u>2015</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds (statement 4)	\$12,059,761
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,376,245
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	9,435,784
Revenues in the statement of activities that do not provide current financial resources are reported as unavailable revenues in the funds. This is the change in unavailable revenue from the previous year.	(693,663)
The issuance of long-term debt (e.g., bonds, leases) 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. Also, 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,468,576
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 governmental funds.	8,644
Internal service funds are used by management to charge the costs of insurance, pensions and compensated absences to individual funds. This amount is the portion of net revenue attributable to governmental activities.	<u>(820,139)</u>
Change in net position of governmental activities (Statement 2)	<u><u>\$24,835,208</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Statement 6

Page 1 of 2

For The Year Ended December 31, 2015

With Comparative Actual Amounts For The Year Ended December 31, 2014

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
	Revenues:				
Property taxes	\$18,647,265	\$18,647,265	\$18,697,327	\$50,062	\$16,808,123
Licenses and permits	1,821,250	1,866,250	2,223,602	357,352	1,953,174
Intergovernmental	1,178,500	1,178,500	1,379,641	201,141	1,226,893
Charges for services	4,012,050	4,012,050	4,084,718	72,668	4,222,335
Fines and forfeits	246,000	246,000	206,268	(39,732)	234,455
Investment income	202,500	202,500	114,234	(88,266)	210,251
Miscellaneous	53,000	53,000	181,887	128,887	204,275
Total revenues	26,160,565	26,205,565	26,887,677	682,112	24,859,506
Expenditures:					
General government:					
Council	101,050	101,050	99,353	1,697	91,501
Commissions and committees	15,690	15,690	18,831	(3,141)	15,041
Legal services	418,000	418,000	377,992	40,008	407,210
City manager	364,120	364,120	376,923	(12,803)	338,336
City clerk	259,120	259,120	277,972	(18,852)	295,974
Human resources	485,260	485,260	533,771	(48,511)	563,544
Finance	1,557,405	1,557,405	1,437,966	119,439	1,351,299
Information services	871,320	871,320	904,320	(33,000)	840,754
Communications	126,480	126,480	127,033	(553)	122,288
Total general government	4,198,445	4,198,445	4,154,161	44,284	4,025,947
Public safety:					
Safety services administration	807,800	807,800	772,720	35,080	719,511
Police professional standards	303,490	303,490	290,880	12,610	283,750
Police patrol	5,000,600	5,000,600	4,662,873	337,727	4,906,322
Police investigation	1,838,270	1,838,270	1,896,463	(58,193)	1,568,740
Police records	526,810	526,810	508,603	18,207	472,391
Crime prevention	217,130	217,130	214,046	3,084	197,053
Fire department	1,625,100	1,625,100	1,625,047	53	1,527,344
Community service	367,440	367,440	359,380	8,060	347,656
Community standards	963,920	963,920	928,755	35,165	758,294
Total public safety	11,650,560	11,650,560	11,258,767	391,793	10,781,061
Public works:					
Public services management	199,790	199,790	170,884	28,906	190,758
Public works	5,896,370	5,896,370	5,446,638	449,732	5,553,875
Engineering	1,162,270	1,162,270	1,098,560	63,710	1,166,851
GIS	212,989	212,989	206,191	6,798	208,726
Total public works	7,471,419	7,471,419	6,922,273	549,146	7,120,210

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

Statement 6

Page 2 of 2

For The Year Ended December 31, 2015

With Comparative Actual Amounts For The Year Ended December 31, 2014

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Recreation:					
Recreation	\$1,038,151	\$1,038,151	\$1,065,135	(\$26,984)	\$1,025,375
Community development:					
Planning	451,620	451,620	448,454	3,166	420,559
Economic development	-	-	1,295	(1,295)	23,575
Building inspections	928,030	973,030	951,549	21,481	813,653
Total community development	1,379,650	1,424,650	1,401,298	23,352	1,257,787
Unallocated:					
Unallocated	405,950	405,950	400,826	5,124	375,822
Total expenditures	26,144,175	26,189,175	25,202,460	986,715	24,586,202
Revenues over (under) expenditures	16,390	16,390	1,685,217	1,668,827	273,304
Other financing sources (uses):					
Transfers in	-	-	907	907	30,000
Transfers out	-	-	-	-	(100,000)
Total other financing sources (uses)	0	0	907	907	(70,000)
Net change in fund balance	\$16,390	\$16,390	1,686,124	\$1,669,734	203,304
Fund balance - January 1			9,378,237		9,174,933
Fund balance - December 31			\$11,064,361		\$9,378,237

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2015

With Comparative Totals For Enterprise Funds For December 31, 2014

Statement 7

	Business-Type Activities Enterprise Funds						Governmental Activities -
	Public Utilities		Senior Housing		Totals		Internal Service Funds
	2015	2014	2015	2014	2015	2014	
Assets:							
Current assets:							
Cash and cash equivalents	\$14,380,316	\$14,736,773	\$ -	\$1,143,484	\$14,380,316	\$15,880,257	\$2,683,637
Restricted cash and cash equivalents for water revenue bond covenant accounts	3,169,851	3,197,117	-	-	3,169,851	3,197,117	-
Accounts receivable	2,747,647	2,702,579	-	(1,196)	2,747,647	2,701,383	2,073
Special assessments receivable	76,812	120,841	-	-	76,812	120,841	-
Intergovernmental receivable	183,445	94,923	-	-	183,445	94,923	-
Accrued interest receivable	67,619	91,011	-	5,499	67,619	96,510	9,351
Prepaid items	281,937	260,033	-	7,362	281,937	267,395	132,714
Total current assets	20,907,627	21,203,277	0	1,155,149	20,907,627	22,358,426	2,827,775
Noncurrent assets:							
Capital assets:							
Land	2,475,666	2,473,498	-	936,496	2,475,666	3,409,994	-
Buildings and structures	9,028,507	9,028,507	-	10,079,479	9,028,507	19,107,986	-
Machinery and equipment	6,297,541	6,171,787	-	70,343	6,297,541	6,242,130	-
Distribution and collection system	144,199,637	138,406,264	-	-	144,199,637	138,406,264	-
Infrastructure - storm sewers	27,879,481	26,255,526	-	-	27,879,481	26,255,526	-
Construction in progress	1,987,083	2,110,327	-	-	1,987,083	2,110,327	-
Total capital assets	191,867,915	184,445,909	0	11,086,318	191,867,915	195,532,227	0
Less: Allowance for depreciation	(55,559,595)	(52,949,536)	-	(3,864,925)	(55,559,595)	(56,814,461)	-
Net capital assets	136,308,320	131,496,373	0	7,221,393	136,308,320	138,717,766	0
Interfund loans receivable	2,950,000	2,000,000	-	-	2,950,000	2,000,000	-
Total noncurrent assets	139,258,320	133,496,373	0	7,221,393	139,258,320	140,717,766	0
Total assets	160,165,947	154,699,650	0	8,376,542	160,165,947	163,076,192	2,827,775
Deferred outflows of resources:							
Related to pensions	-	-	-	-	-	-	2,959,867
Liabilities:							
Current liabilities:							
Accounts payable	425,304	472,132	-	25,522	425,304	497,654	39,254
Accrued liabilities	11,032	9,327	-	-	11,032	9,327	-
Deposits payable	3,250	4,000	-	99,244	3,250	103,244	-
Compensated absences payable	-	-	-	-	-	-	84,000
Claims and judgments payable	-	-	-	-	-	-	285,328
Contracts payable	238,707	86,796	-	-	238,707	86,796	-
Intergovernmental payable	105,305	114,846	-	-	105,305	114,846	-
Accrued bond interest	61,667	67,281	-	-	61,667	67,281	-
Unearned revenue	54,266	82,316	-	-	54,266	82,316	-
Current portion of general obligation revenue bonds payable (net of amortization)	403,305	388,305	-	-	403,305	388,305	-
Total current liabilities	1,302,836	1,225,003	0	124,766	1,302,836	1,349,769	408,582
Noncurrent liabilities:							
Compensated absences payable	-	-	-	-	-	-	1,680,028
Claims and judgments payable	-	-	-	-	-	-	292,975
General obligation revenue bonds payable (net of amortization)	3,321,479	3,724,784	-	-	3,321,479	3,724,784	-
Net pension liability	-	-	-	-	-	-	14,586,231
Total noncurrent liabilities	3,321,479	3,724,784	0	0	3,321,479	3,724,784	16,559,234
Total liabilities	4,624,315	4,949,787	0	124,766	4,624,315	5,074,553	16,967,816
Deferred inflows of resources:							
Related to pensions	-	-	-	-	-	-	2,007,879
Net position:							
Net investments in capital assets	134,964,831	129,916,491	-	7,221,393	134,964,831	137,137,884	-
Restricted for debt service	127,020	126,105	-	-	127,020	126,105	-
Unrestricted	20,449,781	19,707,267	-	1,030,383	20,449,781	20,737,650	(13,188,053)
Total net position	\$155,541,632	\$149,749,863	\$0	\$8,251,776	155,541,632	\$158,001,639	(\$13,188,053)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					651,170		
Net position business-type activities					\$156,192,802		

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS

Statement 8

For The Year Ended December 31, 2015

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds						Governmental
	Public Utilities		Senior Housing		Totals		Internal
	2015	2014	2015	2014	2015	2014	Service Funds
Operating revenues:							
Water sales	\$3,617,287	\$3,570,533	\$ -	\$ -	\$3,617,287	\$3,570,533	\$ -
Sewer charges	4,732,034	4,624,265	-	-	4,732,034	4,624,265	-
Refuse revenue	2,953,170	2,758,118	-	-	2,953,170	2,758,118	-
Storm drainage utility revenue	1,214,774	1,076,130	-	-	1,214,774	1,076,130	-
Rental charges	-	-	640,233	1,511,753	640,233	1,511,753	-
Employee benefit charges	-	-	-	-	-	-	2,064,157
Insurance reimbursements	-	-	-	-	-	-	581,560
Penalties	255,397	242,000	-	-	255,397	242,000	-
Permits	17,848	18,367	-	-	17,848	18,367	-
Retained fees	14,463	11,792	-	-	14,463	11,792	-
Connection charges	691,895	704,224	-	-	691,895	704,224	-
Other	15,450	20,813	2,848	7,450	18,298	28,263	-
Total operating revenues	13,512,318	13,026,242	643,081	1,519,203	14,155,399	14,545,445	2,645,717
Operating expenses:							
MWCC charges	3,120,398	3,171,480	-	-	3,120,398	3,171,480	-
Administrative charges	1,531,600	1,538,800	22,000	57,600	1,553,600	1,596,400	-
Salaries and benefits	1,453,968	1,344,506	-	-	1,453,968	1,344,506	2,216,358
Contractual services	3,718,206	3,556,724	452,916	875,273	4,171,122	4,431,997	1,028,256
Supplies	310,296	400,555	-	11	310,296	400,566	-
Water meters	113,759	132,184	-	-	113,759	132,184	-
Utilities	561,896	563,223	46,477	98,458	608,373	661,681	-
Taxes and assessments	-	-	100,377	230,081	100,377	230,081	-
Depreciation	2,610,058	2,462,860	-	187,874	2,610,058	2,650,734	-
Total operating expenses	13,420,181	13,170,332	621,770	1,449,297	14,041,951	14,619,629	3,244,614
Operating income (loss)	92,137	(144,090)	21,311	69,906	113,448	(74,184)	(598,897)
Nonoperating revenues (expenses):							
Intergovernmental	174,206	180,337	-	-	174,206	180,337	58,230
Interest earnings	249,864	522,374	(554)	31,411	249,310	553,785	29,398
Interest and fiscal charges	(146,468)	(159,714)	-	-	(146,468)	(159,714)	-
Gain on sale of capital assets	-	5,902	-	-	-	5,902	-
Total nonoperating revenues (expenses)	277,602	548,899	(554)	31,411	277,048	580,310	87,628
Income before transfers	369,739	404,809	20,757	101,317	390,496	506,126	(511,269)
Capital contributions - special assessments	30,155	2,823	-	-	30,155	2,823	-
Capital contributions - capital assets	5,528,082	3,207,655	-	-	5,528,082	3,207,655	-
Transfers out	(136,207)	(342,746)	(11,648,202)	(300,634)	(11,784,409)	(643,380)	-
Special item - gain on sale of senior apartments	-	-	3,375,669	-	3,375,669	-	-
Change in net position	5,791,769	3,272,541	(8,251,776)	(199,317)	(2,460,007)	3,073,224	(511,269)
Net position - January 1, as previously reported	149,749,863	146,477,322	8,251,776	8,451,093	158,001,639	154,928,415	530,713
Prior period adjustment	-	-	-	-	-	-	(13,207,497)
Net position - January 1, as restated	149,749,863	146,477,322	8,251,776	8,451,093	158,001,639	154,928,415	(12,676,784)
Net position - December 31	\$155,541,632	\$149,749,863	\$0	\$8,251,776	\$155,541,632	\$158,001,639	(\$13,188,053)
Adjustment to reflect the consolidation of internal service activities related to enterprise funds					308,870		
Change in net position of business-type activities (Statement 2)					(\$2,151,137)		

The accompanying notes are an integral part of these financial statements.

CITY OF BLAINE, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

Statement 9

For The Year Ended December 31, 2015

With Comparative Totals For Enterprise Funds For The Year Ended December 31, 2014

	Business-Type Activities Enterprise Funds						Governmental Activities -
	Public Utilities		Senior Housing		Totals		Internal Service Funds
	2015	2014	2015	2014	2015	2014	
Cash flows from operating activities:							
Cash received from customers	\$13,439,200	\$12,998,823	\$641,885	\$1,520,569	\$14,081,085	\$14,519,392	\$2,643,644
Deposits	(750)	750	18,984	(3,309)	18,234	(2,559)	-
Cash paid to supplies for goods and services	(4,630,519)	(4,722,344)	(620,353)	(1,199,736)	(5,250,872)	(5,922,080)	(2,656,364)
Cash paid to employees for services	(1,452,263)	(1,374,259)	-	-	(1,452,263)	(1,374,259)	(64,827)
Other transmission and distribution	(3,120,398)	(3,171,480)	-	-	(3,120,398)	(3,171,480)	-
Administrative charges	(1,531,600)	(1,538,800)	(22,000)	(57,600)	(1,553,600)	(1,596,400)	-
Net cash flows from operating activities	<u>2,703,670</u>	<u>2,192,690</u>	<u>18,516</u>	<u>259,924</u>	<u>2,722,186</u>	<u>2,452,614</u>	<u>(77,547)</u>
Cash flows from noncapital financing activities:							
Transfers out	(136,207)	(342,747)	(293,415)	(300,634)	(429,622)	(643,381)	-
Interfund loans - net change	(950,000)	(2,000,000)	-	-	(950,000)	(2,000,000)	-
Intergovernmental revenue	85,684	268,390	-	-	85,684	268,390	58,230
Net cash flows from noncapital financing activities	<u>(1,000,523)</u>	<u>(2,074,357)</u>	<u>(293,415)</u>	<u>(300,634)</u>	<u>(1,293,938)</u>	<u>(2,374,991)</u>	<u>58,230</u>
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(1,893,923)	(1,828,268)	-	(9,385)	(1,893,923)	(1,837,653)	-
Principal paid on revenue bonds	(385,000)	(375,000)	-	-	(385,000)	(375,000)	-
Net interest and fiscal charges paid on bonds	(155,387)	(168,488)	-	-	(155,387)	(168,488)	-
Special assessments	74,184	13,739	-	-	74,184	13,739	-
Proceeds from sale of capital assets	-	5,902	-	-	-	5,902	-
Proceeds from sale of senior apartments	-	-	10,481,257	-	10,481,257	-	-
Transfers out	-	-	(11,354,787)	-	(11,354,787)	-	-
Net cash flows from capital and related financing activities	<u>(2,360,126)</u>	<u>(2,352,115)</u>	<u>(873,530)</u>	<u>(9,385)</u>	<u>(3,233,656)</u>	<u>(2,361,500)</u>	<u>0</u>
Cash flows from investing activities:							
Investment earnings	273,256	504,388	4,945	30,493	278,201	534,881	32,256
Net increase (decrease) in cash and cash equivalents	(383,723)	(1,729,394)	(1,143,484)	(19,602)	(1,527,207)	(1,748,996)	12,939
Cash and cash equivalents - January 1	17,933,890	19,663,284	1,143,484	1,163,086	19,077,374	20,826,370	2,670,698
Cash and cash equivalents - December 31	<u>\$17,550,167</u>	<u>\$17,933,890</u>	<u>\$0</u>	<u>\$1,143,484</u>	<u>\$17,550,167</u>	<u>\$19,077,374</u>	<u>\$2,683,637</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$92,137	(\$144,090)	\$21,311	\$69,906	\$113,448	(\$74,184)	(\$598,897)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation	2,610,058	2,462,860	-	187,874	2,610,058	2,650,734	-
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(45,068)	(27,419)	(1,196)	1,366	(46,264)	(26,053)	(2,073)
(Increase) decrease in prepaid items	(21,904)	4,257	5,333	11,762	(16,571)	16,019	(70,840)
(Increase) decrease in deferred outflows of resources	-	-	-	-	-	-	(2,959,867)
Increase (decrease) in accounts payable	(46,828)	(144,413)	(25,916)	(7,675)	(72,744)	(152,088)	17,908
Increase (decrease) in accrued liabilities	1,705	(29,753)	-	-	1,705	(29,753)	-
Increase (decrease) in deposits payable	(750)	750	18,984	(3,309)	18,234	(2,559)	-
Increase (decrease) in contracts payable	151,911	37,792	-	-	151,911	37,792	-
Increase (decrease) in deferred inflows of resources	-	-	-	-	-	-	2,007,879
Increase (decrease) in compensated absences	-	-	-	-	-	-	51,267
Increase (decrease) in claims and judgments	-	-	-	-	-	-	98,342
(Increase) decrease in intergovernmental	(9,541)	32,706	-	-	(9,541)	32,706	-
(Increase) decrease in deferred revenue	(28,050)	-	-	-	(28,050)	-	-
Increase (decrease) in net pension liability	-	-	-	-	-	-	1,378,734
Total adjustments	<u>2,611,533</u>	<u>2,336,780</u>	<u>(2,795)</u>	<u>190,018</u>	<u>2,608,738</u>	<u>2,526,798</u>	<u>521,350</u>
Net cash provided by operating activities	<u>\$2,703,670</u>	<u>\$2,192,690</u>	<u>\$18,516</u>	<u>\$259,924</u>	<u>\$2,722,186</u>	<u>\$2,452,614</u>	<u>(\$77,547)</u>
Noncash investing, capital and financing activities:							
Capital contributions from developers	\$4,874,631	\$2,902,553	\$ -	\$ -	\$4,874,631	\$2,902,553	\$ -
Capital contributions from government	653,451	305,102	-	-	653,451	305,102	-

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Blaine (the City) was incorporated on November 3, 1964, with the adoption of a home rule charter. The City operates under a council-manager form of government and provides the following services: public safety (police, fire, emergency preparedness, and animal control), highways and streets, sanitation, parks and recreation, public improvements, planning and inspections, economic development, sanitary sewer and water, senior housing, and general administrative services.

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

A. REPORTING ENTITY

The City includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships 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 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 component unit definition criteria above, certain organizations are presented in this report as follows:

BLENDED COMPONENT UNITS

Blended component units are reported as if they are part of the City. The only financial data requiring inclusion relates to the City of Blaine Economic Development Authority (EDA) and such data is included in this report. The governing board is the City Council, which reviews and approves tax levies and major economic development improvement activities. City general obligation tax increment financing bonds are issued to finance Economic Development Authority activities. Although the Economic Development Authority is legally separate from the City, the governing board is the City Council, a financial benefit or burden relationship exists between the EDA and the City. The EDA's sole purpose is to carry out certain economic development projects, which provide direct benefits to the City and its citizens. The EDA activity is included in the Economic Development Authority Special Revenue Fund, the Debt Service Fund, the Tax Increment Financing Projects Fund, the Economic Development Capital Projects Fund, and the Senior Housing Fund.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City allocates indirect expenses to functions in the statement of activities. 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 properly included among program revenues are reported as general revenues.

FUND FINANCIAL STATEMENTS

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts, which comprise its assets, liabilities, net position/fund equity, revenues, and expenditures or expenses, as appropriate.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- 1) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- 2) The same element of the individual governmental fund or enterprise fund that met the 10 percent test is at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- 3) In addition, any other governmental or proprietary fund that the City believes is particularly important to financial statement users may be reported as a major fund.

The City reports the following major governmental funds:

General Fund – accounts for the City’s primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – accounts for resources accumulated and payments made for principal and interest on long-term debt.

General Capital Projects Fund – accounts for general capital improvements, not related to infrastructure, economic development, or tax increment.

City Improvement Projects Capital Projects Fund – accounts for the construction of streets, water mains, sanitary sewers, storm sewers, and other improvements that benefit property owners.

Tax Increment Financing Projects – accounts for the activities of the City’s tax increment financing projects.

EDA Capital Projects Fund – accounts for EDA financed acquisitions of land for future development or redevelopment and infrastructure needs related to redevelopment.

Park Development Projects Fund – accounts for contributions from developers, federal and state grants for park development, and the acquisition or construction of equipment and/or major capital facilities.

The City reports the following major enterprise funds:

Public Utilities – accounts for the operations and maintenance of the City’s water distribution, sewer collection, refuse and recycling collection, and storm water management systems.

Senior Housing Fund – accounts for the operations and maintenance of the City-owned senior housing buildings, Blaine Courts and Cloverleaf Courts.

The City reports the following nonmajor governmental funds:

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted or committed to expenditures for specified purposes:

- Economic Development Authority
- Cable Television
- Charitable Gambling
- Police Grants
- Reimbursed Police Overtime
- Forfeited Property
- Energy Efficiency Block Grant

Capital Projects Funds – used to account for financial resources to be used for the acquisition or construction of equipment and/or major capital facilities:

- Street Improvement Projects

In addition, the City reports the following fund types:

Internal Service Funds - used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis:

- Compensated Absences Fund
- Self-Insurance Fund
- Workers Compensation Fund
- Pension Benefits Fund

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

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 public utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred; exceptions to the general rule include principal and interest on general long-term debt which is recognized when due.

Property tax and tax increment revenue is recognized in compliance with GASB Interpretation No. 5, *Property Tax Revenue Recognition in Governmental Funds*, issued in November 1998. Property tax revenue is recorded when it becomes available. Available means when due or delinquent and receivable within the current period and collectible within the current period, or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Soon enough thereafter shall not exceed 60 days.

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current period. In practice, current and delinquent special assessments collectible during the current period are recognized as revenue in the current period.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to the resources, and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and deferred inflows of resources. Amounts received prior to the entitlement period are recorded as unearned revenues.

Franchise taxes, licenses and permits, charges for services, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

Lodging taxes, gambling taxes, fines and forfeits, and investment earnings are recorded as earned since they are measurable and available.

The City reports unearned revenues on its governmental funds balance sheet. Unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Public Utilities and Senior Housing Funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. RECLASSIFICATIONS

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

E. COMPARATIVE TOTALS

The basic financial statements and combining and individual nonmajor fund financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

F. ASSETS, LIABILITIES AND NET POSITION OR EQUITY

DEPOSITS AND INVESTMENTS

Cash and cash equivalents are identified only for the purpose of the statement of cash flows reporting by the proprietary funds. The proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less from the date of purchase to be cash equivalents.

The City is authorized by Minnesota Statutes Chapter 118A to invest in the following:

- a) Bonds, notes, bills, mortgages, and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by Congress.
- b) State and local securities that consist of the following:
 - any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating agency;
 - any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating agency; or
 - a general obligation of the Minnesota Housing Finance Agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- c) Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less.
- d) Time deposits that are fully insured by the Federal Deposit Insurance Corporation.
- e) Banker's acceptances of United States banks.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in interest earnings. Investment income on commingled investments of municipal accounting funds is allocated based on average monthly balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit. Note 4 contains details of the City's investment policy.

RECEIVABLES AND PAYABLES

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund payables/receivables" (i.e. the current portion of the interfund loan) or "advances to/advances from other funds" (i.e. the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All utility and property tax receivables are shown at a gross amount, since both taxes and utility receivables are assessable to the property and are collectible upon sale of the assessed property. The City expects to make full collection of its other receivables, so no allowance is considered necessary.

Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half due on May 15 and the second half due on October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

INVENTORIES AND PREPAID ITEMS

Inventory balances of governmental funds are recorded as expenditures at the time of purchase and then adjusted annually for any balances remaining. Inventory balances at year end were \$64,803, consisting of fuel stored on site, road salt for winter road maintenance, and street maintenance materials. Inventories of the proprietary funds are valued at cost, which approximates market value, using the first in/first out (FIFO) method. The proprietary funds do not maintain material amounts of inventories.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. At year end these prepaid items totaled \$157,108 in the governmental funds, \$281,937 in the proprietary funds, and \$132,714 in the internal service funds. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

CAPITAL ASSETS

Government-Wide Statements

In the government-wide financial statements, fixed assets and intangible assets such as easements and computer software are accounted for as capital assets. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (except for purchased permanent easements which is \$100,000) and an estimated useful life of more than one year. All capital assets are valued at historical cost, or estimated historical costs if actual amounts are unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. Infrastructure assets constructed by developers and

donated to the City are recorded at historical cost (if provided by the developer) or the estimated cost to construct the assets would the City have constructed them.

Prior to January 2003, infrastructure assets of governmental funds were not capitalized. Upon implementing GASB 34, governmental units are required to account for all capital assets, including infrastructure, in the government-wide statements prospectively from the date of implementation. GASB 34 also requires retroactive reporting of all major general infrastructure assets. As of the year ended December 31, 2015, the City had included all infrastructure assets acquired by governmental funds from 1980 through 2015.

Property, plant, and equipment of the Public Utilities and Senior Housing Enterprise Funds are stated at historical cost or estimated market value on the date donated, less accumulated depreciation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed.

The City implemented GASB 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010, which required the City to capitalize and amortize intangible assets. Pursuant to GASB Statement 51, in the case of initial capitalization of intangible assets, the City chose to include such items regardless of their acquisition date. The City had already accounted for computer software and temporary easements at historical cost and therefore retroactive reporting was not necessary. The City has elected not to report permanent easements acquired in years prior to 2010.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and structures	10 – 50 years
Machinery and equipment	2 – 20 years
Water distribution and sanitary sewer collection systems	10 – 100 years
Infrastructure assets	50 – 80 years

During 2011 the City changed the estimated useful life of its utilities infrastructure from 50 years to 80 years after an extensive inventory and video review of the system indicated less physical deterioration of the system than depreciation records indicated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government has one item that qualifies for reporting in this category. It is the pension related deferred outflows reported in the government-wide Statement of Net Position and the Proprietary Funds Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has pension related deferred inflows of resources reported in the government-wide Statement of Net Position and the proprietary funds Statement of Net Position. The government also has a type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenues from the following sources: property taxes, special assessments, intergovernmental receivable, and accounts receivable.

COMPENSATED ABSENCES

Accrued liabilities for unused vacation and vested sick leave are reflected in the Compensated Absences Internal Service Fund.

Per City policy, employees are allowed to accumulate sick leave benefits and unused vacation days and to redeem the same upon retirement. Up to 120 days of sick leave benefits and 25 days of vacation can be accumulated. The amount of the benefit is determined by multiplying the employee's hourly pay rate by 100% of the vacation hours plus 33 1/3% of the unused sick hours for employees terminating after five years, 40% after ten years, or 50% after fifteen years of service. Payments for compensated absences will be made at rates in effect at the time of payment. The compensated absences liability at December 31, 2015, is determined on the basis of current salary rate and includes salary related obligations of the City.

LONG-TERM LIABILITIES

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expenses in the current period.

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.

FUND EQUITY

Government-Wide Statements

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

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

The net position section includes an adjustment for capital assets owned by the business-type activities, but financed by debt of the governmental activities. The amount is a reduction of “net investment in capital assets,” and an increase in “unrestricted” net position, shown only in the total column.

Fund Financial Statements

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 the City Council.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City’s intended use. These constraints are established by the City Council and/or management. Pursuant to City Council Resolution, the City Manager and/or the Finance Director are authorized to establish assignments of 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.



Note 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. Elements of that reconciliation are detailed as follows:

Capital assets (net of depreciation)		\$205,726,800
Addition of unavailable revenues		3,277,965
Internal service funds		(13,839,223)
Liabilities:		
Bond interest payable		(398,725)
Loans payable		(2,310,506)
Notes payable		-
Gross bonds payable	(\$31,070,000)	
Less: issuance discount/(premium) (to be amortized as interest expense)	(387,894)	
Net bonds payable		<u>(31,457,894)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.		<u>\$160,998,417</u>

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures and changes in fund balance includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital assets transferred from/(to) business-type activities		(\$653,451)
Depreciation expense		(3,879,746)
Reported capital outlay expenditures	\$6,858,990	
Add: expenditures reported as current, but capitalized	34,009	
Add: expenditures reported as interest, but capitalized	40,000	
Less: expenditures reported as capital outlay, but not capitalized	<u>(1,023,557)</u>	
Net capital outlay		<u>5,909,442</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental funds.		<u>\$1,376,245</u>



Another element of that reconciliation states that “the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.” The details of this difference are as follows:

In the statement of activities, the gain or loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(\$8,233)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>9,444,017</u>
Net adjustment to increase changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$9,435,784</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) 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. Also, 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.” The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation improvement bonds	\$ -
Issuance of general obligation equipment certificates	-
Add: discount/(premium) (net of current year amortization)	45,832
Principal repayments:	
Other Liabilities	182,744
General obligation debt	<u>3,240,000</u>
Net adjustment to decrease changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$3,468,576</u>

Another element of that reconciliation states that “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 governmental funds.” The details of this difference are as follows:

Accrued interest	<u>\$8,644</u>
Net adjustment to decrease changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$8,644</u>
Compensated absences	\$31,805
Claims and judgments	(116,328)
Pension costs	(426,746)
ISF activity related to the enterprise funds	<u>(308,870)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>(\$820,139)</u>

Note 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. Budgets are not legally required to be prepared, or adopted, for special revenue, debt service, or capital project funds, but are informally prepared in accordance with sound financial management policies. However, the City annually adopts a budget for the following three special revenue funds: Economic Development Authority, Cable Television and Charitable Gambling Funds. All annual appropriations lapse at fiscal year-end.

During the month of June, all departments and divisions of the City submit requests for appropriations to the City Manager so that a budget may be prepared. Before September 15, the proposed budget is presented to the City Council for review and preliminary approval. By September 15, the preliminary budget and tax levy must be submitted to the county auditor. The Council holds public hearings and a final budget and tax levy must be prepared, adopted, and submitted to the county auditor, no later than December 28.

The appropriated budget is prepared by fund, department, division, and activity. The City Manager may make transfers between activities, divisions, or departments. Transfers between funds must be approved by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

Note 4 DEPOSITS AND INVESTMENTS

The City's cash and investments at December 31, 2015 were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks*
Deposits	\$854,148	\$1,312,281	A
Cash with escrow agent	6,776,158	6,776,158	
Money market funds	518	518	A, D
Commercial paper	43,271,600	43,271,600	B
Brokered certificates of deposit	1,734,992	1,734,992	A, D
Federal agency securities	23,142,793	23,142,793	A, B, C, D
Municipal bonds	15,911,145	15,911,145	A, D
Total cash and investments	<u>\$91,691,354</u>	<u>\$92,149,487</u>	

*See descriptions of associated risks listed below.

Deposits in each local and area bank and each of the brokered certificates of deposit are insured by the FDIC in the amount of \$250,000. The City maintains collateral agreements with all its banks, and as such all deposits are covered by perfected collateral. At December 31, 2015, the banks had pledged various government securities in the amount of \$1,848,616 to secure the City's deposits.



A. CUSTODIAL CREDIT RISK

Deposits – Custodial credit risk for deposits is the risk that in the event of a financial institution failure, the City’s deposits may not be recovered. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged).

Authorized collateral includes the legal investments described below, as well as certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. As of December 31, 2015, the bank balance of the City’s deposits was covered by federal depository insurance or perfected collateral provided by the financial institution and held in the City’s name.

Investments – For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that all investments, deposits and repurchase agreements be structured so that they are either:

- Insured or registered and held by the City or its agent in the City’s name, or
- Uninsured, unregistered and held by the counterparty’s trust department or agent in the City’s name.

At December 31, 2015, the City’s entire investment portfolio is in safekeeping in a custodial trust account at one institution.

B. CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s investment policy restricts investment instruments to those authorized by Minnesota Statutes 118A. This Statute requires investments in securities which are general obligations of any State or local government with taxing powers to be rated “A” or better by a nationally recognized bond rating organization. The municipal bonds purchased by the City were all rated “A” or better by Standard and Poor’s or Moody’s Investors Service. The City’s investments in money market funds and federal agency securities were rated AA- or better by Standard and Poor’s and Aa2 by Moody’s Investors Service and the commercial paper is rated A+ by Standard and Poor’s and A1 by Moody’s Investors Service.

C. CONCENTRATION OF CREDIT RISK

The City’s investment policy requires diversification of investments to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. At December 31, 2015, investments in any one issuer that represent 5% or more of the City’s total investments were as follows:

Issuer	Investment Type	% of Portfolio
US Bank NA	Commercial Paper	48%
Federal Home Loan Bank	Federal agency security	19%
US Treasury State and Local Government	Federal agency security	5%

D. INTEREST RATE RISK

The City's investment policy is to seek a market average rate of return throughout budgetary and economic cycles within the constraints of cash flow needs, stability of income and reasonable liquidity. The City manages its exposure to interest rate risk, i.e., the risk that changes in market interest rates will adversely affect the fair value of the City's investment portfolio by timing the maturity dates of securities to meet anticipated cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Additionally, the City purchases a combination of shorter term and longer term investments with diverse stated maturities and call features so that a portion of the portfolio is maturing evenly over time.

Information about the sensitivity of the fair value of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Fair Value	Remaining Maturity (in Years)			
		Less Than 1	1-5	6-10	Over 10
Federal Farm Credit Bank Notes*	\$990,140	\$ -	\$990,140	\$ -	\$ -
Federal Home Loan Bank Notes*	17,081,953	2,327,454	12,747,219	2,007,280	-
Fed. National Mortgage Assoc. Notes*	3,063,220	-	3,063,220	-	-
US Treasury State and Local Government (SLGS)	4,840,806	4,840,806	-	-	-
Tennessee Valley Authority	1,010,100	-	1,010,100	-	-
International	997,380	-	997,380	-	-
Municipal Bonds	15,911,145	1,221,459	9,773,847	4,281,101	634,738
Brokered Certificates of Deposit	1,734,992	745,622	989,370	-	-
Commercial Paper	43,271,600	43,271,600	-	-	-
Money Market	1,935,870	1,935,870	-	-	-
Total	\$90,837,206	\$54,342,811	\$29,571,276	\$6,288,381	\$634,738

*These securities are subject to call dates occurring in the next 1 to 60 months. For the purposes of this disclosure, it is assumed that investments will be held until maturity.

Note 5 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2015 are as follows:

	Major Funds						Nonmajor and Other Funds	Total
	General	Debt Service	General Capital Projects	City Improvement Projects	Tax Increment Financing Projects	Public Utilities		
Accounts receivable	\$97,500	\$ -	\$ -	\$ -	\$ -	\$218,800	\$ -	\$316,300
Special assessments receivable	-	832,927	48,301	1,172,979	-	70,171	13,938	2,138,316
Delinquent property taxes	219,849	35,034	-	15,387	-	-	1,730	272,000
Tax increment receivable	-	-	-	-	1,857	-	-	1,857
Lease receivable	-	-	-	-	18,057	-	-	18,057
Loans receivable	-	-	-	-	-	2,500,000	485,430	2,985,430
Notes receivable	-	-	-	-	-	-	1,000,000	1,000,000
Total receivables	\$317,349	\$867,961	\$48,301	\$1,188,366	\$19,914	\$2,788,971	\$1,501,098	\$6,731,960



A. UNAVAILABLE REVENUES

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 unavailable revenue reported in the governmental funds were as follows:

	Major Funds							Total
	General	Debt Service	General Capital Projects	City Improvement Projects	Tax Increment Financing Projects	Park Development Projects	Nonmajor Funds	
Delinquent taxes receivable	\$298,966	\$47,643	\$ -	\$20,925	\$ -	\$ -	\$2,352	\$369,886
Delinquent tax increments receivable	-	-	-	-	1,857	-	-	1,857
Delinquent special assessments receivable	-	31,529	-	26,216	-	-	-	57,745
Special assessments not yet due	-	974,029	48,301	1,332,915	-	-	16,261	2,371,506
MSA receivables	-	-	-	319,471	-	-	-	319,471
Accounts receivable	-	-	-	-	-	157,500	-	157,500
Total unavailable revenue	\$298,966	\$1,053,201	\$48,301	\$1,699,527	\$1,857	\$157,500	\$18,613	\$3,277,965

B. LOANS RECEIVABLE

The EDA authorized a loan to Woodco Pre-Finishing in lieu of a business loan through the Blaine Area Development Corporation. The loan has a term of 20 years with payments of principal and interest due monthly. At December 31, 2015, the receivable balance for this loan was \$26,870. This loan is reported in the Economic Development Authority nonmajor governmental fund.

Under the terms of the Home Improvement Loan Program, established in 1998, the EDA, through a third party administrator, issues home improvement loans to homeowners within the City that qualify. These loans vary in length and amount, with the maximums being \$25,000 over 20 years. At December 31, 2015, the receivable balance for these loans was \$564,056. All of these loans are reported in the Economic Development Authority nonmajor governmental fund net of a loss reserve of \$28,200.

C. LEASE RECEIVABLE

The EDA has leased a parcel of land to the Tournament Players Club of the Twin Cities, LLC (the TPC), for use in the construction and operation of a portion of a private membership eighteen-hole golf course. The TPC will make annual lease payments until the expiration of the lease on June 14, 2048. At that time, the TPC has the option to purchase the leased property for the purchase price stated in the lease agreement. This lease is reported in the Tax Increment Financing Projects Fund.



The principal amounts remaining to be collected on the lease are as follows:

<u>Year Due</u>	<u>TPC</u>
2016-2020	\$7,308
2021-2025	4,769
2026-2030	3,112
2031-2035	2,031
2036-2040	1,325
2041-2045	865
2046-2048	<u>367</u>
Total	<u><u>\$19,777</u></u>

D. NOTES RECEIVABLE

In 2015, the EDA sold the Blaine Courts and Cloverleaf Courts Senior Apartment Buildings (Senior Buildings) to LaNel Financial Group, Inc. with a gross purchase price of \$10,650,000, which included a \$1,000,000 10-year promissory note. The terms of the promissory note consisted of zero interest or principal payments for the first five years, followed by a 4.25% interest rate per year and scheduled principal payments in years 6-10. See further discussion of the sale transaction within Note 6 of these financial statements. This note is reported in the Economic Development Authority nonmajor governmental fund.

Amounts due under the loans, lease agreements, and notes have been recorded as receivables and as a restriction or commitment of fund balance in the funds indicated at December 31, 2015.

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Transfers of Assets (to)/from Business-Type Activities	Increases	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land and permanent easements	\$107,506,691	\$ -	\$8,833,893	\$ -	\$116,340,584
Construction in progress	7,172,922	(653,451)	4,451,863	(5,533,606)	5,437,728
Total capital assets, not being depreciated	<u>114,679,613</u>	<u>(653,451)</u>	<u>13,285,756</u>	<u>(5,533,606)</u>	<u>121,778,312</u>
Capital assets, being depreciated:					
Buildings and structures	44,002,885	-	3,454,013	-	47,456,898
Machinery and equipment	20,143,376	-	1,721,590	(455,806)	21,409,160
Infrastructure	58,547,842	-	2,417,473	-	60,965,315
Total capital assets, being depreciated	<u>122,694,103</u>	<u>0</u>	<u>7,593,076</u>	<u>(455,806)</u>	<u>129,831,373</u>
Less accumulated depreciation for:					
Buildings and structures	(13,914,036)	-	(1,423,795)	-	(15,337,831)
Machinery and equipment	(14,961,270)	-	(1,077,298)	455,806	(15,582,762)
Infrastructure	(13,583,639)	-	(1,378,653)	-	(14,962,292)
Total accumulated depreciation	<u>(42,458,945)</u>	<u>0</u>	<u>(3,879,746)</u>	<u>455,806</u>	<u>(45,882,885)</u>
Total capital assets being depreciated - net	<u>80,235,158</u>	<u>0</u>	<u>3,713,330</u>	<u>0</u>	<u>83,948,488</u>
Governmental activities capital assets - net	<u>\$194,914,771</u>	<u>(\$653,451)</u>	<u>\$16,999,086</u>	<u>(\$5,533,606)</u>	<u>\$205,726,800</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$3,409,994	\$ -	\$2,168	(\$936,496)	\$2,475,666
Construction in progress	2,110,327	-	1,567,337	(1,690,581)	1,987,083
Total capital assets, not being depreciated	<u>5,520,321</u>	<u>0</u>	<u>1,569,505</u>	<u>(2,627,077)</u>	<u>4,462,749</u>
Capital assets, being depreciated:					
Buildings	19,107,986	-	-	(10,079,479)	9,028,507
Machinery and equipment	6,242,130	-	125,754	(70,343)	6,297,541
Distribution and collection system	164,661,789	653,451	6,763,878	-	172,079,118
Total capital assets, being depreciated	<u>190,011,905</u>	<u>653,451</u>	<u>6,889,632</u>	<u>(10,149,822)</u>	<u>187,405,166</u>
Less accumulated depreciation for:					
Buildings	(7,073,285)	-	(180,461)	3,808,578	(3,445,168)
Machinery and equipment	(4,093,480)	-	(326,444)	56,345	(4,363,579)
Distribution and collection system	(45,647,695)	-	(2,103,153)	-	(47,750,848)
Total accumulated depreciation	<u>(56,814,460)</u>	<u>0</u>	<u>(2,610,058)</u>	<u>3,864,923</u>	<u>(55,559,595)</u>
Total capital assets being depreciated - net	<u>133,197,445</u>	<u>653,451</u>	<u>4,279,574</u>	<u>(6,284,899)</u>	<u>131,845,571</u>
Business-type activities capital assets - net	<u>\$138,717,766</u>	<u>\$653,451</u>	<u>\$5,849,079</u>	<u>(\$8,911,976)</u>	<u>\$136,308,320</u>



Governmental activities:	
General government	\$797,230
Public safety	897,052
Public works, including depreciation of infrastructure	1,635,990
Recreation	546,517
Community development	2,957
Total depreciation expense - governmental activities	<u><u>\$3,879,746</u></u>
Business-type activities:	
Water	\$1,159,292
Sewer	1,101,179
Storm drainage	349,587
Senior housing	-
Total depreciation expense - business-type activities	<u><u>\$2,610,058</u></u>

In May 2015, the EDA sold the Blaine Courts and Cloverleaf Courts Senior Apartment Buildings (Senior Buildings) to LaNel Financial Group, Inc. with a gross purchase price of \$10,650,000 and net sales proceeds received totaling \$9,481,257, plus a \$1,000,000 note receivable, which resulted in a gain of \$3,375,669. In conjunction with the sale of the Senior Buildings, the City authorized the defeasance of outstanding debt on the Series 2006A General Obligation Tax Increment Refunding Bonds. Pursuant to bond covenants, the City will call for the redemption and prepayment of the bonds on February 1, 2016. See Note 5 for further discussion regarding the terms of the promissory note and Note 8 for further discussion regarding the defeasance of the Series 2006A General Obligation Tax Increment Refunding Bonds.

Note 7 INTERFUND LOANS, RECEIVABLES, PAYABLES AND TRANSFERS

Interfund loans receivable/payable balances at December 31, 2015 are as follows:

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Public Utilities	\$2,950,000	\$ -
Park Development Projects	-	<u>2,950,000</u>
Total	<u><u>\$2,950,000</u></u>	<u><u>\$2,950,000</u></u>

In 2014, the Public Utilities funds loaned the Park Development Projects fund \$2,000,000 for the construction of the Lexington Athletic Complex. In 2015, an additional loan installment of \$950,000 was provided from the Public Utilities funds. The final loan terms include annual 2% interest payments starting in 2015 and principle payments starting in 2016 and continuing through 2022. Interest of \$40,000 was paid from the Park Development Projects fund to the Utilities funds in 2015.

CITY OF BLAINE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015



Individual fund due to/from other funds balances at December 31, 2015 are as follows:

Fund	Due From	Due To
Self-Insurance Fund	\$28,730	\$ -
Workers Compensation Fund	-	28,730
Total	\$28,730	\$28,730

Due to/from other funds are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year.

Interfund payables/receivables (internal balances) at December 31, 2015 are as follows:

Receivable Fund	Payable Fund	
Business-type activities	Governmental activities	\$308,870
Total government-wide statement		\$308,870

For the statement of net position, interfund (internal) balances which are owed within the governmental activities or business-type activities are netted and eliminated.

Interfund transfers through December 31, 2015 are as follows:

Transfers Out	General (6)	Debt Service (3)(8)	City Improvement Projects (1)(4)(7)	TIF Capital Projects (8)	EDA Capital Projects (5)	Park Development Projects (2)	Other Non-Major (4)(8)	Total
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Capital Projects	-	-	-	-	-	259,831	-	259,831
City Improvement Projects	-	-	-	-	-	-	189,585	189,585
Tax Increment Financing Projects	-	119,335	-	-	35,968	-	-	155,303
Park Development Projects	-	-	100,000	-	-	95,000	-	195,000
Nonmajor Governmental Funds	907	-	308,804	-	5,009	-	-	314,720
Public Utilities	-	-	136,207	-	-	-	-	136,207
Senior Housing	-	2,264,119	-	5,220,072	-	-	4,164,011	11,648,202
Total	\$907	\$2,383,454	\$545,011	\$5,220,072	\$40,977	\$354,831	\$4,353,596	\$12,898,848

Transfers were used for the following:

- (1) Adopted budget
- (2) Per council approval General Capital Projects & Open Space to fund Park Development and Improvements
- (3) TIF DS transfer per bond payment schedule and TIF project costs
- (4) Close Old MSA Project Funds
- (5) Transfer funds from TIF fund to cover EDA Cap Project Fund shortage
- (6) Close Energy Efficiency Block Grant fund to the General Fund (Grant Completed)
- (7) Per council project approvals
- (8) Sale of Senior Housing Buildings

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) to provide revenues to satisfy a deficit in a project fund after the project has been completed, 3) to distribute excess revenues from a fund in which the project has been completed or the debt has been paid, 4) move general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Note 8 LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
Capital improvement	\$18,265,000	\$ -	\$795,000	\$17,470,000	\$5,630,000
Open space acquisition	885,000	-	285,000	600,000	295,000
Equipment certificates	3,665,000	-	410,000	3,255,000	820,000
Special assessment debt with government commitment	9,260,000	-	1,415,000	7,845,000	1,770,000
Tax increment financing	2,235,000	-	335,000	1,900,000	1,900,000
Add (subtract) deferred amounts for: (Discounts) premiums	433,726	-	45,832	387,894	45,832
Total bonds payable	<u>34,743,726</u>	<u>0</u>	<u>3,285,832</u>	<u>31,457,894</u>	<u>10,460,832</u>
Other liabilities:					
Compensated absences	1,712,761	115,494	64,227	1,764,028	84,000
Claims and judgments payable	479,961	200,664	102,322	578,303	285,328
ROW loan payable	1,093,250	-	-	1,093,250	-
KR Farm Land Holdings Land Purchase	1,400,000	-	182,744	1,217,256	-
Net pension liability	13,207,497	2,917,661	1,538,927	14,586,231	-
Total other liabilities	<u>17,893,469</u>	<u>3,233,819</u>	<u>1,888,220</u>	<u>19,239,068</u>	<u>369,328</u>
Total governmental activities long-term liabilities	<u>\$52,637,195</u>	<u>\$3,233,819</u>	<u>\$5,174,052</u>	<u>\$50,696,962</u>	<u>\$10,830,160</u>
Business-type activities:					
General obligation bonds payable:					
Water revenue bonds	\$4,085,000	\$ -	\$385,000	\$3,700,000	\$400,000
Add (subtract) deferred amounts for: (Discounts) premiums	28,089	-	3,305	\$24,784	3,305
Total business-type activities long-term liabilities	<u>\$4,113,089</u>	<u>\$0</u>	<u>\$388,305</u>	<u>\$3,724,784</u>	<u>\$403,305</u>

Compensated absences, unpaid vacation and sick leave, for both governmental and proprietary fund types, are accounted for in the Compensated Absences Internal Service Fund.

Claims and judgments payable and accrued insurance claim deductibles, for governmental and proprietary fund types, are accounted for in the Self-Insurance Internal Service Fund.

In November 2006, the City entered into a non-interest bearing loan agreement with the Metropolitan Council for the purpose of acquisition of property within a proposed state trunk highway right-of-way. Under the terms of the loan agreement, the Metropolitan Council will loan the City up to a maximum of \$1,093,250 for the cost of the right-of-way parcel and related closing and acquisition costs. The loan agreement will remain in force until the loan has been discharged. The City acquired the designated right-of-way parcel on November 28, 2006, at a cost of \$1,054,000 and incurred additional closing and acquisition costs of \$39,250, related to the purchase, which comprise the total outstanding loan balance. The City shall hold the right-of-way parcel until such a time that the state trunk highway is reconstructed at which time the parcel will be sold to the authority authorized to construct the highway, at the same price for which the parcel was purchased. The City will then repay the Metropolitan Council \$1,093,250, the outstanding balance of the loan.

In April 2012, the City acquired 38 acres of land, within the city limits of Blaine, from KR Farm Land Holdings, LLC (the Seller) for \$2,200,000. Payment terms were: \$800,000 cash paid at closing and \$1,400,000 in development credits provided to the Seller in the form of reduced development costs ordinarily charged by the City, including Park Dedication Fees and Water Access Charges on adjacent property owned by the Seller. These credits will be released at the time when such property is developed. In 2015, \$182,744 of Park Dedication Fees and Water Access Charges were released. As of December 31, 2015, the balance of outstanding credits available to the Seller is \$1,217,256.

A. GENERAL OBLIGATION DEBT

The City issues general obligation bonds to provide for the acquisition of capital assets, the acquisition of open space within the City, the construction of infrastructure, and economic development and redevelopment. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years with amounts outstanding at year end was \$52,725,000. During the year, no new general obligation bonds were issued.

At December 31, 2015, the City had the following general obligation bonds outstanding:

	Interest Rates	Date	Final Maturity Date	Original Issued	Payable 12/31/15
General Obligation Bonds:					
2007A GO Capital Improvement	3.75% - 4.0%	11/15/2007	2/1/2028	\$9,700,000	\$7,380,000
2005A GO Capital Improvement	3.75% - 4.0%	12/1/2005	2/1/2026	8,050,000	5,190,000
2013A GO Capital Improvement Refunding	1.0% - 2.0%	5/30/2013	2/1/2026	4,900,000	4,900,000
				<u>22,650,000</u>	<u>17,470,000</u>
General Obligation Refunding:					
2010 A GO Open Space Refunding Bonds	2% - 2.5%	8/1/2010	2/1/2017	1,720,000	600,000
				<u>1,720,000</u>	<u>600,000</u>
General Obligation Equipment Certificates:					
2011A GO Fire Equipment Certificates	.5% - 1.45%	11/1/2011	2/1/2017	1,555,000	635,000
2010 GO Equipment Certificates	2.15%	11/1/2010	2/1/2016	485,000	105,000
2014B GO Equipment Certificates	2.00%	12/30/2014	2/1/2021	2,515,000	2,515,000
				<u>4,555,000</u>	<u>3,255,000</u>
General Obligation Special Assessment Debt with Government Commitment:					
2008B GO Improvement	3.375% - 4.0%	12/15/2008	2/1/2018	4,140,000	1,135,000
2012A GO Improvement	0.4% - 2.0%	5/30/2012	2/1/2023	1,970,000	1,155,000
2012B GO Improvement	0.5% - 1.45%	5/30/2012	2/1/2020	2,975,000	2,310,000
2014A GO Improvement	2.0% - 3.0%	8/1/2014	2/1/2025	3,245,000	3,245,000
				<u>12,330,000</u>	<u>7,845,000</u>
General Obligation Tax Increment Financing:					
2006A GO Tax Increment Refunding	3.7% - 3.75%	11/15/2006	2/1/2020	5,215,000	1,900,000
				<u>5,215,000</u>	<u>1,900,000</u>
Total governmental activities				<u>\$46,470,000</u>	<u>\$31,070,000</u>
Business-type activities:					
2008A GO Water Revenue	3.0%-4.0%	6/1/2008	2/1/2023	\$6,255,000	\$3,700,000



Principal and interest maturity schedule for outstanding bonds is as follows:

Years	Governmental Activities					
	General Obligation Debt		Special Assessment Debt with Government Commitment		General Obligation Tax Increment Financing Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$6,745,000	\$534,461	\$1,770,000	\$158,073	\$1,900,000	\$35,351
2017	1,940,000	391,763	1,560,000	125,570	-	-
2018	1,350,000	354,242	1,310,000	91,848	-	-
2019	1,380,000	322,530	905,000	66,000	-	-
2020	1,415,000	287,983	865,000	47,116	-	-
2021	1,455,000	249,699	300,000	33,747	-	-
2022	1,050,000	214,100	310,000	25,287	-	-
2023	1,080,000	181,400	315,000	17,163	-	-
2024	1,125,000	147,450	255,000	10,200	-	-
2025	1,160,000	112,150	255,000	3,506	-	-
2026	1,200,000	75,600	-	-	-	-
2027	700,000	43,000	-	-	-	-
2028	725,000	14,500	-	-	-	-
Total	\$21,325,000	\$2,928,878	\$7,845,000	\$578,510	\$1,900,000	\$35,351

Years	Business-Type Activities	
	General Obligation Debt	
	Principal	Interest
2016	\$400,000	\$140,000
2017	415,000	123,700
2018	430,000	106,800
2019	450,000	89,200
2020	470,000	70,800
2021	490,000	51,600
2022	510,000	31,600
2023	535,000	10,700
Total	\$3,700,000	\$624,400

All general obligation bonds payable are backed by the full faith and credit of the City. Bonds in the governmental activities will be retired by future property tax levies, tax increments, or special assessments accumulated by the debt service fund. In the event that a deficiency exists because of unpaid or delinquent tax increments or special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. Delinquent tax increments in the governmental funds at December 31, 2015, were \$1,857; delinquent special assessments in the governmental funds at December 31, 2015 were \$57,745, which is included in the special assessments receivable balance of \$2,429,251.

In May 2015, the EDA sold the Blaine Courts and Cloverleaf Courts Senior Apartment Buildings (Senior Buildings) to LaNel Financial Group, Inc. See further discussion of the sale transaction within Note 6 of these financial statements. In conjunction with the sale of the Senior Buildings, the City authorized the call of outstanding debt on the Series 2006A General Obligation Tax Increment Refunding Bonds. Pursuant to bond covenants, the City will call for the redemption and prepayment of the bonds on February 1, 2016. Funding for the prepayment in the amount of \$1,970,703 came from the proceeds of the sale of the Senior Buildings and was placed in the escrow account in advance of the call date and included all remaining interest and principal payments. At December 31, 2015, the amount held within the escrow account was \$1,935,351.

B. ADVANCED CROSSOVER REFUNDINGS

On May 30, 2013, the City issued \$4,900,000 in General Obligation Capital Improvement Refunding Bonds, Series 2013A with an average interest rate of 1.84% to advance refund \$4,805,000 of outstanding 2005A Series Bonds with an average interest rate of 3.98%. The net proceeds of \$4,995,773 were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the interest on the refunding bonds before the crossover date and called principal on the refunded bonds on February 1, 2016.

The City advance refunded the 2005A General Obligation Capital Improvement Bonds to reduce its total debt service payments of the last ten years of the bond by \$494,965 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$449,171. The City is responsible for the debt service of the refunded bonds and the debt service of the refunding bonds after the crossover date. The debt service of the refunding bonds before the crossover date is payable from the escrow account. Assets held with escrow agent, related to this refunding, total \$4,840,807 at December 31, 2015.

The crossover refunding schedule for the 2013A series bonds is as follows:

Payment Date	Refunded Bonds Total	Refunding Bonds Total	Debt Service Commitment Escrow Account	City
2016	\$5,292,376	\$84,200	\$4,847,100	\$529,476
2017	-	536,925	-	536,925
2018	-	537,350	-	537,350
2019	-	537,725	-	537,725
2020	-	535,700	-	535,700
2021	-	536,200	-	536,200
2022	-	536,500	-	536,500
2023	-	536,600	-	536,600
2024	-	541,450	-	541,450
2025	-	541,050	-	541,050
2026	-	545,400	-	545,400
Total	<u>\$5,292,376</u>	<u>\$5,469,100</u>	<u>\$4,847,100</u>	<u>\$5,914,376</u>



C. REVENUE PLEDGED

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Revenue Pledged				Taxes Payable Term of Pledge	Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Debt Service as a % of Net Revenues	Principal and Interest Paid			Pledged Revenue Received	
2005A Capital Improvement Bonds refunded to 2013A	Municipal Fire Building, Fire Equipment	Property Taxes	100%	n/a	2006 – 2026	\$5,292,376	\$581,783	\$523,303	
2006A Tax Increment Refunding Bonds	Refund 1999A GOTI Bonds	Property Taxes	100%	n/a	2008 - 2020	\$1,935,351	\$411,900	\$2,382,603	
2007A Capital Improvement Plan Bonds	Municipal Buildings	Property Taxes	100%	n/a	2008 - 2026	\$9,459,264	\$725,643	\$750,575	
2008A Water Utility Revenue Bonds	Construction of Water Tower and Treatment Plant	Utility Revenue	100%	n/a	2005 - 2019	\$4,324,400	\$539,738	\$539,738	
2008B Improvement Bonds	Public Improvements	Property Taxes Special Assessments	33% 67%	n/a	2010 - 2017	\$1,201,500	\$437,138	\$74,945 \$399,941	
2010A Open Space Refunding Bonds	Refund 2001A Open Space Bonds	Property Taxes	100%	n/a	2012 - 2017	\$614,388	\$301,375	\$302,176	
2010B Equipment Certificates	Purchase Capital Equipment	Property Taxes	100%	n/a	2012 - 2016	\$106,129	\$103,333	\$299,052	
2011A Fire Equipment Certificates	Purchase SBM Fire Capital Equipment	Property Taxes	100%	n/a	2013 - 2017	\$643,771	\$319,958	\$337,906	
2012A GO Improvement Bonds	Public Improvements	Property Taxes Special Assessments	51% 49%	n/a	2013 - 2017	\$1,196,680	\$378,763	\$210,259 \$80,607	
2012B GO Improvement Bonds	Crossover Refund 2004B Improv. Bonds	Property Taxes Special Assessments	92% 8%	n/a	2015 - 2020	\$2,375,599	\$690,950	\$585,207 \$ -	
2013A GO Improvement Bonds	Crossover Refund 2005A Improv. Bonds	Property Taxes	100%	n/a	2013 - 2026	\$5,469,100	\$84,200	\$ -	
2014A GO Improvement Bonds	Public Improvements	Property Taxes Special Assessments	29% 71%	n/a	2014-2025	\$3,649,731	\$90,538	\$295,145 \$118,414	
2014B Equipment Certificates	Purchase Capital Equipment	Property Taxes	100%	n/a	2014-2021	\$2,668,850	\$29,481	\$ -	

D. CONDUIT DEBT

In accordance with the provisions of the Municipal Industrial Development Act, the City authorized the issuance of Industrial Development Revenue Bonds/Notes to finance private development as approved by the State. Under terms of the issues authorized and the requirements of the Municipal Industrial Development Act, the City has no obligation for the payment of the principal and interest other than its share in the Industrial Development Projects. Accordingly, these liabilities have been excluded from these financial statements. A summary of this type of conduit debt issued is as follows:

	<u>Original Issue</u>
Industrial Development Revenue/Revenue Refunding Bonds	\$2,855,000
Revenue Notes	7,030,000
Revenue Refunding Notes	4,200,000
Commercial Development Revenue Note	<u>58,080,000</u>
 Total issued	 <u><u>\$72,165,000</u></u>

The balance outstanding at December 31, 2015 is unavailable.



Note 9 FUND BALANCE

A. CLASSIFICATIONS

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

	General Fund	Debt Service	General Capital Projects	City Improvement Projects	Tax Increment Financing Projects	EDA Capital Projects	Park Development Projects	Other Governmental Funds	Total
Nonspendable:									
Prepaid items	\$157,108	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$157,108
Inventory	64,803	-	-	-	-	-	-	-	64,803
Total nonspendable	221,911	0	0	0	0	0	0	0	221,911
Restricted for:									
Tax increment	-	-	-	-	15,975,714	-	-	-	15,975,714
Capital projects	-	-	99,592	-	-	-	-	-	99,592
Public safety programs	-	-	-	-	-	-	-	94,082	94,082
Charitable gambling	-	-	-	-	-	-	-	130,405	130,405
Debt service	-	12,473,912	-	-	-	-	-	-	12,473,912
Total restricted	0	12,473,912	99,592	0	15,975,714	0	0	224,487	28,773,705
Committed to:									
Contractual commitments	-	-	21,203	213,316	-	-	-	-	234,519
Economic development	-	-	-	-	-	-	-	7,350,507	7,350,507
Cable TV	-	-	-	-	-	-	-	368,040	368,040
Billed police services	-	-	-	-	-	-	-	111,735	111,735
Total committed	0	0	21,203	213,316	0	0	0	7,830,282	8,064,801
Assigned to:									
General capital improvements	-	-	10,666,226	-	-	-	-	-	10,666,226
City improvement projects	-	-	-	6,766,526	-	-	-	-	6,766,526
Street improvements	-	-	-	-	-	-	-	1,545,295	1,545,295
Economic development	-	-	-	-	-	23,498	-	-	23,498
Public safety programs	-	-	-	-	-	-	-	58,398	58,398
Total assigned	0	0	10,666,226	6,766,526	0	23,498	0	1,603,693	19,059,943
Unassigned	10,842,450	-	-	-	-	-	(2,028,000)	-	8,814,450
Total	\$11,064,361	\$12,473,912	\$10,787,021	\$6,979,842	\$15,975,714	\$23,498	(\$2,028,000)	\$9,658,462	\$64,934,810

B. MINIMUM UNASSIGNED FUND BALANCE POLICY

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The City's fund balance policy is made up of three parts as described below.

The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year in June and December. As such, it is the City's goal to begin each fiscal year with sufficient working capital to fund operations between each semi-annual receipt of property taxes. The policy establishes a year-end targeted unassigned fund balance amount for cash-flow timing needs of no less than 30% of the subsequent year's budgeted expenditures. At December 31, 2015, the amount was \$9,412,950.

As property taxes not paid in a timely manner could jeopardize the City's ability to fund and maintain established service levels, the City also will retain in the General Fund an amount equal to 5% of the current year's gross property tax levy as a safeguard for property tax delinquencies. At December 31, 2015, this amount was \$959,500.

The City also receives funding annually from the State of Minnesota for various public safety reimbursements. While the City currently expects to receive these payments now and in the future, they are not guaranteed under the State's Constitution and could be withheld from the City. As such, the City will also set aside an amount equal to the current year's reimbursements for these costs from the State. At December 31, 2015, this amount was \$470,000.



At December 31, 2015, the unassigned fund balance of the General Fund for the subsequent year's budgeted expenditures was \$10,842,450. Overall, when combining all three components of the City's fund balance policy, the City had an unassigned fund balance in the General Fund that was 40% of the subsequent year's budgeted expenditures.

Note 10 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these risks of loss, the City purchases commercial insurance through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool. This pool currently operates as a common risk management and insurance pool for municipal entities. The City pays an annual premium to the LMCIT for its insurance coverage (the LMCIT is self-sustaining through commercial companies for excess claims). The City, covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies.

During the year ended December 31, 2015, there were no significant reductions in coverage compared to the prior year. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The Self-Insurance Internal Service Fund was established to account for and finance the City's uninsured risks of loss. This fund provides coverage up to \$100,000 (\$200,000 aggregate) for each general liability and property damage claim. The City is a member of the LMCIT for claims in excess of coverage provided by the Self-Insurance Internal Service Fund and for all other risks of loss, including workers' compensation. The City's premium payments to the LMCIT include an estimate for incurred but not reported claims.

Insurance reimbursements to the Self-Insurance Internal Service Fund are charged back to the affected governmental and proprietary funds, in the form of an insurance charge, to fund future premiums to the LMCIT, estimated prior and current year claims, and a reserve for catastrophic losses. That reserve was \$637,867 at December 31, 2015.

The claims and judgments liability reported in the fund at December 31, 2015, is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability for incurred, reported claims, \$285,328, is classified as a current liability and the amount estimated for incurred but not reported claims, \$292,975 is classified as a noncurrent liability within the Self-Insurance Internal Service Fund.

A summary of the claims and judgments liability amounts at December 31, 2015, and 2014, is as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$479,961	\$381,472
Incurred claims	200,664	218,908
Payment on claims	(98,821)	(103,197)
Reserve adjustments	<u>(3,501)</u>	<u>(17,222)</u>
Ending balance	<u>\$578,303</u>	<u>\$479,961</u>

Note 11 DEFINED BENEFIT PENSION PLANS

A. 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.

B. 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 of Blaine, Minnesota 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.

C. BENEFITS PROVIDED

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

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

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 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.

D. CONTRIBUTIONS

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, 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 7.5% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERF for the year ended December 31, 2015, were \$634,409. 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 16.2% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$980,879. The City's contributions were equal to the required contributions as set by state statute.

E. PENSION COSTS

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$7,234,797 for its proportionate share of the GERF'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 0.1396 % which was an decrease of 0.0128 % from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$811,687 for its proportionate share of the GERS' pension expense.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$364,757
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	684,885	-
Changes in proportion	-	450,960
Contributions paid to PERA subsequent to the measurement date	346,653	-
Total	\$1,031,538	\$815,717

\$346,653 was 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 Amount
2016	(\$100,685)
2017	(100,685)
2018	(100,684)
2019	171,222
2020	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$7,351,434 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 0.647 % which was an increase of 0.012% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$1,288,577 for its proportionate share of the PEPFF's pension expense. The City also recognized \$58,230 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$1,192,162
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	1,280,866	-
Changes in proportion	108,004	-
Contributions paid to PERA subsequent to the measurement date	539,459	-
Total	<u>\$1,928,329</u>	<u>\$1,192,162</u>

\$539,459 was 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 Amount
2016	\$103,386
2017	103,386
2018	103,386
2019	103,384
2020	(216,834)
Thereafter	-

F. 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 1st 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 GERS 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

G. 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.

H. PENSION LIABILITY SENSITIVITY

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

	<u>1% Decrease in Discount Rate (6.9%)</u>	<u>Discount Rate (7.9%)</u>	<u>1% Increase in Discount Rate (8.9%)</u>
City's proportionate share of the GERF net pension liability	\$11,375,672	\$7,234,797	\$3,815,070
City's proportionate share of the PEPFF net pension liability	14,328,022	7,351,434	1,587,557

I. PENSION PLAN FIDUCIARY NET POSITION

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

J. PENSION EXPENSE

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

GERF	\$811,687
PEPFF	<u>1,288,577</u>
Total	<u><u>\$2,100,264</u></u>

Note 12 OTHER POST-EMPLOYMENT BENEFITS

In addition to providing the pension benefits described in Note 11, the City is obligated to provide post-employment health care benefits for police and firefighters disabled in the line of duty, as required by Minnesota Statute 299A.465. The City would continue to pay the employer's contribution toward health care coverage on behalf of the disabled employee. Dependent coverage is included if the dependents were covered at the time of the disability.

At December 31, 2015, the City had four police officers who have been disabled in the line of duty. The City has determined the liability relating to these benefits is not material and therefore is not included in these financial statements.

Note 13 COMMITMENTS AND CONTINGENCIES

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigation. City management estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

The City has active construction projects as of December 31, 2015. The projects include sewer and water infrastructure improvements, construction projects in the City's various parks, and street construction projects. The remaining amounts on each of these contracts are commitments in the governmental funds in the amount of \$1,218,613. There are also committed contracts of \$970,772 outstanding for various public utilities improvements at December 31, 2015.

The City issued bonds in excess of \$5 million in the years 1995, 1997, 1999, 2001, 2004, 2005, 2006, 2007, and 2008 and therefore is required to rebate excess income relating to these issues to the federal government as required under the Tax Reform Act of 1986. The extent of the City's liability for arbitrage rebates on the remaining issues is not determinable at this time. It is the opinion of City management that the arbitrage rebates on the remaining issues would not be material.

In 2007 the City issued a Taxable Tax Increment Revenue Bond as part of a development agreement. The amount of the obligation was \$3,750,000 and is payable to the developer solely from tax increments collected from the development in the Town Square Senior Housing District 1-17. Payments are scheduled on February 1st and August 1st of each year, and carry an interest rate of 5% per annum. The obligation does not constitute a charge upon any funds of the City. In the event that future tax increments are not sufficient to pay off the obligation, the obligation terminates with no further liability to the City. Since the amount of future payments is contingent on the collection of future tax increments, the obligation is not reported as a liability in the accompanying financial statements. The balance of the commitment outstanding at December 31, 2015 was \$3,750,000.

Note 14 JOINT VENTURES

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which participants retain an ongoing financial interest or an ongoing financial responsibility.

The City is a member of the North Metro Telecommunications Commission (the Commission), which includes eight surrounding communities, that oversees the franchise agreement with Comcast, the local cable company. Legally separate, the City does not appoint a voting majority of the Board, and the Commission is fiscally independent of the City. During 2015, the City contributed \$414,836 to the Commission, which is included as expenditures in the Cable Television Special Revenue Fund.

The City has joined with the Cities of Mounds View and Spring Lake Park to cooperate in providing fire protection services to their residents. Fire protection services are furnished by the Spring Lake Park-Blaine-Mounds View Fire Department, a private nonprofit Internal Revenue Code (IRC) Section 501(c)(3) organization. The municipalities agreed upon several significant provisions pursuant to their agreement dated December 11, 1990:

- 1) The City issued \$4,450,000 General Obligation Fire Improvement Bonds on May 1, 1991, to defray the cost of new fire stations and equipment. Each city's share of the debt is calculated to be a percentage from year-to-year based on a formula described in the agreement. The Cities of Mounds View and Spring Lake Park agree to reimburse the City of Blaine for their share of the debt service upon request. This debt issue was paid in full on February 1, 2001 using the proceeds from the \$2,960,000 General Obligation Fire Improvement Refunding Bonds.

The City issued \$2,960,000 General Obligation Fire Improvement Refunding Bonds on October 1, 1997, to refund the 1991 issue. Each city's share of the debt will be calculated in the same manner as the 1991 issue. This debt issue was paid in full on February 1, 2011.

In January 2005, the three cities executed a supplement to their joint powers agreement. The supplement authorized the City to issue \$8,050,000 General Obligation Capital Improvement Bonds to finance the construction of a new fire station that will serve to consolidate the operations of two smaller stations that will be closed. The supplement obligates each of the cities to annually pay a portion of debt service on the bonds in an amount equal to each city's share of the debt as calculated on the formula described in the agreement. Mounds View and Spring Lake Park have pledged their full faith and credit and taxing powers to pay the applicable formula percentage of debt service on the bonds. The bonds were issued on December 1, 2005. The amount of the bond outstanding at December 31, 2015, is \$5,190,000.

In 2011, the three cities executed another supplement to their joint powers agreement. The supplement authorized the City to issue \$1,555,000 General Equipment Certificate Series 2011A to fund the purchase of new fire equipment. The supplement obligates each of the cities to annually pay a portion of debt service on the bonds in an amount equal to each city's share of the debt as calculated on the formula described in the agreement. Mounds View and Spring Lake Park have pledged their full faith and credit and taxing powers to pay the applicable formula percentage of debt service on the bonds. The bonds were issued on November 1, 2011. The amount of the bond outstanding at December 31, 2015, is \$635,000.

- 2) Operating and maintenance costs are to be shared by the cities as determined by the formula each year. The City contributed \$1,625,047 for its share during 2015, which is included as expenditures in the General Fund.
- 3) Property will be in the City of Blaine's name. Property and equipment with an original cost of \$15,097,769 was accounted for at December 31, 2015.

The 2015 debt service and operating and maintenance costs share per the agreement for the Cities of Blaine, Mounds View, and Spring Lake Park was 74.963%, 16.424%, and 8.613%, respectively.

Complete financial statements for the joint ventures and jointly governed organizations may be obtained as follows:

- 1) North Metro Telecommunications Commission
12520 Polk Street
Blaine, Minnesota 55434

- 2) Spring Lake Park-Blaine-Mounds View Fire Department
1710 Highway 10
Spring Lake Park, Minnesota 55432

Note 15 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements:

Statement No. 72 *Fair Value Measurement and Application*. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2015.

Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

Statement No. 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015.

Statement No. 77 *Tax Abatement Disclosures*. The provisions of this Statement are effective for reporting periods beginning after December 31, 2015.

Statement No. 78 *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2015.

Statement No. 79 *Certain External Investment Pools and Pool Participants*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing which are effective for reporting periods beginning after December 15, 2015.

Statement No. 80 *Blending Requirements for Certain Component Units*. The provisions of this Statement are effective for reporting periods beginning after June 15, 2016.

Statement No. 81 *Irrevocable Split-Interest Agreements*. The provisions of this Statement are effective for reporting periods beginning after December 15, 2016.



The effect these standards may have on future financial statements is not determinable at this time, but it is expected that Statement No. 75 will have a material impact.

Note 16 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:

	<u>Governmental Activities</u>
Net position - January 1, 2015, as previously reported	\$214,305,516
Prior period adjustment:	
Deferred outflows of resources - pension related	809,751
Net pension liability	<u>(14,017,248)</u>
Net position - January 1, 2015, as restated	<u><u>\$201,098,019</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BLAINE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2015

Statement 10

<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	0.1396%	\$7,234,797	\$8,458,787	85.5%	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 BLAINE, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS* - GENERAL EMPLOYEES RETIREMENT FUND

For The Year Ended December 31, 2015

Statement 11

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered- Employee Payroll (c)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/c)</u>
December 31, 2015	\$634,409	\$634,409	\$ -	\$8,458,787	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 BLAINE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY* -
PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2015

Statement 12

<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	0.6470%	\$7,351,434	\$6,054,809	121.4%	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 BLAINE, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS* - PUBLIC EMPLOYEES POLICE AND FIRE FUND

For The Year Ended December 31, 2015

Statement 13

<u>Fiscal Year Ending</u>	<u>Statutorily Required Contribution (a)</u>	<u>Contributions in Relation to the Statutorily Required Contribution (b)</u>	<u>Contribution Deficiency (Excess) (a-b)</u>	<u>Covered- Employee Payroll (c)</u>	<u>Contributions as a Percentage of Covered-Employee Payroll (b/c)</u>
December 31, 2015	\$980,879	\$980,879	\$ -	\$6,054,809	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 BLAINE, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2015

Note A 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.

**COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL
STATEMENTS**

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NONMAJOR GOVERNMENTAL FUNDS

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CITY OF BLAINE, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Statement 14

December 31, 2015

With Comparative Totals For December 31, 2014

Assets	Special Revenue	Capital Project	Total	
			Nonmajor Governmental Funds	
			2015	2014
Cash and pooled investments	\$6,524,116	\$1,538,928	\$8,063,044	\$4,830,501
Accounts receivable	45,814	-	45,814	37,758
Delinquent taxes receivable	2,352	-	2,352	1,676
Special assessments receivable	16,261	-	16,261	19,634
Intergovernmental receivable	1,987	-	1,987	10,746
Loans receivable	562,726	-	562,726	762,233
Notes receivable	1,000,000	-	1,000,000	-
Accrued interest receivable	18,875	6,367	25,242	24,463
Total assets	\$8,172,131	\$1,545,295	\$9,717,426	\$5,687,011
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$15,778	\$ -	\$15,778	\$37,881
Accrued liabilities	2,204	-	2,204	951
Deposits payable	22,369	-	22,369	14,347
Total liabilities	40,351	0	40,351	53,179
Deferred inflows of resources:				
Unavailable revenue	18,613	-	18,613	21,310
Total deferred inflows of resources	18,613	0	18,613	21,310
Fund balance:				
Restricted	224,487	-	224,487	249,500
Committed	7,830,282	-	7,830,282	3,665,427
Assigned	58,398	1,545,295	1,603,693	1,697,595
Total fund balance	8,113,167	1,545,295	9,658,462	5,612,522
Total liabilities, deferred inflows of resources, and fund balance	\$8,172,131	\$1,545,295	\$9,717,426	\$5,687,011

CITY OF BLAINE, MINNESOTA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

Statement 15

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2015

With Comparative Totals For The Year Ended December 31, 2014

	Special Revenue	Capital Project	Totals	
			Nonmajor Governmental Funds	
			2015	2014
Revenues:				
Property taxes	\$201,973	\$ -	\$201,973	\$149,109
Franchise taxes	585,647	-	585,647	567,391
Lodging taxes	3,904	-	3,904	3,644
Gambling taxes	129,676	-	129,676	113,442
Special assessments	4,365	-	4,365	4,544
Intergovernmental	33,001	-	33,001	67,676
Charges for services	540,251	-	540,251	324,326
Fines and forfeits	51,993	-	51,993	53,202
Interest earnings	95,359	23,721	119,080	178,813
Miscellaneous	10,955	-	10,955	211,129
Total revenues	<u>1,657,124</u>	<u>23,721</u>	<u>1,680,845</u>	<u>1,673,276</u>
Expenditures:				
Current:				
General government	659,763	-	659,763	633,334
Public safety	406,614	-	406,614	327,764
Community development	604,828	-	604,828	501,983
Capital outlay:				
General government	2,313	-	2,313	28,436
Public safety	-	-	-	15,916
Public works	-	264	264	20,116
Total expenditures	<u>1,673,518</u>	<u>264</u>	<u>1,673,782</u>	<u>1,527,549</u>
Revenues over (under) expenditures	<u>(16,394)</u>	<u>23,457</u>	<u>7,063</u>	<u>145,727</u>
Other financing sources (uses):				
Transfers in	4,164,012	189,585	4,353,597	-
Transfers out	(5,916)	(308,804)	(314,720)	(325,716)
Total other financing sources (uses)	<u>4,158,096</u>	<u>(119,219)</u>	<u>4,038,877</u>	<u>(325,716)</u>
Net change in fund balance	4,141,702	(95,762)	4,045,940	(179,989)
Fund balance - January 1	<u>3,971,465</u>	<u>1,641,057</u>	<u>5,612,522</u>	<u>5,792,511</u>
Fund balance - December 31	<u><u>\$8,113,167</u></u>	<u><u>\$1,545,295</u></u>	<u><u>\$9,658,462</u></u>	<u><u>\$5,612,522</u></u>

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance and/or resolution to finance particular functions, activities, or governments.

Economic Development Authority Fund – accounts for the administration of economic development related activities in the City.

Cable Television Fund – this fund was established to account for transactions associated with cable television in the City. Revenue includes franchise fees from Comcast Cable. Expenditures include the operation of the North Metro Telecommunications Commission and other costs relating to the cable television activity.

Charitable Gambling Fund – this fund was created pursuant to Minnesota Statute §349.12 for the collection of a 10% fee on net profits from lawful gambling within City boundaries. Disbursements by the City are for lawful purposes as defined by State Statute.

Police Grants Fund – this fund was established to account for transactions related to police grants received from the federal and state governments. Disbursements are regulated by the grant agreement with the grant agency.

Reimbursed Police Overtime – this fund accounts for additional special police overtime services that the City is reimbursed for.

Forfeited Property – this fund accounts for forfeited property unlawfully used or acquired in a criminal activity and diverted to law enforcement.

Energy Efficiency Block Grant – this fund accounts for the transactions associated with a U.S. Department of Energy Block Grant.

CITY OF BLAINE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2015
With Comparative Totals For December 31, 2014

	<u>Economic Development Authority</u>	<u>Cable Television</u>
Assets		
Cash and pooled investments	\$5,772,795	\$366,554
Accounts receivable	5,507	-
Delinquent taxes receivable	2,352	-
Special assessments receivable	16,261	-
Intergovernmental receivable	1,987	-
Loans receivable	562,726	-
Notes receivable	1,000,000	-
Accrued interest receivable	15,938	1,558
	<u>15,938</u>	<u>1,558</u>
Total assets	<u><u>\$7,377,566</u></u>	<u><u>\$368,112</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance		
Liabilities:		
Accounts payable	\$7,264	\$ -
Accrued liabilities	1,182	72
Deposits payable	-	-
Total liabilities	<u>8,446</u>	<u>72</u>
Deferred inflows of resources:		
Unavailable revenue	18,613	-
Total deferred inflows of resources	<u>18,613</u>	<u>0</u>
Fund balance:		
Restricted	-	-
Committed	7,350,507	368,040
Assigned	-	-
Total fund balance	<u>7,350,507</u>	<u>368,040</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$7,377,566</u></u>	<u><u>\$368,112</u></u>

Charitable Gambling	Police Grants	Reimbursed Police Overtime	Forfeited Property	Totals Nonmajor Special Revenue Funds	
				2015	2014
\$95,617	\$93,088	\$106,183	\$89,879	\$6,524,116	\$3,198,205
34,397	-	5,910	-	45,814	37,758
-	-	-	-	2,352	1,676
-	-	-	-	16,261	19,634
-	-	-	-	1,987	10,746
-	-	-	-	562,726	762,233
-	-	-	-	1,000,000	-
391	349	330	309	18,875	15,702
<u>\$130,405</u>	<u>\$93,437</u>	<u>\$112,423</u>	<u>\$90,188</u>	<u>\$8,172,131</u>	<u>\$4,045,954</u>
\$ -	\$ -	\$ -	\$8,514	\$15,778	\$37,881
-	262	688	-	2,204	951
-	-	-	22,369	22,369	14,347
<u>-</u>	<u>262</u>	<u>688</u>	<u>30,883</u>	<u>40,351</u>	<u>53,179</u>
-	-	-	-	18,613	21,310
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>18,613</u>	<u>21,310</u>
130,405	77,250	-	16,832	224,487	249,500
-	-	111,735	-	7,830,282	3,665,427
-	15,925	-	42,473	58,398	56,538
<u>130,405</u>	<u>93,175</u>	<u>111,735</u>	<u>59,305</u>	<u>8,113,167</u>	<u>3,971,465</u>
<u>\$130,405</u>	<u>\$93,437</u>	<u>\$112,423</u>	<u>\$90,188</u>	<u>\$8,172,131</u>	<u>\$4,045,954</u>

CITY OF BLAINE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2015
With Comparative Totals For The Year Ended December 31, 2014

	<u>Economic Development Authority</u>	<u>Cable Television</u>	<u>Charitable Gambling</u>
Revenues:			
Ad valorem taxes	\$201,973	\$ -	\$ -
Franchise taxes - cable television	-	585,647	-
Lodging taxes	3,904	-	-
Gambling taxes	-	-	129,676
Special assessments	4,365	-	-
Intergovernmental	-	-	-
Charges for services	173,019	-	-
Fines and forfeits	-	-	-
Interest earnings	85,802	5,149	1,285
Miscellaneous	7,830	-	-
Total revenues	<u>476,893</u>	<u>590,796</u>	<u>130,961</u>
Expenditures:			
Current:			
General government	-	532,513	127,250
Public safety	-	-	-
Community development	604,828	-	-
Capital outlay:			
General government	-	2,313	-
Public safety	-	-	-
Total expenditures	<u>604,828</u>	<u>534,826</u>	<u>127,250</u>
Revenues over (under) expenditures	<u>(127,935)</u>	<u>55,970</u>	<u>3,711</u>
Other financing sources:			
Transfers in	4,164,012	-	-
Transfers out	(5,009)	-	-
Total other financing sources (uses)	<u>4,159,003</u>	<u>-</u>	<u>-</u>
Net change in fund balance	4,031,068	55,970	3,711
Fund balance - January 1, as previously reported	<u>3,319,439</u>	<u>312,070</u>	<u>126,694</u>
Fund balance - December 31	<u>\$7,350,507</u>	<u>\$368,040</u>	<u>\$130,405</u>

Police Grants	Reimbursed Police Overtime	Forfeited Property	Energy Efficiency Block Grant	Totals Nonmajor Special Revenue Funds	
				2015	2014
\$ -	\$ -	\$ -	\$ -	\$201,973	\$149,109
-	-	-	-	585,647	567,391
-	-	-	-	3,904	3,644
-	-	-	-	129,676	113,442
-	-	-	-	4,365	4,544
33,001	-	-	-	33,001	67,676
-	367,232	-	-	540,251	324,326
-	-	51,993	-	51,993	53,202
1,138	1,267	722	(4)	95,359	128,882
-	-	3,125	-	10,955	211,129
<u>34,139</u>	<u>368,499</u>	<u>55,840</u>	<u>(4)</u>	<u>1,657,124</u>	<u>1,623,345</u>
-	-	-	-	659,763	633,334
44,228	290,682	71,704	-	406,614	327,764
-	-	-	-	604,828	501,983
-	-	-	-	2,313	28,436
-	-	-	-	-	15,916
<u>44,228</u>	<u>290,682</u>	<u>71,704</u>	<u>0</u>	<u>1,673,518</u>	<u>1,507,433</u>
<u>(10,089)</u>	<u>77,817</u>	<u>(15,864)</u>	<u>(4)</u>	<u>(16,394)</u>	<u>115,912</u>
-	-	-	-	4,164,012	-
-	-	-	(907)	(5,916)	(30,000)
-	-	-	(907)	4,158,096	(30,000)
(10,089)	77,817	(15,864)	(911)	4,141,702	85,912
<u>103,264</u>	<u>33,918</u>	<u>75,169</u>	<u>911</u>	<u>3,971,465</u>	<u>3,885,553</u>
<u>\$93,175</u>	<u>\$111,735</u>	<u>\$59,305</u>	<u>\$0</u>	<u>\$8,113,167</u>	<u>\$3,971,465</u>

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CAPITAL PROJECT FUNDS

Capital Project Funds are established to account for the resources expended to acquire assets of a permanent nature other than those financed by other governmental and proprietary funds.

Street Improvement Fund – This fund is used to account for the street pavement maintenance program. Financing includes certain Municipal State Aid monies and transfers from various sources.

CITY OF BLAINE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2015
 With Comparative Totals For December 31, 2014

Statement 18

Assets	Street	Totals Nonmajor Capital Project Funds	
	Improvement	2015	2014
Cash and pooled investments	\$1,538,928	\$1,538,928	\$1,632,296
Accrued interest receivable	6,367	6,367	8,761
Total assets	\$1,545,295	\$1,545,295	\$1,641,057
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Total liabilities	0	0	0
Fund balance:			
Committed	-	-	-
Assigned	1,545,295	1,545,295	1,641,057
Total fund balance	1,545,295	1,545,295	1,641,057
Total liabilities and fund balance	\$1,545,295	\$1,545,295	\$1,641,057

CITY OF BLAINE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
For The Year Ended December 31, 2015
With Comparative Totals For The Year Ended December 31, 2014

Statement 19

	Street Improvement	Totals Nonmajor Capital Project Funds	
		2015	2014
Revenues:			
Interest earnings	\$23,721	\$23,721	\$49,931
Total revenues	<u>23,721</u>	<u>23,721</u>	<u>49,931</u>
Expenditures:			
Capital outlay:			
Public works	264	264	20,116
Total expenditures	<u>264</u>	<u>264</u>	<u>20,116</u>
Revenues over (under) expenditures	<u>23,457</u>	<u>23,457</u>	<u>29,815</u>
Other financing sources (uses):			
Transfers in	189,585	189,585	-
Transfers out	(308,804)	(308,804)	(295,716)
Total other financing sources (uses)	<u>(119,219)</u>	<u>(119,219)</u>	<u>(295,716)</u>
Net change in fund balance	(95,762)	(95,762)	(265,901)
Fund balance - January 1	<u>1,641,057</u>	<u>1,641,057</u>	<u>1,906,958</u>
Fund balance - December 31	<u>\$1,545,295</u>	<u>\$1,545,295</u>	<u>\$1,641,057</u>

CITY OF BLAINE, MINNESOTA
SPECIAL REVENUE FUND-ECONOMIC DEVELOPMENT AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Year Ended December 31, 2015
With Comparative Actual Amounts For The Year Ended December 31, 2014

Statement 20

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Revenues:					
Ad valorem taxes	\$202,150	\$202,150	\$201,973	(\$177)	\$149,109
Lodging taxes	5,000	5,000	3,904	(1,096)	3,644
Special assessments	-	-	4,365	4,365	4,544
Charges for services	161,200	161,200	173,019	11,819	145,595
Interest earnings	5,000	5,000	85,802	80,802	108,551
Miscellaneous	-	-	7,830	7,830	205,235
Total revenues	<u>373,350</u>	<u>373,350</u>	<u>476,893</u>	<u>103,543</u>	<u>616,678</u>
Expenditures:					
Current:					
Community development	<u>370,550</u>	<u>370,550</u>	<u>604,828</u>	<u>(234,278)</u>	<u>501,983</u>
Revenues over (under) expenditures	<u>2,800</u>	<u>2,800</u>	<u>(127,935)</u>	<u>(130,735)</u>	<u>114,695</u>
Other financing sources (uses):					
Transfers in	-	-	4,164,012	4,164,012	-
Transfers out	-	-	(5,009)	(5,009)	-
Total other financing sources (uses)	<u>0</u>	<u>0</u>	<u>4,159,003</u>	<u>4,159,003</u>	<u>0</u>
Net change in fund balance	<u>\$2,800</u>	<u>\$2,800</u>	<u>4,031,068</u>	<u>\$4,028,268</u>	<u>114,695</u>
Fund balance - January 1			<u>3,319,439</u>		<u>3,204,744</u>
Fund balance - December 31			<u>\$7,350,507</u>		<u>\$3,319,439</u>

CITY OF BLAINE, MINNESOTA
SPECIAL REVENUE FUND-CABLE TELEVISION
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Year Ended December 31, 2015
With Comparative Actual Amounts For The Year Ended December 31, 2014

Statement 21

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Revenues:					
Franchise taxes-cable television	\$582,160	\$582,160	\$585,647	\$3,487	\$567,391
Interest earnings	7,600	7,600	5,149	(2,451)	10,379
Total revenues	<u>589,760</u>	<u>589,760</u>	<u>590,796</u>	<u>1,036</u>	<u>577,770</u>
Expenditures:					
Current:					
General government	535,590	535,590	532,513	3,077	518,584
Capital outlay:					
General government	107,500	107,500	2,313	105,187	28,436
Total expenditures	<u>643,090</u>	<u>643,090</u>	<u>534,826</u>	<u>108,264</u>	<u>547,020</u>
Revenues over (under) expenditure:	<u>(\$53,330)</u>	<u>(\$53,330)</u>	<u>55,970</u>	<u>\$109,300</u>	<u>30,750</u>
Fund balance - January 1			<u>312,070</u>		<u>281,320</u>
Fund balance - December 31			<u><u>\$368,040</u></u>		<u><u>\$312,070</u></u>

CITY OF BLAINE, MINNESOTA
SPECIAL REVENUE FUND-CHARITABLE GAMBLING FUND
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES-BUDGET AND ACTUAL
For The Year Ended December 31, 2015
With Comparative Actual Amounts For The Year Ended December 31, 2014

Statement 22

	Budgeted Amounts		2015 Actual Amounts	Variance with Final Budget - Positive (Negative)	2014 Actual Amounts
	Original	Final			
Revenues:					
Gambling taxes	\$95,000	\$95,000	\$129,676	\$34,676	\$113,442
Interest earnings	500	500	1,285	785	2,607
Total revenues	<u>95,500</u>	<u>95,500</u>	<u>130,961</u>	<u>35,461</u>	<u>116,049</u>
Expenditures:					
Current:					
General government	<u>132,250</u>	<u>137,250</u>	<u>127,250</u>	<u>10,000</u>	<u>114,750</u>
Revenues over (under) expenditure:	<u>(\$36,750)</u>	<u>(\$41,750)</u>	<u>3,711</u>	<u>\$45,461</u>	<u>1,299</u>
Fund balance - January 1			<u>126,694</u>		<u>125,395</u>
Fund balance - December 31			<u>\$130,405</u>		<u>\$126,694</u>

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

Compensated Absences – The City maintains this fund for the accrued liabilities related to vacation leave and vested sick leave of the various funds.

Self-Insurance – The City established this fund to account for insurance premiums and to provide for larger deductibles on its property and liability insurance coverages. Savings from the insurance premiums are charged to operating funds to finance future insurance deductibles on various claims.

Workers Compensation – The City uses this fund to account for workers compensation insurance coverage.

Pension Benefits – The City uses this fund to provide pension benefits to other funds of the City on a cost reimbursement basis.

CITY OF BLAINE, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2015

Statement 23

	<u>Compensated Absences</u>	<u>Self-Insurance</u>	<u>Workers Compensation</u>	<u>Pension Benefits</u>	<u>Total 2015</u>
Assets:					
Current assets:					
Cash and cash equivalents	\$1,593,169	\$1,090,468	\$ -	\$ -	\$2,683,637
Accounts receivable	-	-	2,073	-	2,073
Due from other funds	-	28,730	-	-	28,730
Accrued interest receivable	5,843	3,512	(4)	-	9,351
Prepaid items	-	132,714	-	-	132,714
Total assets	<u>1,599,012</u>	<u>1,255,424</u>	<u>2,069</u>	<u>0</u>	<u>2,856,505</u>
Deferred outflows of resources:					
Related to pensions	-	-	-	2,959,867	2,959,867
Liabilities:					
Current liabilities:					
Accounts payable	-	39,254	-	-	39,254
Due to other funds	-	-	28,730	-	28,730
Compensated absences payable	84,000	-	-	-	84,000
Claims and judgments payable	-	285,328	-	-	285,328
Total current liabilities	<u>84,000</u>	<u>324,582</u>	<u>28,730</u>	<u>0</u>	<u>437,312</u>
Noncurrent liabilities:					
Compensated absences payable	1,680,028	-	-	-	1,680,028
Claims and judgments payable	-	292,975	-	-	292,975
Net pension liability	-	-	-	14,586,231	14,586,231
Total noncurrent liabilities	<u>1,680,028</u>	<u>292,975</u>	<u>-</u>	<u>14,586,231</u>	<u>16,559,234</u>
Total liabilities	<u>1,764,028</u>	<u>617,557</u>	<u>28,730</u>	<u>14,586,231</u>	<u>16,996,546</u>
Deferred inflows of resources:					
Related to pensions	-	-	-	2,007,879	2,007,879
Net position:					
Unrestricted	(165,016)	637,867	(26,661)	(13,634,243)	(13,188,053)
Total net position	<u>(165,016)</u>	<u>\$637,867</u>	<u>(\$26,661)</u>	<u>(\$13,634,243)</u>	<u>(\$13,188,053)</u>

CITY OF BLAINE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2015

Statement 24

	<u>Compensated Absences</u>	<u>Self-Insurance</u>	<u>Workers Compensation</u>	<u>Pension Benefits</u>	<u>Total 2015</u>
Operating revenues:					
Employee benefit charges	\$129,057	\$ -	\$319,812	\$1,615,288	\$2,064,157
Insurance reimbursements	-	579,393	2,167	-	581,560
Total operating revenues	<u>129,057</u>	<u>579,393</u>	<u>321,979</u>	<u>1,615,288</u>	<u>2,645,717</u>
Operating expenses:					
Salaries and benefits	116,094	-	-	2,100,264	2,216,358
Contractual services	-	581,080	447,176	-	1,028,256
Total operating expenses	<u>116,094</u>	<u>581,080</u>	<u>447,176</u>	<u>2,100,264</u>	<u>3,244,614</u>
Operating income (loss)	<u>12,963</u>	<u>(1,687)</u>	<u>(125,197)</u>	<u>(484,976)</u>	<u>(598,897)</u>
Nonoperating revenues:					
Intergovernmental	-	-	-	58,230	58,230
Interest earnings	18,842	11,129	(573)	-	29,398
Total nonoperating revenues	<u>18,842</u>	<u>11,129</u>	<u>(573)</u>	<u>58,230</u>	<u>87,628</u>
Change in net position	<u>31,805</u>	<u>9,442</u>	<u>(125,770)</u>	<u>(426,746)</u>	<u>(511,269)</u>
Net position - January 1, as previously reported	(196,821)	628,425	99,109	-	530,713
Prior period adjustment	-	-	-	(13,207,497)	(13,207,497)
Net position - January 1, as restated	<u>(196,821)</u>	<u>628,425</u>	<u>99,109</u>	<u>(13,207,497)</u>	<u>(12,676,784)</u>
Net position - December 31	<u>(\$165,016)</u>	<u>\$637,867</u>	<u>(\$26,661)</u>	<u>(\$13,634,243)</u>	<u>(\$13,188,053)</u>

CITY OF BLAINE, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2015

Statement 25

	Compensated Absences	Self-Insurance	Workers Compensation	Pension Benefits	Total 2015
Cash flows from operating activities:					
Cash received from customers	\$129,057	\$579,393	\$319,906	\$1,615,288	\$2,643,644
Cash paid to supplies for goods and services	-	(535,670)	(447,176)	(1,673,518)	(2,656,364)
Cash paid to employees for services	(64,827)	-	-	-	(64,827)
Net cash flows from operating activities	<u>64,230</u>	<u>43,723</u>	<u>(127,270)</u>	<u>(58,230)</u>	<u>(77,547)</u>
Cash flows from noncapital financing activities:					
Interfund loans - net change	-	(28,730)	28,730	-	-
Intergovernmental revenue	-	-	-	58,230	58,230
Net cash flows from noncapital financing activities	<u>-</u>	<u>(28,730)</u>	<u>28,730</u>	<u>58,230</u>	<u>58,230</u>
Cash flows from investing activities:					
Investment earnings	20,158	12,115	(17)	-	32,256
Net increase (decrease) in cash and cash equivalents	84,388	27,108	(98,557)	-	12,939
Cash and cash equivalents - January 1	<u>1,508,781</u>	<u>1,063,360</u>	<u>98,557</u>	<u>-</u>	<u>2,670,698</u>
Cash and cash equivalents - December 31	<u>\$1,593,169</u>	<u>\$1,090,468</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,683,637</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$12,963	(\$1,687)	(\$125,197)	(\$484,976)	(\$598,897)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	-	-	(2,073)	-	(2,073)
(Increase) decrease in other assets	-	(70,840)	-	-	(70,840)
(Increase) decrease in deferred outflows of resources	-	-	-	(2,959,867)	(2,959,867)
Increase (decrease) in accounts payable	-	17,908	-	-	17,908
Increase (decrease) in accrued liabilities	-	-	-	-	-
Increase (decrease) in compensated absences	51,267	-	-	-	51,267
Increase (decrease) in claims and judgments	-	98,342	-	-	98,342
Increase (decrease) in deferred inflows of resources	-	-	-	2,007,879	2,007,879
Increase (decrease) in pension liability	-	-	-	1,378,734	1,378,734
Total adjustments	<u>51,267</u>	<u>45,410</u>	<u>(2,073)</u>	<u>426,746</u>	<u>521,350</u>
Net cash provided by operating activities	<u>\$64,230</u>	<u>\$43,723</u>	<u>(127,270)</u>	<u>(58,230)</u>	<u>(\$77,547)</u>

III. STATISTICAL SECTION (UNAUDITED)

This part of the City of Blaine, Minnesota’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 of Blaine, Minnesota’s overall financial health.

Contents	Page
Financial Trends	
These tables contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	110-123
Revenue Capacity	
These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax.	125-129
Debt Capacity	
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.	130-137
Demographic and Economic Information	
These tables offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.	138-139
Operating Information	
These tables contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	141-145

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

CITY OF BLAINE, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Amounts Expressed in Whole Dollars)

	Fiscal Year			
	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$115,908,054	\$128,495,244	\$132,783,540	\$141,264,210
Restricted	12,201,893	13,628,434	14,051,544	15,605,370
Unrestricted	31,436,669	35,562,127	36,249,047	30,459,605
Total governmental activities net position	<u>\$159,546,616</u>	<u>\$177,685,805</u>	<u>\$183,084,131</u>	<u>\$187,329,185</u>
Business-type activities:				
Net investment in capital assets	\$116,663,389	\$126,948,993	\$125,548,492	\$128,034,695
Restricted	-	-	120,766	120,766
Unrestricted	20,833,245	18,668,853	21,052,555	18,546,602
Total business-type activities net position	<u>\$137,496,634</u>	<u>\$145,617,846</u>	<u>\$146,721,813</u>	<u>\$146,702,063</u>
Primary government:				
Net investment in capital assets	\$227,205,943	\$250,588,337	\$252,120,332	\$269,298,905
Restricted	12,201,893	13,628,434	14,172,310	15,726,136
Unrestricted	57,635,414	59,086,880	63,513,302	49,006,207
Total primary government net position	<u>\$297,043,250</u>	<u>\$323,303,651</u>	<u>\$329,805,944</u>	<u>\$334,031,248</u>

*GASB 65 was implemented in 2013. Net position was restated for 2012 to reflect the expense of bond issuance costs in the year of issuance. Net position for years prior to 2012 was not restated.

**GASB 68 was implemented in 2015. Net position was restated for 2014 to reflect the reporting of net pension liability and pension related deferred outflows and inflows of resources. Net position for years prior to 2014 were not restated.

Table 1

Fiscal Year					
2010	2011	2012*	2013	2014**	2015
\$144,076,941	\$148,586,847	\$151,926,174	\$160,416,967	\$163,862,780	\$177,880,191
17,724,184	17,033,344	18,041,663	17,993,553	17,067,275	24,430,446
30,300,656	31,107,632	31,313,906	29,151,051	20,167,964	23,622,590
<u>\$192,101,781</u>	<u>\$196,727,823</u>	<u>\$201,281,743</u>	<u>\$207,561,571</u>	<u>\$201,098,019</u>	<u>\$225,933,227</u>
\$127,267,681	\$129,035,604	\$130,977,212	\$134,402,798	\$137,137,884	\$134,964,831
120,766	122,317	123,163	123,694	126,105	127,020
20,257,703	19,266,078	20,349,158	20,538,623	21,079,950	21,100,951
<u>\$147,646,150</u>	<u>\$148,423,999</u>	<u>\$151,449,533</u>	<u>\$155,065,115</u>	<u>\$158,343,939</u>	<u>\$156,192,802</u>
\$271,344,622	\$277,622,451	\$282,903,386	\$294,819,765	\$301,000,664	\$312,845,022
17,844,950	17,155,661	18,164,826	18,117,247	17,193,380	24,557,466
50,558,359	50,373,710	51,663,064	49,689,674	41,247,914	44,723,541
<u>\$339,747,931</u>	<u>\$345,151,822</u>	<u>\$352,731,276</u>	<u>\$362,626,686</u>	<u>\$359,441,958</u>	<u>\$382,126,029</u>

CITY OF BLAINE, MINNESOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Amounts Expressed in Whole Dollars)

	Fiscal Year		
	2006	2007	2008
Expenses			
Governmental activities:			
General government	\$4,619,917	\$4,788,559	\$4,826,588
Public safety	3,668,268	9,790,782	10,890,853
Public works	12,722,249	9,878,072	9,063,936
Sanitation	2,176,422	-	-
Recreation	1,540,580	1,656,068	1,353,604
Community development	3,444,968	2,231,913	2,678,455
Interest on long-term debt	1,200,475	1,257,042	1,406,837
Total governmental activities expenses	<u>29,372,879</u>	<u>29,602,436</u>	<u>30,220,273</u>
Business-type activities:			
Water	3,327,951	3,386,471	4,258,078
Sewer	5,424,240	5,256,700	4,865,987
Storm drainage	-	-	822,401
Refuse / Sanitation	-	2,388,791	2,392,596
Senior housing	1,214,606	1,363,574	1,394,926
Total business-type activities expenses	<u>9,966,797</u>	<u>12,395,536</u>	<u>13,733,988</u>
Total primary government expenses	<u>\$39,339,676</u>	<u>\$41,997,972</u>	<u>\$43,954,261</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$514,769	\$515,817	\$793,593
Public safety	522,263	549,800	532,683
Public works	2,454,038	4,139,874	1,346,855
Sanitation	2,339,192	225,925	600
Recreation	2,899,514	1,533,452	1,671,539
Community development	2,483,161	2,627,090	1,852,047
Operating grants and contributions	626,172	582,518	626,058
Capital grants and contributions	14,791,509	8,170,875	2,720,620
Total governmental activities program revenues	<u>26,630,618</u>	<u>18,345,351</u>	<u>9,543,995</u>

Fiscal Year						
2009	2010	2011	2012*	2013	2014	2015
\$5,299,029	\$5,411,620	\$5,215,357	\$5,702,507	\$3,777,931	\$4,968,604	\$5,015,012
10,923,008	11,021,926	11,309,461	11,364,492	11,453,747	12,040,283	13,244,373
8,457,933	9,065,798	9,675,845	8,123,540	8,423,632	9,593,866	8,760,413
-	-	-	-	-	-	-
1,887,648	1,480,284	1,565,590	1,703,196	1,645,900	1,582,176	1,774,749
2,221,391	2,027,711	2,157,671	2,016,411	2,220,316	2,291,106	1,918,293
1,423,893	1,311,081	1,153,658	1,070,006	1,160,736	958,481	867,411
<u>30,212,902</u>	<u>30,318,420</u>	<u>31,077,582</u>	<u>29,980,152</u>	<u>28,682,262</u>	<u>31,434,516</u>	<u>31,580,251</u>
3,913,392	4,151,115	3,721,034	3,759,960	3,855,876	3,753,765	3,511,261
4,952,820	5,084,703	4,819,697	4,729,733	4,909,651	5,178,537	5,260,903
1,018,459	897,108	1,100,692	961,050	975,230	1,046,719	1,143,131
2,362,096	2,620,451	2,722,442	2,862,083	3,019,590	3,145,425	3,342,484
1,337,665	1,472,758	1,374,386	1,421,808	1,452,639	1,449,297	621,770
<u>13,584,432</u>	<u>14,226,135</u>	<u>13,738,251</u>	<u>13,734,634</u>	<u>14,212,986</u>	<u>14,573,743</u>	<u>13,879,549</u>
<u>\$43,797,334</u>	<u>\$44,544,555</u>	<u>\$44,815,833</u>	<u>\$43,714,786</u>	<u>\$42,895,248</u>	<u>\$46,008,259</u>	<u>\$45,459,800</u>
\$756,311	\$819,116	\$722,659	\$784,962	\$787,622	\$1,295,396	\$1,055,819
494,817	549,899	750,130	696,370	673,702	736,620	1,040,881
1,691,831	2,306,865	977,609	1,139,632	418,737	239,409	255,365
675	-	-	-	-	-	-
498,725	579,035	439,567	648,330	1,004,910	1,595,291	1,731,064
1,475,763	1,821,847	2,457,771	2,908,633	2,161,866	2,558,437	2,480,572
1,082,140	1,446,530	1,343,221	1,520,422	1,389,673	1,579,343	1,712,865
2,728,630	4,724,863	4,592,368	5,104,558	8,633,951	7,682,408	12,886,036
<u>8,728,892</u>	<u>12,248,155</u>	<u>11,283,325</u>	<u>12,802,907</u>	<u>15,070,461</u>	<u>15,686,904</u>	<u>21,162,602</u>

CITY OF BLAINE, MINNESOTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)
(Amounts Expressed in Whole Dollars)

	Fiscal Year		
	2006	2007	2008
Program Revenues (continued)			
Business-type activities:			
Charges for services:			
Water	\$4,885,381	\$4,887,689	\$4,270,471
Sewer	4,702,049	4,498,649	4,367,401
Storm drainage	-	-	931,946
Sanitation	-	2,566,383	2,437,250
Senior Housing	1,301,680	1,330,023	1,322,144
Operating grants and contributions	-	94,870	102,235
Capital grants and contributions	8,802,452	7,387,135	521,520
Total business-type activities program revenues	<u>19,691,562</u>	<u>20,764,749</u>	<u>13,952,967</u>
Total primary government program revenues	<u>\$46,322,180</u>	<u>\$39,110,100</u>	<u>\$23,496,962</u>
Net (expense) revenue			
Governmental activities	(\$2,742,261)	(\$11,257,085)	(\$20,676,278)
Business-type activities	<u>9,724,765</u>	<u>8,369,213</u>	<u>218,979</u>
Total primary government net expense	<u>\$6,982,504</u>	<u>(\$2,887,872)</u>	<u>(\$20,457,299)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property taxes	\$15,544,982	\$17,274,088	\$18,382,970
Tax increments	2,704,120	3,013,151	3,171,003
Franchise taxes	372,358	406,267	452,102
Lodging taxes	24,448	52,473	3,232
Gambling taxes	67,630	54,689	42,328
Unrestricted grants and contributions	1,305,055	2,020,573	1,104,547
Investment earnings	2,254,469	3,111,161	2,839,469
Gain on sale of capital assets	73,997	2,212,369	2,524
Transfers	(15,035,346)	1,251,502	76,430
Total governmental activities	<u>7,311,713</u>	<u>29,396,273</u>	<u>26,074,605</u>
Business-type activities:			
Unrestricted grants and contributions	20,000	-	-
Investment earnings	842,313	1,003,501	961,417
Gain on sale of capital assets	-	-	-
Transfers	15,035,346	(1,251,502)	(76,430)
Special Item **	-	-	-
Total business-type activities	<u>15,897,659</u>	<u>(248,001)</u>	<u>884,987</u>
Total primary government	<u>\$23,209,372</u>	<u>\$29,148,272</u>	<u>\$26,959,592</u>
Change in Net Position			
Governmental activities	\$4,569,452	\$18,139,188	\$5,398,327
Business-type activities	<u>25,622,424</u>	<u>8,121,212</u>	<u>1,103,966</u>
Total primary government	<u>\$30,191,876</u>	<u>\$26,260,400</u>	<u>\$6,502,293</u>

*GASB 68 was implemented in 2015. Expenses for years prior to 2015 were not restated.

** In 2015 the special item was the gain on the sale of the senior housing operations.

Fiscal Year						
2009	2010	2011	2012*	2013	2014	2015
\$4,758,957	\$4,237,701	\$4,159,805	\$5,069,764	\$4,538,200	\$4,346,639	\$4,375,570
4,366,857	4,489,413	4,515,577	4,649,702	4,712,081	4,761,818	4,874,710
852,746	856,808	866,961	908,100	1,037,485	1,086,611	1,234,141
2,475,211	2,515,843	2,556,449	2,632,526	2,781,467	2,831,174	3,027,897
1,308,687	1,387,090	1,420,694	1,430,197	1,447,634	1,519,203	643,081
42,245	98,863	115,075	227,153	171,316	180,337	174,206
485,583	1,257,072	669,796	960,298	3,392,349	2,905,376	4,904,786
<u>14,290,286</u>	<u>14,842,790</u>	<u>14,304,357</u>	<u>15,877,740</u>	<u>18,080,532</u>	<u>17,631,158</u>	<u>19,234,391</u>
<u>\$23,019,178</u>	<u>\$27,090,945</u>	<u>\$25,587,682</u>	<u>\$28,680,647</u>	<u>\$33,150,993</u>	<u>\$33,318,062</u>	<u>\$40,396,993</u>
(\$21,484,010)	(\$18,070,265)	(\$19,794,257)	(\$17,177,245)	(\$13,611,801)	(\$15,747,612)	(\$10,417,649)
705,854	616,655	566,106	2,143,106	3,867,546	3,057,415	5,354,842
<u>(\$20,778,156)</u>	<u>(\$17,453,610)</u>	<u>(\$19,228,151)</u>	<u>(\$15,034,139)</u>	<u>(\$9,744,255)</u>	<u>(\$12,690,197)</u>	<u>(\$5,062,807)</u>
\$19,323,676	\$19,066,659	\$18,918,478	\$18,905,229	\$18,754,042	\$19,843,254	\$22,277,346
3,261,896	2,493,979	2,300,674	2,068,161	915,604	177,744	195,865
489,868	494,157	507,790	503,339	533,296	567,391	585,647
2,626	2,853	3,199	3,438	3,477	3,644	3,904
34,160	41,349	70,535	91,735	91,361	113,442	129,676
317,950	72,315	69,654	27,796	23,609	23,553	52,273
1,222,800	712,480	1,992,891	826,148	(466,618)	1,375,930	773,338
-	-	12,095	5,440	5,903	48,321	103,850
1,076,088	(40,931)	600,973	(483,015)	30,955	338,278	11,130,958
<u>25,729,064</u>	<u>22,842,861</u>	<u>24,476,289</u>	<u>21,948,271</u>	<u>19,891,629</u>	<u>22,491,557</u>	<u>35,252,857</u>
-	-	-	-	-	-	-
350,484	286,501	812,773	331,611	(221,009)	553,785	249,310
-	-	-	67,802	-	5,902	-
(1,076,088)	40,931	(600,973)	483,015	(30,955)	(338,278)	(11,130,958)
-	-	-	-	-	-	3,375,669
<u>(725,604)</u>	<u>327,432</u>	<u>211,800</u>	<u>882,428</u>	<u>(251,964)</u>	<u>221,409</u>	<u>(7,505,979)</u>
<u>\$25,003,460</u>	<u>\$23,170,293</u>	<u>\$24,688,089</u>	<u>\$22,830,699</u>	<u>\$19,639,665</u>	<u>\$22,712,966</u>	<u>\$27,746,878</u>
\$4,245,054	\$4,772,596	\$4,682,032	\$4,771,026	\$6,279,828	\$6,743,945	\$24,835,208
(19,750)	944,087	777,906	3,025,534	3,615,582	3,278,824	(2,151,137)
<u>\$4,225,304</u>	<u>\$5,716,683</u>	<u>\$5,459,938</u>	<u>\$7,796,560</u>	<u>\$9,895,410</u>	<u>\$10,022,769</u>	<u>\$22,684,071</u>

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CITY OF BLAINE, MINNESOTA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
 (Accrual Basis of Accounting)
 (Amounts Expressed in Whole Dollars)

Table 3

Fiscal Year	Property Taxes	Utility Meter Taxes	Tax Increments	Cable Franchise Taxes	Lodging Taxes	Gambling Taxes	Total
2006	\$15,544,982	\$ -	\$2,704,120	\$372,357	\$24,448	\$67,630	\$18,713,537
2007	17,274,088	-	3,013,151	406,267	52,473	54,689	20,800,668
2008	18,382,970	-	3,171,003	452,102	3,232	42,328	22,051,635
2009	19,323,676	-	3,261,896	489,868	2,626	34,160	23,112,226
2010	19,066,659	-	2,493,979	494,157	2,853	41,349	22,098,997
2011	18,918,478	-	2,300,674	507,790	3,199	70,535	21,800,676
2012	18,905,229	-	2,068,161	503,339	3,438	91,735	21,571,902
2013	18,754,042	-	915,604	533,296	3,477	91,361	20,297,780
2014	19,843,254	-	177,744	567,391	3,644	113,442	20,705,475
2015	22,277,346	-	195,865	585,647	3,904	129,676	23,192,438

**In 2008 the City changed the way it accounted for the revenue received for lodging taxes levied on local hotels. Previously the total amount received for lodging taxes (3% on lodging within the City) was recorded as lodging tax revenue, although only 5% of that amount was actually retained by the City, and the rest (95%) went to the North Metro Convention and Visitor's Bureau to promote the City as a tourist and convention center. In 2008 the City changed its accounting to report only its 5% share as the amount actually collected as revenue from the lodging tax.

CITY OF BLAINE, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Amounts Expressed in Whole Dollars)

	Fiscal Year			
	2006	2007	2008	2009
General fund:				
Reserved	\$213,366	\$43,965	\$73,661	\$77,837
Unreserved	9,548,027	10,247,115	9,811,821	9,795,673
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$9,761,393</u>	<u>\$10,291,080</u>	<u>\$9,885,482</u>	<u>\$9,873,510</u>
All other governmental funds:				
Reserved	\$5,429,771	\$6,521,950	\$8,821,377	\$5,073,455
Unreserved, reported in:				
Special revenue funds	2,886,802	2,197,593	1,579,763	1,112,395
Capital projects funds	25,298,652	39,446,977	32,597,252	31,532,603
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$33,615,225</u>	<u>\$48,166,520</u>	<u>\$42,998,392</u>	<u>\$37,718,453</u>

Note:

The City implemented GASB Statement No. 54 for the fiscal year ended December 31, 2011, resulting in significant reclassification of the components of fund balances.

Table 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$54,916	\$ -	\$ -	\$ -	\$ -	\$ -
10,584,953	-	-	-	-	-
-	90,740	189,125	32,037	245,976	221,911
-	-	48,691	-	-	-
-	10,848,967	10,381,874	9,142,896	9,132,261	10,842,450
<u>\$10,639,869</u>	<u>\$10,939,707</u>	<u>\$10,619,690</u>	<u>\$9,174,933</u>	<u>\$9,378,237</u>	<u>\$11,064,361</u>
\$7,342,489	\$ -	\$ -	\$ -	\$ -	\$ -
2,538,426	-	-	-	-	-
29,236,745	-	-	-	-	-
-	-	-	-	-	-
-	15,007,347	19,561,722	24,771,924	20,984,202	28,773,705
-	4,139,499	3,944,926	4,119,095	4,150,346	8,064,801
-	18,745,061	18,724,555	17,080,826	19,339,801	19,059,943
-	(6,997)	-	-	(977,537)	(2,028,000)
<u>\$39,117,660</u>	<u>\$37,884,910</u>	<u>\$42,231,203</u>	<u>\$45,971,845</u>	<u>\$43,496,812</u>	<u>\$53,870,449</u>

CITY OF BLAINE, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Amounts Expressed in Whole Dollars)

	Fiscal Year			
	2006	2007	2008	2009
Revenues:				
Taxes	\$18,555,886	\$20,720,799	\$21,966,110	\$22,903,739
Special assessments	1,548,848	2,033,199	830,226	795,730
Park Dedication Fees *	-	-	-	-
Licenses and permits	1,996,239	2,145,265	1,644,182	1,274,114
Intergovernmental	3,016,457	3,081,977	2,088,320	2,621,075
Charges for services	5,925,421	3,674,353	3,966,311	4,074,411
Fines	299,474	342,137	333,782	331,235
Investment earnings	2,254,468	3,111,160	2,839,469	1,222,800
Miscellaneous	2,860,672	1,673,399	1,427,950	346,132
Total revenues	<u>36,457,465</u>	<u>36,782,289</u>	<u>35,096,350</u>	<u>33,569,236</u>
Expenditures:				
General government	3,694,185	3,946,868	4,179,951	3,977,413
Public safety	7,803,310	8,668,609	9,519,086	9,959,361
Public works	5,777,782	6,176,629	6,898,031	6,605,552
Sanitation	2,401,822	-	-	-
Recreation	855,926	893,576	977,558	1,030,243
Community development	2,515,524	2,359,373	2,446,220	2,415,468
Unallocated expenditures	350,455	524,100	558,707	490,227
Capital outlay	18,103,299	11,763,044	16,501,380	12,917,581
Debt service:				
Principal	3,255,000	3,240,000	2,860,000	2,730,000
Interest	1,168,293	1,161,077	1,256,738	1,357,456
Fiscal Charges	126,719	67,922	74,607	38,969
Total expenditures	<u>46,052,315</u>	<u>38,801,198</u>	<u>45,272,278</u>	<u>41,522,270</u>
Excess of revenues over (under) expenditures	<u>(9,594,850)</u>	<u>(2,018,909)</u>	<u>(10,175,928)</u>	<u>(7,953,034)</u>
Other financing sources (uses):				
Transfers in	15,320,858	9,597,116	4,004,340	4,963,451
Transfers out	(14,969,825)	(4,964,339)	(3,657,029)	(2,478,842)
Sale of capital assets	73,997	2,767,113	41,410	176,514
Refunding bonds issued	-	-	-	-
Tax increment refunding bonds issued	5,215,000	-	-	-
Equipment certificates issued	-	-	-	-
General obligation bonds issued	-	-	-	-
Tax increment bonds issued	-	-	-	-
Improvement bonds issued	-	9,700,000	4,140,000	-

* Park Dedication Fees were reclassified to their own line out of Miscellaneous in 2014. Prior years' fees were not reclassified.

Table 5
Page 1 of 2

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$22,133,465	\$21,895,707	\$21,742,699	\$20,429,954	\$20,770,115	\$23,216,490
1,918,711	1,139,678	1,296,490	1,486,110	1,481,674	1,372,464
-	-	-	-	1,143,383	1,258,705
1,572,484	1,629,284	1,911,834	1,838,784	1,953,174	2,223,602
3,759,522	2,932,339	2,822,485	2,901,687	3,482,411	4,368,687
4,217,737	4,391,274	4,694,054	4,532,141	4,555,162	4,629,041
362,512	347,040	312,929	269,301	287,657	258,261
712,480	1,992,891	785,783	(440,216)	1,305,228	743,940
445,111	1,084,446	476,933	976,973	623,547	578,536
<u>35,122,022</u>	<u>35,412,659</u>	<u>34,043,207</u>	<u>31,994,734</u>	<u>35,602,351</u>	<u>38,649,726</u>
4,227,517	4,140,915	4,408,125	4,460,082	4,659,281	4,813,924
10,066,883	10,355,594	10,509,365	10,775,724	11,108,825	11,665,706
6,507,272	6,702,153	6,907,024	7,060,909	7,151,296	7,070,819
-	-	-	-	-	-
1,101,047	1,033,033	1,139,859	1,054,150	1,052,562	1,208,346
2,606,450	2,031,014	2,021,440	2,007,063	1,828,346	2,074,982
639,800	373,953	374,839	375,764	375,822	400,826
5,627,495	7,668,895	6,024,106	5,396,361	11,375,476	6,858,990
3,430,000	3,460,000	3,100,000	3,085,000	6,040,000	3,422,744
1,324,534	1,194,467	1,071,894	1,000,681	940,891	955,062
55,176	56,875	70,788	97,647	95,435	6,825
<u>35,586,174</u>	<u>37,016,899</u>	<u>35,627,440</u>	<u>35,313,381</u>	<u>44,627,934</u>	<u>38,478,224</u>
<u>(464,152)</u>	<u>(1,604,240)</u>	<u>(1,584,233)</u>	<u>(3,318,647)</u>	<u>(9,025,583)</u>	<u>171,502</u>
8,032,090	3,874,883	4,803,776	2,410,258	2,615,926	12,898,848
(7,729,699)	(3,081,555)	(4,183,785)	(2,010,202)	(1,972,546)	(1,114,439)
80,504	73,990	45,518	127,527	108,944	103,850
1,720,000	-	-	-	-	-
-	-	-	-	-	-
485,000	1,555,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	4,945,000	4,900,000	5,760,000	-

CITY OF BLAINE, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
 (Modified Accrual Basis of Accounting)
 (Amounts Expressed in Whole Dollars)

	Fiscal Year			
	2006	2007	2008	2009
Other financing sources (uses): (continued)				
Premium on bonds issued	\$ -	\$ -	\$73,482	\$ -
Discount on bonds issued	(15,957)	-	-	-
Payments to refunded bond escrow agent	(5,154,001)	-	-	-
Loan proceeds	1,054,000	-	-	-
Total other financing sources (uses)	<u>1,526,078</u>	<u>17,101,897</u>	<u>4,604,211</u>	<u>2,661,123</u>
Net change in fund balances	<u>(\$8,068,772)</u>	<u>\$15,082,988</u>	<u>(\$5,571,717)</u>	<u>(\$5,291,911)</u>
Debt service as a percentage of noncapital expenditures	14.77%	14.12%	13.06%	13.05%

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ -	\$ -	\$ -	\$186,949	\$241,530	\$ -
41,823	-	-	-	-	-
-	(1,695,000)	-	-	-	-
-	-	-	-	-	-
<u>2,629,718</u>	<u>727,318</u>	<u>5,610,509</u>	<u>5,614,532</u>	<u>6,753,854</u>	<u>11,888,259</u>
<u>\$2,165,566</u>	<u>(\$876,922)</u>	<u>\$4,026,276</u>	<u>\$2,295,885</u>	<u>(\$2,271,729)</u>	<u>\$12,059,761</u>
15.34%	14.34%	13.42%	13.43%	19.76%	13.44%

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CITY OF BLAINE, MINNESOTA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Table 6

LAST TEN FISCAL YEARS

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Whole Dollars)

Fiscal Year Ended December 31,	Real Property		Personal Property	Less: TIF & Net Fiscal Disparity Contribution	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property						
2006	\$38,119,839	\$15,366,111	\$966,913	(\$8,270,264)	\$46,182,599	31.23%	\$4,678,049,900	1.16%
2007	43,328,578	17,781,086	1,016,984	(9,097,352)	53,029,296	29.66%	5,312,083,700	1.17%
2008	46,390,710	20,372,605	1,080,614	(10,528,995)	57,314,934	29.14%	5,721,060,200	1.19%
2009	47,303,800	23,113,030	1,160,596	(11,669,948)	59,907,478	29.15%	5,959,525,500	1.20%
2010	45,063,531	23,548,326	1,217,277	(11,728,776)	58,100,358	29.51%	5,726,384,700	1.22%
2011	41,037,407	21,105,384	1,282,602	(11,465,413)	51,959,980	32.80%	5,213,097,700	1.22%
2012	36,582,348	19,240,519	1,289,228	(9,415,770)	47,696,325	33.56%	5,030,420,000	1.14%
2013	33,157,503	17,159,162	1,282,771	(7,797,724)	43,801,712	36.74%	4,611,240,900	1.12%
2014	34,005,117	16,441,998	1,226,345	(6,394,793)	45,278,667	36.38%	4,661,675,400	1.11%
2015	41,067,310	16,725,261	1,263,593	(6,333,002)	52,723,162	35.50%	5,338,980,600	1.11%

Source: Anoka and Ramsey County Property Records Office

CITY OF BLAINE, MINNESOTA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Blaine		
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate
2006	28.007	3.227	31.234
	28.007	3.227	31.234
	28.007	3.227	31.234
2007	26.982	2.676	29.658
	26.982	2.676	29.658
	26.982	2.676	29.658
2008	27.033	2.102	29.135
	27.033	2.102	29.135
	27.033	2.102	29.135
2009	26.636	2.515	29.151
	26.636	2.515	29.151
	26.636	2.515	29.151
2010	26.505	3.005	29.510
	26.505	3.005	29.510
	26.505	3.005	29.510
2011	29.541	3.256	32.797
	29.541	3.256	32.797
	29.541	3.256	32.797
2012	29.536	4.027	33.563
	29.536	4.027	33.563
	29.536	4.027	33.563
2013	32.437	4.301	36.738
	32.437	4.301	36.738
	32.437	4.301	36.738
2014	32.070	4.309	36.379
	32.070	4.309	36.379
	32.070	4.309	36.379
2015	30.776	4.719	35.495
	30.776	4.719	35.495
	30.776	4.719	35.495

*Overlapping rates are those of local and county governments that apply to property owners within the City of Blaine. Not all overlapping rates apply to all City of Blaine property owners. For example, the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district.

Source: Anoka County Assessor's Office

Table 7

Overlapping Rates*					
Anoka County	School Districts				Total
Total	Combined Operating/Debt Tax Rate			Special	Direct &
County				Districts	Overlapping
Tax Rate	ISD #11	ISD #12	ISD #16		Rates
32.096	20.046	-	-	6.707	90.083
32.096	-	40.253	-	7.894	111.477
32.096	-	-	17.437	7.894	88.661
30.696	19.353	-	-	7.224	86.931
30.696	-	38.090	-	7.224	105.668
30.696	-	-	25.779	5.909	92.042
31.078	16.983	-	-	8.514	85.710
31.078	-	35.258	-	8.514	103.985
31.078	-	-	26.213	8.514	94.940
32.078	18.263	-	-	11.565	91.057
32.078	-	34.593	-	12.581	108.403
32.078	-	-	27.155	14.388	102.772
35.189	19.939	-	-	6.419	91.057
35.189	-	37.285	-	6.419	108.403
35.189	-	-	31.654	6.419	102.772
39.952	23.999	-	-	7.274	104.022
39.952	-	43.695	-	7.274	123.718
39.952	-	-	34.028	7.274	114.051
41.146	23.325	-	-	7.182	105.216
41.146	-	40.010	-	8.550	123.269
41.146	-	-	39.443	8.550	122.702
44.411	26.801	-	-	7.790	115.740
44.411	-	43.681	-	8.970	133.800
44.411	-	-	44.440	8.970	134.559
43.613	28.265	-	-	8.609	116.866
43.613	-	46.186	-	8.609	134.787
43.613	-	-	44.562	8.609	133.163
38.443	22.482	-	-	7.734	104.154
38.443	-	36.562	-	7.734	118.234
38.443	-	-	40.045	7.734	121.717

CITY OF BLAINE, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
 (Amounts Expressed in Whole Dollars)

Table 8

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Glimacher Northtown Venture, LLC	\$943,642	1	1.60%	\$1,142,026	1	3.67%
Blaine Associates LLC	496,796	2	0.84%			
Connexus Energy	346,640	3	0.59%	326,916	4	1.05%
Minnegasco Inc	344,478	4	0.58%			
Walmart Real Estate Business Trust	322,648	5	0.55%	274,378	7	0.88%
Blaine Partners LLC	305,721	6	0.52%			
Mills Properties Inc.	276,966	7	0.47%			
Infinite Campus	260,070	8	0.44%			
Menards	249,842	9	0.42%	258,750	10	0.83%
SNH Blaine Inc.	236,948	10	0.40%			
Property Tax Advisors				586,054	2	1.88%
Raymen Associates of Blaine				336,246	3	1.08%
North Court RE Holdings, Inc.				306,826	5	0.98%
Target Corporation				280,330	6	0.90%
Individual				267,908	8	0.86%
Engelsma Ltd. Partnership				265,392	9	0.85%
Totals	<u>\$3,783,751</u>		<u>6.41%</u>	<u>\$4,044,826</u>		<u>12.98%</u>

Source: Anoka County Assessor's Office

CITY OF BLAINE, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 December 31, 2015
 (Amounts Expressed in Whole Dollars)

Table 9

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	\$15,473,058	\$15,151,667	97.9%	\$252,722	\$15,404,389	99.6%
2007	17,295,649	16,902,091	97.7%	302,026	17,204,117	99.5%
2008	18,679,232	17,998,584	96.4%	342,138	18,340,722	98.2%
2009	19,292,648	18,844,700	97.7%	376,632	19,221,332	99.6%
2010	19,921,967	18,565,639	93.2%	264,338	18,829,977	94.5%
2011	19,946,864	18,617,251	93.3%	195,117	18,812,368	94.3%
2012	19,045,086	18,771,456	98.6%	105,957	18,877,413	99.1%
2013	19,024,390	18,639,325	98.0%	130,969	18,770,294	98.7%
2014	19,902,000	19,176,566	96.4%	111,539	19,288,105	96.9%
2015	22,246,025	22,140,443	99.5%	-	22,140,443	99.5%

CITY OF BLAINE, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Table 10

(Amounts Expressed in Whole Dollars, except for per capita amount)

Fiscal Year	Governmental Activities		Business-Type	Total Primary Government	Percentage of Personal Income*	Per Capita*
	General Obligation Bonds	Special Assessment Bonds	General Obligation Bonds			
2006	\$20,656,099	\$9,163,304	\$ -	\$29,819,403	1.42%	520
2007	28,138,980	8,258,321	-	36,397,301	1.69%	643
2008	26,291,240	11,587,139	6,302,916	44,181,295	2.00%	777
2009	24,564,045	10,706,588	5,893,239	41,163,872	1.83%	709
2010	24,941,020	9,268,290	5,553,562	39,762,872	1.85%	695
2011	22,864,667	7,859,992	5,208,003	35,932,662	1.89%	619
2012	21,125,918	11,535,601	4,854,697	37,516,216	1.56%	623
2013	24,490,147	10,311,742	4,491,393	39,293,282	1.52%	634
2014	25,293,309	9,450,418	4,113,088	38,856,815	1.48%	626
2015	23,444,464	8,013,431	3,728,088	35,185,983	1.28%	557

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

*See the Schedule of Demographic and Economic Statistics, Table 15, for personal income and population data.

CITY OF BLAINE, MINNESOTA

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Table 11

(Amounts Expressed in Whole Dollars, except for per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Restricted for Principal Repayment</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value* of Property</u>	<u>Per Capita**</u>
2006	\$29,819,403	\$ -	\$29,819,403	0.64%	520
2007	36,397,301	-	36,397,301	0.69%	643
2008	44,181,295	-	44,181,295	0.77%	777
2009	41,163,872	-	41,163,872	0.69%	709
2010	39,762,872	-	39,762,872	0.69%	695
2011	35,932,662	-	35,932,662	0.69%	619
2012	37,516,216	-	37,516,216	0.75%	623
2013	39,293,282	-	39,293,282	0.85%	634
2014	38,856,815	-	38,856,815	0.83%	626
2015	35,185,983	-	35,185,983	0.66%	557

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

*See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 125 for property value data.

**Population data can be found in the schedule of Demographic and Economic Statistics on page 138.

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CITY OF BLAINE, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2015

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Direct debt:			
City	<u>\$31,457,895</u>	100.0%	<u>\$31,457,895</u>
Overlapping debt:			
Anoka County	130,006,284	19.5%	25,351,225
Ramsey County	166,075,000	0.1%	166,075
Ramsey County Library	34,370,000	0.2%	68,740
Independent School District #11-Anoka-Hennepin	95,720,000	14.1%	13,496,520
Independent School District #12-Centennial	87,753,685	24.8%	21,762,914
Independent School District #16-Spring Lake Park	101,821,855	66.7%	67,915,177
Independent School District #621-Mounds View	101,215,000	0.5%	506,075
Metropolitan Council	20,500,000	1.8%	369,000
Metropolitan Transit District	<u>285,320,000</u>	2.3%	<u>6,562,360</u>
Subtotal, overlapping debt	<u>1,022,781,824</u>		<u>136,198,086</u>
Total direct and overlapping debt	<u><u>\$1,054,239,719</u></u>		<u><u>\$167,655,981</u></u>

Source: Information obtained from taxing districts by financial consultant.

*The percentage of overlapping debt applicable is estimated using 2015 taxable net tax capacity values. Applicable percentages were estimated by determining the portion of the county's taxable net tax capacity value that is within the government's boundaries and dividing it by the county's total taxable net tax capacity values.

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 government'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.

CITY OF BLAINE, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years
 (Amounts Expressed in Whole Dollars)

	Fiscal Year			
	2006	2007	2008	2009
Debt limit	\$93,560,998	\$106,241,674	\$171,631,806	\$176,151,961
Total net debt applicable to limit	13,050,000	21,745,000	26,905,000	19,800,000
Legal debt margin	<u>\$80,510,998</u>	<u>\$84,496,674</u>	<u>\$144,726,806</u>	<u>\$156,351,961</u>
Total net debt applicable to the limit as a percentage of debt limit	13.95%	20.47%	15.68%	11.24%

Note: Under current state finance law, the City's outstanding general obligation debt should not exceed 3 percent of the total estimated market value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. Prior to 2008 the legal debt limit was 2 percent and was calculated on that basis for years 2003 to 2007.

Table 13

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$170,400,132	\$155,049,486	\$127,874,724	\$138,337,227	\$139,850,262	\$160,169,418
<u>14,665,676</u>	<u>19,330,000</u>	<u>18,260,000</u>	<u>21,755,000</u>	<u>22,815,000</u>	<u>21,325,000</u>
<u>\$155,734,456</u>	<u>\$135,719,486</u>	<u>\$109,614,724</u>	<u>\$116,582,227</u>	<u>\$117,035,262</u>	<u>\$138,844,418</u>
8.61%	12.47%	14.28%	15.73%	16.31%	13.31%

Legal Debt Margin Calculation for Fiscal Year 2015

Estimated market value	\$5,338,980,600
Add back: exempt real property	-
Total estimated market value	<u>5,338,980,600</u>
Debt limit (3% of total assessed value)	160,169,418
Debt applicable to limit:	
General obligation bonds	21,325,000
Less: Cash and investments in applicable debt service funds	<u>(12,418,624)</u>
Total net debt applicable to limit	<u>8,906,376</u>
Legal debt margin	<u>\$151,263,042</u>

CITY OF BLAINE, MINNESOTA
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years
 (Amounts Expressed in Whole Dollars)

Fiscal Year	Water Revenue Bonds			Debt Service Principal
	Gross Revenues	Less: Operating Expenses	Net Available Revenue	
2006	N/A	N/A	N/A	\$ -
2007	N/A	N/A	N/A	-
2008	N/A	N/A	N/A	-
2009	\$4,444,150	\$2,449,528	\$1,994,622	405,000
2010	4,216,735	2,227,362	1,989,373	335,000
2011	4,159,804	3,225,686	934,118	345,000
2012	5,069,784	3,547,932	1,521,852	350,000
2013	4,538,200	2,608,553	1,929,647	360,000
2014	4,346,638	2,808,183	1,538,455	375,000
2015	4,375,150	2,436,518	1,938,632	385,000

Note: Details regarding the City of Blaine's outstanding debt can be found in the notes to the financial statements. Sewer charges and other includes investment earnings but not tap fees. Operating expenses do not include interest or depreciation.

Table 14

Water Revenue Bonds			Special Assessment Bonds			
Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
Interest				Principal	Interest	
\$ -		N/A	\$842,228	\$560,000	\$348,874	0.93
-		N/A	920,466	890,000	320,990	0.76
-		N/A	432,753	885,000	289,191	0.37
264,577		2.98	327,810	885,000	256,391	0.29
214,813		3.62	415,019	1,430,000	223,447	0.25
204,181		1.70	1,027,724	1,400,000	311,704	0.60
192,887		2.80	1,515,187	1,230,000	262,783	1.02
180,900		3.57	1,442,951	1,240,000	272,750	0.95
168,038		2.83	1,435,372	4,260,000	170,361	0.32
154,738		3.59	1,384,790	1,415,000	182,388	0.87

Fiscal Year	Population (1)	Total Estimated Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (3)	Education Level in Years of			City of Blaine Unemployment Rate (7)	Anoka County Unemployment Rate (7)
				Median Age (4)	Formal Schooling (5)	School Enrollment (6)		
2006	57,400	\$2,099,462,400	\$36,576	33.5	13.4	12,273	3.9%	4.2%
2007	56,575	2,159,015,150	38,162	33.5	13.4	12,283	4.4%	4.8%
2008	56,888	2,204,068,672	38,744	34.4	13.4	12,124	5.1%	5.3%
2009	58,020	2,247,926,880	38,744 *	33.7	13.4	12,803	7.4%	7.8%
2010	57,186	2,152,824,156	37,646	32.7	13.4	12,082	6.6%	7.1%
2011	58,020	1,905,608,880	32,844 *	35.6	13.4	12,082	5.5%	5.9%
2012	60,199	2,398,930,150	39,850 *	35.0	13.4	12,082	5.1%	5.8%
2013	62,018	2,579,204,584	41,588 *	35.4	13.8	12,803	4.1%	4.5%
2014	62,066	2,621,419,576	42,236 *	35.6	13.8	12,727	3.1%	3.4%
2015	63,180	2,742,770,160	43,412 *	36.2	13.9	12,776	3.1%	3.4%

*Estimated

Sources:

- 1 Population figures for 2010 are from census data. Population figures for all other years are based on estimates from the City's Economic Development Authority.
- 2 Estimated Personal Income is calculated by taking the Per Capita Personal Income and multiplying it by the City's population.
- 3 US Dept of Commerce, BEA for Anoka County
- 4 U.S. Census Bureau
- 5 U.S. Census Bureau (for persons age 25 years and over).
- 6 Minnesota Department of Education for Anoka County
- 7 Minnesota Department of Economic Security

CITY OF BLAINE, MINNESOTA
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

Table 16

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Aveda Corporation	650	1	2.80%	633	1	3.28%
Infinite Campus	450	2	1.94%			0.00%
Cub Foods (three locations)	360	3	1.55%	440	2	2.28%
Target Corporation	350	4	1.51%			0.00%
Carley Foundry, Inc.	340	5	1.47%	213	3	1.10%
Bermo, Inc.	270	6	1.16%	200	5	1.04%
National Sports Center	250	7	1.08%	100	9	0.52%
PTC	230	8	0.99%			0.00%
Home Depot (two locations)	220	9	0.95%			0.00%
Walmart Stores, Inc	200	10	0.86%			0.00%
Best Buy			0.00%	200	4	1.04%
City of Blaine			0.00%	193	6	1.00%
General Pattern Company			0.00%	153	7	0.79%
Kohl's Department Store			0.00%	151	8	0.78%
Dayton Rogers Manufacturing			0.00%	100	10	0.52%
Total	3,320		14.31%	2,383		12.35%

Sources: City of Blaine Economic Development Authority

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CITY OF BLAINE, MINNESOTA
BUDGETED FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

Table 17

Function	Full-time Equivalent Employees as of December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government:										
Administration	9.50	10.00	10.00	10.00	9.00	8.00	8.00	8.00	8.00	8.00
Finance and information services	14.60	15.50	15.60	15.80	15.80	14.50	14.50	15.80	15.80	17.40
Public safety:										
Police:										
Officers	55.00	58.00	62.00	62.00	62.00	62.00	62.00	59.00	59.00	60.00
Civilians	16.20	16.20	16.20	16.20	16.20	15.20	14.00	15.90	15.90	15.90
Fire/community standards:										
Firefighters and officers	6.00	6.00	6.00	6.00	6.00	6.00	4.00	4.00	4.00	4.00
Civilians	4.00	4.00	4.00	4.00	4.00	4.00	6.00	6.00	6.00	6.00
Public services:										
Public works:										
Engineering	12.00	13.00	13.00	13.00	13.00	12.80	12.80	13.50	13.50	12.50
Maintenance	37.00	36.00	36.00	34.50	34.50	33.50	31.75	32.75	32.75	34.25
Water, sewer and storm sewer	18.00	19.00	19.00	18.00	17.00	17.00	16.25	16.25	16.25	18.25
Culture and recreation	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00	6.00	6.00
Community development:										
Planning	4.00	5.00	5.00	5.00	4.00	4.00	3.00	3.00	4.00	4.00
Economic development	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.80	1.80	1.80
Building inspections	12.20	12.20	12.20	12.20	11.40	12.20	6.80	6.20	6.20	7.90
Total	197.50	203.90	208.00	205.70	201.90	198.20	188.10	188.20	189.20	196.00

Source: City of Blaine annual budget

CITY OF BLAINE, MINNESOTA
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year			
	2006	2007	2008	2009
Police				
Total arrests	2,807	2,227	2,200	2,189
Serious crimes	4,899	4,565	4,753	4,263
Total calls for service	33,203	32,165	31,022	29,713
Traffic violations	3,974	4,718	5,661	5,894
Fire				
Number of calls answered	815	844	844	857
Inspections	2,359	2,256	2,031	1,766
Highways and streets				
Street resurfacing (miles)	4.12	4.32	4.96	5.00
Sealcoating (miles)	13.65	15.65	8.54	9.00
Sanitation				
Refuse collected (tons/day)	48.06	46.38	45.56	45.58
Recyclables collected (tons/day)	15.81	13.44	12.56	12.57
Culture and recreation				
Youth activity participants	8,884	10,388	11,952	13,744
Adult activity participants	2,645	3,758	4,742	5,975
Senior activity participants	23,966	25,485	24,595	24,682
Facility usage permits	6,305	6,329	6,854	7,402
Economic Development				
Building permits issued	2,502	6,935	4,948	3,058
Number of inspections	14,333	10,204	12,717	9,236
Water				
New connections	271	264	364	201
Water main breaks	5	10	7	6
Average daily consumption (thousands of gallons)	6,727,597	6,931,178	6,764,392	7,328,370
Sewer				
Sewer pipes cleaned (linear feet)	209,000	119,790	109,300	280,000
Sewer pipes televised (linear feet)	210,000	-	37,000	109,000
Sewer pipes lined (linear feet)	2,157	550	36,863	87,175
Average daily sewage treatment (thousands of gallons)	5,041,096	5,178,082	4,906,849	5,186,301

Source: Statistics kept by City of Blaine departments

Table 18

Fiscal Year						
2010	2011	2012	2013	2014	2015	
1,856	1,790	1,718	1,539	1,406	1,118	
5,595	5,461	5,554	5,174	5,448	4,661	
29,429	29,715	22,044	22,091	22,412	18,204	
5,900	5,397	4,693	3,701	4,906	2,857	
849	1,272	831	1,174	1,199	1,298	
1,617	1,557	1,786	2,020	2,328	2,594	
-	5.35	2.43	7.90	2.40	2.57	
5.71	7.29	7.44	5.20	4.00	16.38	
46.91	49.39	46.28	64.73	65.15	69.12	
13.65	12.26	14.34	16.78	14.94	15.00	
14,343	8,855	11,550	14,935	14,327	13,234	
6,466	6,934	7,106	6,403	4,968	5,607	
26,908	28,456	28,056	28,172	28,478	29,028	
12,920	11,738	12,189	11,606	12,102	13,265	
3,305	3,170	3,126	3,111	3,487	3,883	
10,207	13,560	12,606	11,360	13,207	14,594	
262	381	447	633	340	646	
10	4	8	9	4	7	
7,297,718	6,880,805	7,664,956	6,878,827	6,355,619	6,206,757	
120,000	102,000	250,500	318,000	355,000	134,395	
87,000	60,000	4,000	10,000	3,000	1,200	
104,471	-	13,389	-	22,589	-	
5,375,342	5,175,342	6,257,534	5,693,151	5,131,506	5,254,790	

CITY OF BLAINE, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years

Function	Fiscal Year			
	2006	2007	2008	2009
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	16	16	16	17
Fire stations	5	4	4	4
Highways and streets				
Streets (miles)	279	283	283	285
Traffic signals (city owned)	5	5	5	5
Culture and recreation				
Parks acreage	636	636	636	642
Parks	60	61	61	62
Miles of trails	54	54	54	55
Soccer fields	10	10	10	10
Lighted Park Shelters	3	3	3	4
Water				
Number of connections	16,295	16,559	16,923	17,124
Water mains (miles)	258	263	264	265
Fire hydrants	2,869	2,928	2,935	2,939
Maximum daily capacity (thousands of gallons)	6,727,597	6,931,178	6,764,392	7,328,370
Sewer				
Number of connections	16,250	16,500	16,750	17,110
Sanitary sewers (miles)	222	226	226	226
Storm Sewer				
Storm sewers (miles)	143	148	148	148

Source: Statistics kept by City of Blaine departments

Table 19

Fiscal Year						
2010	2011	2012	2013	2014	2015	
1	1	1	1	1	1	1
17	18	17	17	17	17	17
4	4	4	4	4	4	4
287	288	288	289	290	295	
5	5	5	5	5	5	
673	707	707	710	748	750	
62	62	63	63	64	65	
63	63	63	67	67	69	
10	10	11	11	11	13	
4	4	4	4	4	4	
17,435	17,816	18,239	18,385	18,596	19,242	
266	267	267	269	270	274	
2,951	2,957	2,965	2,994	3,016	3,061	
7,297,718	6,880,805	7,664,956	6,878,827	6,355,619	6,206,757	
17,340	17,464	18,192	18,305	18,453	19,065	
227	227	228	228	230	261	
149	149	149	184	199	199	

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