

City of Blaine, Minnesota

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

Issued by the Finance Department



Comprehensive Annual Financial Report
for the year ended December 31, 2013

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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Blaine, Minnesota 55449-8101
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www.ci.blaine.mn.us

June 19, 2014

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, 2013.

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 HLB Tautges Redpath, 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, 2013 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, 2013, 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 62,018 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 38-39 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. Aveda, known worldwide as a strong supporter of the environment, resides on a 65-acre site that employs approximately 700 people. Overall, the City has an employed labor force of roughly 23,000.

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 permanent 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 19 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 five years from 2009 through 2013 Blaine added 1,653 new housing units, ranking fourth in the Twin Cities metropolitan area, behind Minneapolis, Woodbury, 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 900,000 square-feet of new commercial/industrial space added over the past five years.

Long-term financial planning

Fueled by an expanding population base and rapid 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 2013. The program, adopted in 2003, will provide over \$50 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.

Work also continued in 2013 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 2013 Blaine completed roughly \$847,000 in overlay projects and \$2.8 million in reconstruction work under the PMP. Funding for the PMP will come 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, 2013, the time remaining until the investments' maturity ranged from 21 days to 14.5 years with an average of 61 months remaining until maturity. The yield on investments maturing, called, or sold in 2013 ranged from a high of 4.25% to a low of .10%. The City's average return on investments in 2013 was 1.28%

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 2012 with a cash balance of nearly \$1,087,000. 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

During 2012, the City purchased 38 acres of undeveloped land to be used for an athletic complex. The property, located in the City's Northeast quadrant, will serve as a regional facility and include two baseball fields, four multi-use fields for youth sports such as soccer, football and lacrosse, a basketball court, and a tennis court. Development plans for the park are now complete, with construction to take place through the second half of 2014 with completion expected in the Spring of 2015. Total cost to acquire and develop the complex is estimated at \$6.8 million. Funding for the project will come from park dedication fees paid by developers.

Construction of the Anoka County fiber-optic system was completed in 2013. The project, initiated in 2009, connects all governmental entities in Anoka County with approximately 280 miles of fiber at 142 locations. Fiber was installed at eight locations in Blaine with five of those locations – City Hall and the City's four water towers – activated in 2013. The project was completed at no cost to Blaine through grants secured by Anoka County. The new fiber provides transmission speeds ranging from 100 megabits per second to 1 gigabit per second – a vast improvement to the three to six megabits per second service Blaine received prior to the fiber installation.

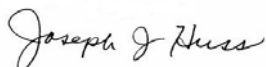
Awards and Acknowledgements

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, 2012. This was the thirtieth 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, 2012

Executive Director/CEO

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Legislative	Term Expires
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MAYOR

Thomas Ryan	December 31, 2016
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COUNCIL MEMBERS

Wes Hovland	December 31, 2014
Dick Swanson	December 31, 2016
Dave Clark	December 31, 2014
Mike Bourke	December 31, 2016
Katherine Kolb	December 31, 2014
Russ Herbst	December 31, 2016

Administrative	Date of Hire
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CITY MANAGER

Clark Arneson	February 25, 2008
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FINANCE DIRECTOR

Joseph J. Huss	July 17, 2003
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SAFETY SERVICES MANAGER/POLICE CHIEF

Christopher E. Olson	April 24, 1990
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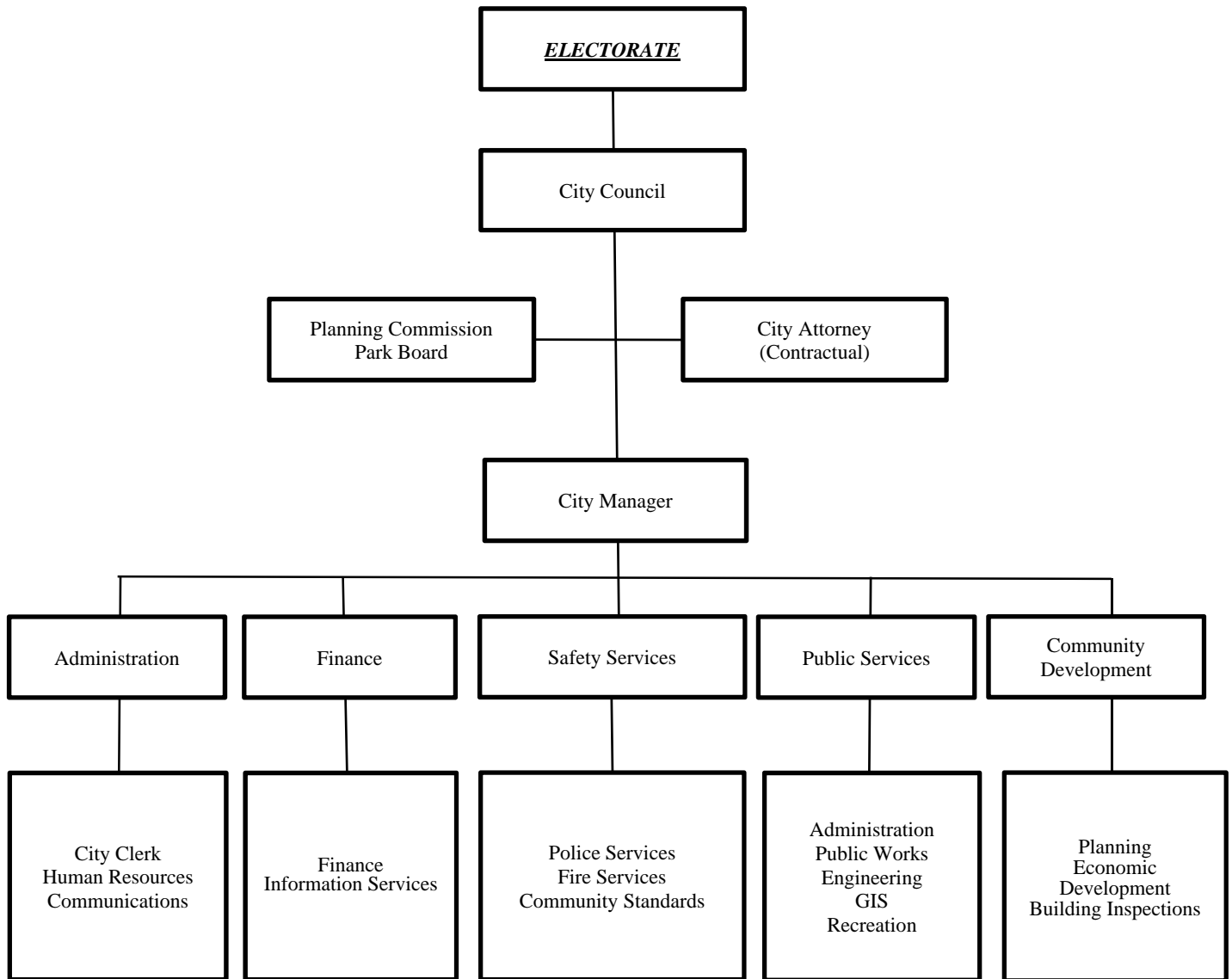
PUBLIC SERVICES MANAGER

Robert E. Therres	May 21, 2001
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COMMUNITY DEVELOPMENT DIRECTOR

Bryan K. Schafer	June 2, 1986
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ORGANIZATIONAL CHART



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, 2013, 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, 2013, 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 – Implementation of GASB 65

As described in Note 15 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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 2012 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 August 27, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 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 on pages 17 through 25 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 text. 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 19, 2014, 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.



HLB TAUTGES REDPATH, LTD.

June 19, 2014

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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, 2013. 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 \$362,626,686 (net position). Of this amount, \$49,689,674 (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 \$9,895,410.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$55,146,778 an increase of \$2,295,885 in comparison with the prior year. This increase is primarily due to the increase in cash and investments placed in escrow for the purpose of retiring debt.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,142,896, or 38 percent of the total general fund expenditures for 2013.
- The City's total long-term obligations increased by \$1,757,292 (approximately 4 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 29-31 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, and EDA capital projects fund all of which are considered major funds. Data from the nine 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. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 32-39 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 40-42 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statement can be found on page 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 45-76 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor 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 80-95 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 \$362,626,686 at the close of the most recent fiscal year.

The largest portion of the City's net position (81 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	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$66,454,836	\$63,062,964	\$24,314,152	\$23,891,963	\$90,768,988	\$86,954,927
Capital assets	185,895,631	179,386,934	136,323,193	133,379,565	322,218,824	312,766,499
Total assets	<u>\$252,350,467</u>	<u>\$242,449,898</u>	<u>\$160,637,345</u>	<u>\$157,271,528</u>	<u>\$412,987,812</u>	<u>\$399,721,426</u>
Long-term liabilities						
outstanding	\$39,417,412	\$37,296,816	\$4,491,393	\$4,854,697	\$43,908,805	\$42,151,513
Other liabilities	5,371,484	3,871,339	1,080,837	967,298	6,452,321	4,838,637
Total liabilities	<u>\$44,788,896</u>	<u>\$41,168,155</u>	<u>\$5,572,230</u>	<u>\$5,821,995</u>	<u>\$50,361,126</u>	<u>\$46,990,150</u>
Net position:						
Net investment in capital assets	\$160,416,967	\$151,926,174	\$134,402,798	\$130,977,212	\$294,819,765	\$282,903,386
Restricted	17,993,553	18,041,663	123,694	123,163	18,117,247	18,164,826
Unrestricted	29,151,051	31,313,906	20,538,623	20,349,158	49,689,674	51,663,064
Total net position	<u>\$207,561,571</u>	<u>\$201,281,743</u>	<u>\$155,065,115</u>	<u>\$151,449,533</u>	<u>\$362,626,686</u>	<u>\$352,731,276</u>

A small portion of the City's net position (five percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$49,689,674) 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 \$9,895,410 during 2013. Of this increase, 91%, or \$8,978,325, represents capital assets constructed by developers and donated to the City for maintaining.

Business-type activities. Business-type activities increased the City's net position by \$3,615,582. Key elements of this increase include positive performance in the City's water, sewer, and storm drainage utility operations.

Governmental activities. Governmental activities increased the City's net position by \$6,279,828 accounting for 63% of the growth in the government's net position. Key elements of this increase are on the following page:



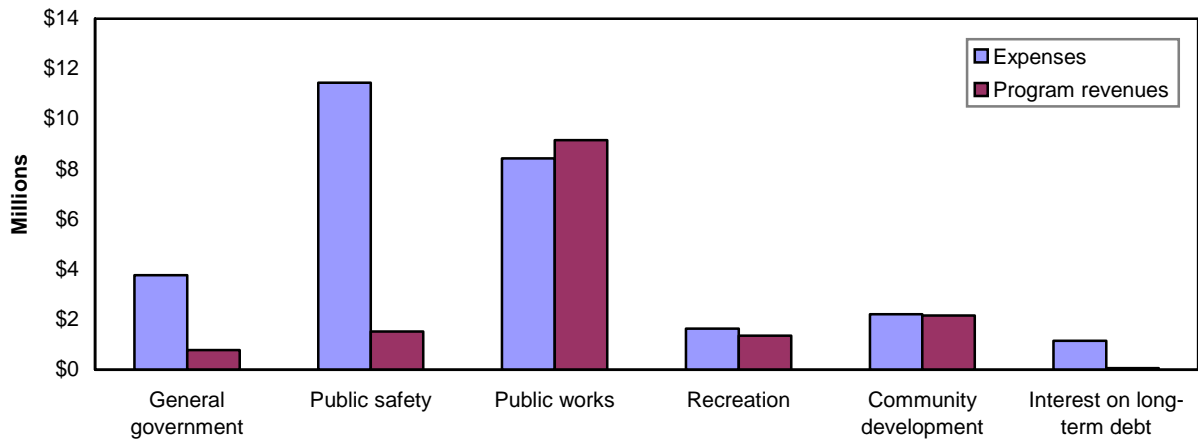
City's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$5,046,837	\$6,177,927	\$14,516,867	\$14,690,289	\$19,563,704	\$20,868,216
Operating grants and contributions	1,389,673	1,520,422	171,316	227,153	1,560,989	1,747,575
Capital grants and contributions	8,633,951	5,104,558	3,392,349	960,298	12,026,300	6,064,856
General revenues:						
Property taxes	19,669,646	20,973,390	-	-	19,669,646	20,973,390
Other taxes	628,134	598,512	-	-	628,134	598,512
Grants and contributions not restricted to specific programs	23,609	27,796	-	-	23,609	27,796
Other	(460,715)	831,588	(221,009)	399,413	(681,724)	1,231,001
Total revenues	<u>34,931,135</u>	<u>35,234,193</u>	<u>17,859,523</u>	<u>16,277,153</u>	<u>52,790,658</u>	<u>51,511,346</u>
Expenses:						
General government	3,777,931	5,702,507	-	-	3,777,931	5,702,507
Public safety	11,453,747	11,364,492	-	-	11,453,747	11,364,492
Public works	8,423,632	8,123,540	-	-	8,423,632	8,123,540
Recreation	1,645,900	1,703,196	-	-	1,645,900	1,703,196
Community development	2,220,316	2,016,411	-	-	2,220,316	2,016,411
Interest on long-term debt	1,160,736	1,070,006	-	-	1,160,736	1,070,006
Water	-	-	3,855,876	3,759,960	3,855,876	3,759,960
Sewer	-	-	4,909,651	4,729,733	4,909,651	4,729,733
Storm drainage	-	-	975,230	961,050	975,230	961,050
Sanitation	-	-	3,019,590	2,862,083	3,019,590	2,862,083
Senior housing	-	-	1,452,639	1,421,808	1,452,639	1,421,808
Total expenses	<u>28,682,262</u>	<u>29,980,152</u>	<u>14,212,986</u>	<u>13,734,634</u>	<u>42,895,248</u>	<u>43,714,786</u>
Increase in net position before transfers	6,248,873	5,254,041	3,646,537	2,542,519	9,895,410	7,796,560
Transfers	30,955	(483,015)	(30,955)	483,015	-	-
Increase in net position	<u>6,279,828</u>	<u>4,771,026</u>	<u>3,615,582</u>	<u>3,025,534</u>	<u>9,895,410</u>	<u>7,796,560</u>
Net position - 01/01, as restated	201,281,743	196,510,717	151,449,533	148,423,999	352,731,276	344,934,716
Prior period adjustment*	-	-	-	-	-	-
Net position - 12/31	<u><u>\$207,561,571</u></u>	<u><u>\$201,281,743</u></u>	<u><u>\$155,065,115</u></u>	<u><u>\$151,449,533</u></u>	<u><u>\$362,626,686</u></u>	<u><u>\$352,731,276</u></u>

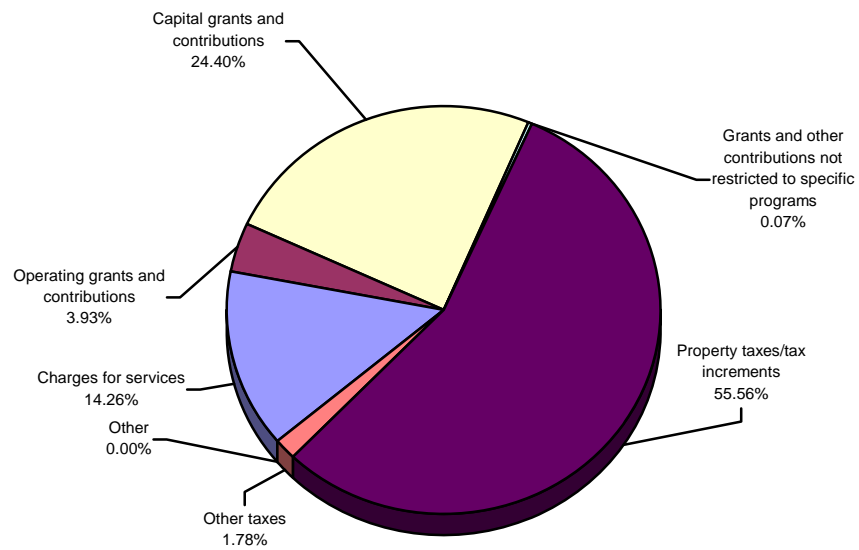
* See Note 15



Expenses and Program Revenues – Governmental Activities

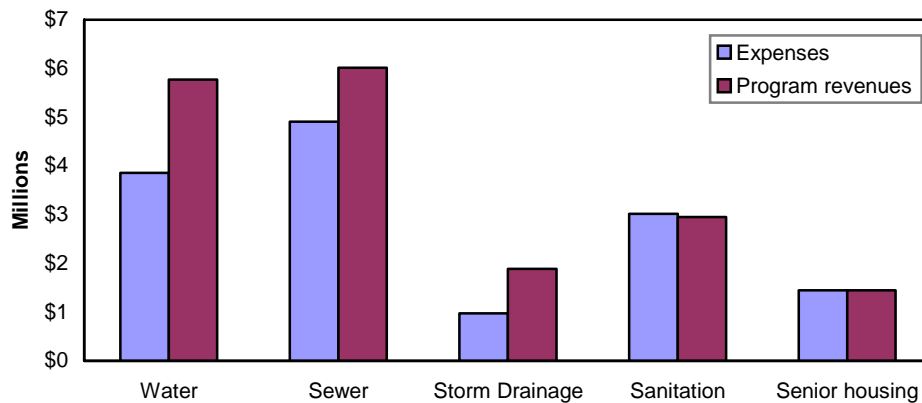


Revenues by Source – Governmental Activities

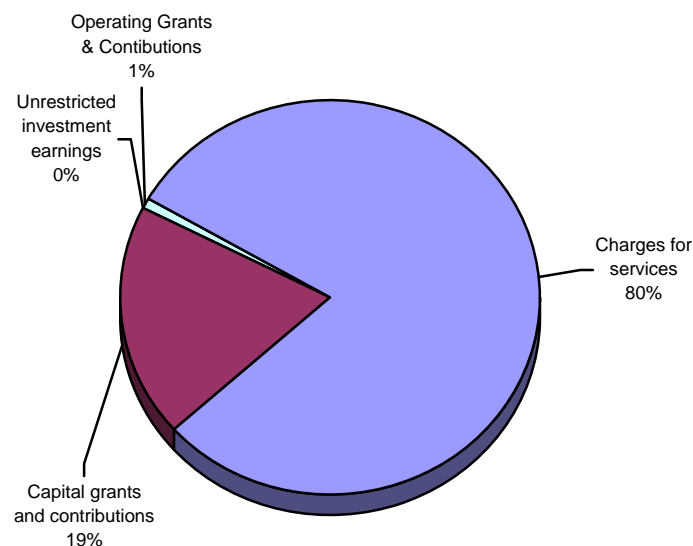




Expenses and Program Revenues – Business-type Activities



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 \$55,146,778, an increase of \$2,295,885 in comparison with the prior year. Approximately 55 percent of this total amount, or \$30,342,817, 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 (\$32,037); or restricted for 1) payment of debt service (\$12,732,322); 2) funding of qualified tax increment projects (\$11,625,627); or 3) contractual obligations or grant requirements (\$413,975).



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 \$9,142,896 while total fund balance reached \$9,174,933. 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 38 percent of the total general fund expenditures at the current fiscal year end.

The fund balance of the City's general fund decreased \$1,444,757 during the current fiscal year. The key factor responsible for this decrease was the planned transfer of unrestricted reserves from the general fund to general capital and city improvement projects funds.

The fund balance of the City's debt service fund was \$12,732,322, the entirety of which is restricted for the repayment of debt. The fund balance for debt service increased \$4,842,130 during the current fiscal year. The key factor responsible for this increase was the issuance of \$4.9 million of General Obligation cross-over refunding bonds in 2013, the proceeds of which were placed in escrow and will be held until 2015 when the refunded bonds are called.

The fund balance of the City's general capital projects fund was \$11,113,362 at fiscal year-end, an increase of \$118,305 over the previous year. The key factor responsible for this increase was the receipt of a \$695,853 transfer from the general fund, the proceeds of which is to be used for capital equipment.

The fund balance of the City's improvement projects fund was \$3,498,617 at fiscal year-end, a decrease of \$1,393,786 over the previous year. The decrease was expected as the City plan of reinvestment in its infrastructure, particularly the pavement management program, continues.

The fund balance of the City's tax increment financing (TIF) projects fund was \$11,625,627 at fiscal year-end, an increase of \$420,646 over the previous year. The increase in fund balance is mainly attributable to the deferral of spending on TIF-eligible projects as the City's comprehensive capital improvement plan is refined.

The EDA capital projects fund ended the year with a fund balance of \$23,611, a decline of \$295,339 from the previous year-end. The decline is a reflection of the City's plan to spend-down the fund balance that was generated from the 2003 sale of property for redevelopment. This sale funded EDA activity in the last decade and reduced the need for the EDA to levy property taxes to support economic development. With the fund balance now virtually depleted, the EDA has restored its annual property tax levy, and the balance in this fund is expected to increase and stabilize over the next few years.

The fund balance in the City's other governmental funds was \$6,978,306 at fiscal year-end, an increase of \$48,686 over the previous year. Additional information regarding activity in these funds can be found in statements 15 and 16 on pages 86 and 87 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 end of the year amounted to \$19,350,713 and that for the senior housing fund amounted to \$1,051,210. The growth in net position for the public utilities fund was \$3,733,286, due primarily to the acquisition of capital assets. The decrease in net position for the senior housing fund was \$319,618.

General Fund Budgetary Highlights

Actual total revenue fell short of final budgeted revenue by \$133,132 in the General Fund. Positive performances in the licenses and permits (\$199,084 greater than budgeted), intergovernmental (\$71,319), charges for services (\$84,124), and miscellaneous categories (\$121,059), could not offset lagging performances in property taxes (\$247,588 below budget), fines and forfeits (\$76,314), and investment income (\$284,816). 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 general government exceeded the budgeted amount by \$916, while total expenditures in public works and recreation exceeded the budgeted amount by \$65,064 and \$28,703 respectively. In public works, the deficit was the result of an extended winter season requiring greater expenditures on snow and ice management, while in recreation, higher public participation than anticipated in recreation programs was the cause of the overage. For public works, the City used contingency reserve funds to offset the overage, while the recreation division overage was more than offset by increased revenue associated with the increased participation. As a whole, expenditures and other financing uses exceeded actual revenues and other financing sources by \$1,444,757 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, 2013, amounts to \$322,218,824 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 \$8,978,325 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 \$309,948.
- Equipment and vehicles of \$1,060,789 were purchased during the year.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$104,044,406	\$99,699,668	\$3,409,994	\$3,409,994	\$107,454,400	\$103,109,662
Buildings and structures	31,113,424	32,330,245	12,392,773	12,745,014	43,506,197	45,075,259
Machinery and equipment	5,244,800	5,409,744	2,007,593	2,151,654	7,252,393	7,561,398
Distribution and collection system	-	-	97,501,716	94,355,687	97,501,716	94,355,687
Infrastructure	42,293,230	39,631,072	19,820,505	18,778,637	62,113,735	58,409,709
Construction in progress	3,199,771	2,316,205	1,190,612	1,938,579	4,390,383	4,254,784
Total	<u>\$185,895,631</u>	<u>\$179,386,934</u>	<u>\$136,323,193</u>	<u>\$133,379,565</u>	<u>\$322,218,824</u>	<u>\$312,766,499</u>

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 \$39,050,000. Of this amount, \$10,275,000 was for general obligation improvement debt which has financed special assessment construction as part the continuing development within the City. An additional \$2,560,000 was general obligation tax increment financing debt that financed the City's economic development and redevelopment program. There is also \$4,460,000 in outstanding utility revenue bonds that were issued to finance utility improvements including the construction of a water tower. The remaining \$21,755,000 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	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$21,755,000	\$18,260,000	\$ -	\$ -	\$21,755,000	\$18,260,000
General obligation improvement bonds	10,275,000	11,515,000	-	-	10,275,000	11,515,000
General obligation revenue bonds	-	-	4,460,000	4,820,000	4,460,000	4,820,000
General obligation tax increment financing bonds	2,560,000	2,875,000	-	-	2,560,000	2,875,000
Total	<u>\$34,590,000</u>	<u>\$32,650,000</u>	<u>\$4,460,000</u>	<u>\$4,820,000</u>	<u>\$39,050,000</u>	<u>\$37,470,000</u>

The City's total debt increased by a net amount of \$1,580,000 (4%) during the current fiscal year as a result of the issuance of \$4,900,000 in general obligation improvement bonds and a reduction of \$3,320,000 in principal from scheduled principal repayments

The City's bond rating for all of its general obligation debt was affirmed at Aa1 by Moody's Investor Service in April 2013.

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 \$138,337,227. Of the City's \$39,050,000 in outstanding debt at the current fiscal year end, \$19,415,000 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 64-69 of this report.

Economic Factors and Next Year's Budget and Rates

- The City's unemployment rate ended the year at 4.7 percent, which compares favorably with the state unemployment rate of 4.7 percent, and the national unemployment rate of 6.7 percent.
- The number of City building permits issued in 2013 declined slightly (by 152), while the valuation of those permits issued in 2013 declined by \$6 million (4%) compared to 2012. A total of 3,114 permits with a total valuation of \$135,202,022 were issued in 2013. Activity in 2012 was at 3,266 permits with a valuation of \$141,203,082.

During the current fiscal year, unrestricted fund balance in the general fund decreased by \$1,287,669. This decrease is a result of the transfer of unrestricted reserves from the general fund to capital project funds in 2013.

Water fees in the public utilities fund were last increased in 2003 for the 2004 fiscal year and are expected to remain at that level in 2014. The amounts were 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.

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

Statement 1

December 31, 2013

With Comparative Totals For December 31, 2012

	Primary Government			
	Governmental	Business-Type	Totals	
	Activities	Activities	2013	2012
Assets:				
Cash, cash equivalents, and pooled investments	\$53,445,911	\$20,826,370	\$74,272,281	\$74,745,776
Cash and investments with escrow agent	7,891,539	-	7,891,539	2,923,319
Delinquent taxes receivable	446,047	-	446,047	572,419
Tax increment receivable	14,388	-	14,388	20,191
Accounts receivable	321,712	2,675,329	2,997,041	3,046,199
Special assessments receivable	2,686,314	131,757	2,818,071	2,971,348
Intergovernmental receivable	630,154	182,976	813,130	915,321
Internal balances	(136,700)	136,700	-	-
Prepaid items and other assets	82,420	283,414	365,834	487,908
Loans receivable	868,703	-	868,703	1,023,839
Lease receivable	23,694	-	23,694	25,917
Accrued interest receivable	180,654	77,606	258,260	222,690
Capital assets (net of accumulated depreciation):				
Land	104,044,406	3,409,994	107,454,400	103,109,662
Building and structures	31,113,424	12,392,773	43,506,197	45,075,259
Machinery and equipment	5,244,800	2,007,593	7,252,393	7,561,398
Distribution and collection system	-	97,501,716	97,501,716	94,355,687
Infrastructure	42,293,230	19,820,505	62,113,735	58,409,709
Construction in progress	3,199,771	1,190,612	4,390,383	4,254,784
Total assets	<u>252,350,467</u>	<u>160,637,345</u>	<u>412,987,812</u>	<u>399,721,426</u>
Liabilities:				
Accounts payable	494,792	649,743	1,144,535	1,137,606
Accrued liabilities	661,680	39,080	700,760	711,084
Deposits payable	3,419,511	105,804	3,525,315	2,160,566
Contracts payable	203,918	49,004	252,922	47,981
Intergovernmental payable	357	82,140	82,497	85,520
Bond interest payable	465,521	72,750	538,271	494,278
Unearned revenue	125,705	82,316	208,021	201,602
Noncurrent liabilities:				
Due within one year	6,339,240	378,305	6,717,545	3,633,094
Due in more than one year	33,078,172	4,113,088	37,191,260	38,518,419
Total liabilities	<u>44,788,896</u>	<u>5,572,230</u>	<u>50,361,126</u>	<u>46,990,150</u>
Net position:				
Net investment in capital assets	160,416,967	134,402,798	294,819,765	282,686,280
Restricted for:				
Debt service	6,035,207	123,694	6,158,901	6,615,459
Tax increment purposes	11,640,015	-	11,640,015	11,225,172
Public safety programs	192,134	-	192,134	204,141
Charitable gambling	125,395	-	125,395	119,703
Energy Efficiency Block Grant	802	-	802	351
Unrestricted	29,151,051	20,538,623	49,689,674	51,880,170
Total net position	<u>\$207,561,571</u>	<u>\$155,065,115</u>	<u>\$362,626,686</u>	<u>\$352,731,276</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, 2013
With Comparative Totals For The Year Ended December 31, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges For Services</u>
Primary government:		
Governmental activities:		
General government	\$3,777,931	\$787,622
Public safety	11,453,747	673,702
Public works	8,423,632	418,737
Recreation	1,645,900	1,004,910
Community development	2,220,316	2,161,866
Interest on long-term debt	1,160,736	-
Total governmental activities	<u>28,682,262</u>	<u>5,046,837</u>
Business-type activities:		
Water	3,855,876	4,538,200
Sewer	4,909,651	4,712,081
Storm drainage	975,230	1,037,485
Sanitation	3,019,590	2,781,467
Senior housing	1,452,639	1,447,634
Total business-type activities	<u>14,212,986</u>	<u>14,516,867</u>
Total primary government	<u>\$42,895,248</u>	<u>\$19,563,704</u>

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position Primary Government			
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
				2013	2012
\$ -	\$ -	(\$2,990,309)	\$ -	(\$2,990,309)	(\$4,917,545)
862,724	-	(9,917,321)	-	(9,917,321)	(9,752,176)
444,895	8,296,468	736,468	-	736,468	(1,754,202)
22,854	333,764	(284,372)	-	(284,372)	(866,022)
-	3,675	(54,775)	-	(54,775)	1,182,660
59,200	44	(1,101,492)	-	(1,101,492)	(1,069,960)
<u>1,389,673</u>	<u>8,633,951</u>	<u>(13,611,801)</u>	<u>0</u>	<u>(13,611,801)</u>	<u>(17,177,245)</u>
-	1,233,876	-	1,916,200	1,916,200	1,624,608
-	1,304,592	-	1,107,022	1,107,022	248,411
-	853,881	-	916,136	916,136	167,061
171,316	-	-	(66,807)	(66,807)	(107,861)
-	-	-	(5,005)	(5,005)	210,887
<u>171,316</u>	<u>3,392,349</u>	<u>0</u>	<u>3,867,546</u>	<u>3,867,546</u>	<u>2,143,106</u>
<u>\$1,560,989</u>	<u>\$12,026,300</u>	<u>(13,611,801)</u>	<u>3,867,546</u>	<u>(9,744,255)</u>	<u>(15,034,139)</u>
General revenues:					
Property taxes		18,754,042	-	18,754,042	18,905,229
Tax increments		915,604	-	915,604	2,068,161
Franchise taxes		533,296	-	533,296	503,339
Lodging taxes		3,477	-	3,477	3,438
Gambling taxes		91,361	-	91,361	91,735
Gain on sale of assets		5,903	-	5,903	73,242
Grants and contributions not restricted to specific programs		23,609	-	23,609	27,796
Unrestricted investment earnings		(466,618)	(221,009)	(687,627)	1,157,759
Transfers		30,955	(30,955)	-	-
Total general revenues and transfers		<u>19,891,629</u>	<u>(251,964)</u>	<u>19,639,665</u>	<u>22,830,699</u>
Change in net position		<u>6,279,828</u>	<u>3,615,582</u>	<u>9,895,410</u>	<u>7,796,560</u>
Net position - January 1, as originally reported		201,281,743	151,449,533	352,731,276	345,151,822
Prior period adjustment		-	-	-	(217,106)
Net position - January 1, as restated		<u>201,281,743</u>	<u>151,449,533</u>	<u>352,731,276</u>	<u>344,934,716</u>
Net position - December 31		<u>\$207,561,571</u>	<u>\$155,065,115</u>	<u>\$362,626,686</u>	<u>\$352,731,276</u>

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

CITY OF BLAINE, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013
With Comparative Totals For December 31, 2012

	<u>General Fund</u>	<u>Debt Service</u>	<u>General Capital Projects</u>
Assets			
Cash and pooled investments	\$11,989,176	\$4,814,998	\$11,123,209
Cash and investments with escrow agent	-	7,891,539	-
Delinquent taxes receivable	370,878	56,237	-
Tax increments receivable	-	-	-
Accounts receivable	258,244	-	1,100
Due from other funds	-	-	-
Special assessments receivable	-	1,587,168	57,903
Intergovernmental receivable	142,816	15,651	-
Prepaid items and other assets	1,700	-	-
Inventory	30,337	-	-
Loans receivable	-	-	-
Lease receivable	-	-	-
Accrued interest receivable	31,651	10,135	41,504
	<u>31,651</u>	<u>10,135</u>	<u>41,504</u>
Total assets	<u>\$12,824,802</u>	<u>\$14,375,728</u>	<u>\$11,223,716</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Accounts payable	\$319,345	\$ -	\$31,835
Accrued liabilities	656,458	-	-
Deposits payable	2,002,126	-	12,500
Contracts payable	-	-	8,116
Due to other governments	357	-	-
Due to other funds	-	-	-
Unearned revenue	125,705	-	-
Total liabilities	<u>3,103,991</u>	<u>0</u>	<u>52,451</u>
Deferred inflows of resources:			
Unavailable revenue	545,878	1,643,406	57,903
Total deferred inflows of resources	<u>545,878</u>	<u>1,643,406</u>	<u>57,903</u>
Fund balance:			
Nonspendable	32,037	-	-
Restricted	-	12,732,322	95,644
Committed	-	-	33,083
Assigned	-	-	10,984,635
Unassigned	9,142,896	-	-
Total fund balance	<u>9,174,933</u>	<u>12,732,322</u>	<u>11,113,362</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$12,824,802</u>	<u>\$14,375,728</u>	<u>\$11,223,716</u>

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 and compensated absences 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	Other Governmental Funds	Total	
				2013	2012
\$5,098,077	\$11,555,860	\$22,513	\$6,068,987	\$50,672,820	\$51,223,037
-	-	-	-	7,891,539	2,923,319
18,932	-	-	-	446,047	572,419
-	14,388	-	-	14,388	20,191
-	-	-	50,793	310,137	347,663
-	-	-	-	-	297,222
1,018,236	-	-	23,007	2,686,314	2,834,566
445,185	2,909	-	23,593	630,154	787,691
-	-	-	-	1,700	121,428
-	-	-	-	30,337	67,697
-	-	-	868,703	868,703	1,023,839
-	23,694	-	-	23,694	25,917
21,693	43,164	1,098	22,242	171,487	149,971
<u>\$6,602,123</u>	<u>\$11,640,015</u>	<u>\$23,611</u>	<u>\$7,057,325</u>	<u>\$63,747,320</u>	<u>\$60,394,960</u>
\$35,657	\$ -	\$ -	\$35,789	\$422,626	\$530,101
-	-	-	5,222	661,680	662,836
1,397,747	-	-	7,138	3,419,511	2,050,481
187,939	-	-	7,863	203,918	28,382
-	-	-	-	357	537
-	-	-	-	-	297,222
-	-	-	-	125,705	119,286
<u>1,621,343</u>	<u>0</u>	<u>0</u>	<u>56,012</u>	<u>\$4,833,797</u>	<u>\$3,688,845</u>
1,482,163	14,388	-	23,007	3,766,745	3,855,222
<u>1,482,163</u>	<u>14,388</u>	<u>0</u>	<u>23,007</u>	<u>\$3,766,745</u>	<u>\$3,855,222</u>
-	-	-	-	32,037	189,125
-	11,625,627	-	318,331	24,771,924	19,561,722
498,848	-	-	3,587,164	4,119,095	3,993,617
2,999,769	-	23,611	3,072,811	17,080,826	18,724,555
-	-	-	-	9,142,896	10,381,874
<u>3,498,617</u>	<u>11,625,627</u>	<u>23,611</u>	<u>6,978,306</u>	<u>\$55,146,778</u>	<u>\$52,850,893</u>
<u>\$6,602,123</u>	<u>\$11,640,015</u>	<u>\$23,611</u>	<u>\$7,057,325</u>	<u>\$63,747,320</u>	<u>\$60,394,960</u>
				\$55,146,778	\$52,850,893
				185,895,631	179,386,934
				3,766,745	3,855,222
				513,077	845,747
				<u>(37,760,660)</u>	<u>(35,657,053)</u>
				<u>\$207,561,571</u>	<u>\$201,281,743</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, 2013
With Comparative Totals For The Year Ended December 31, 2012

	General Fund	Debt Service	General Capital Projects
Revenues:			
Property taxes	\$16,167,412	\$2,484,403	\$ -
Tax increments	-	-	-
Franchise taxes	-	-	-
Lodging taxes	-	-	-
Gambling taxes	-	-	-
Special assessments	-	744,658	263,768
Licenses and permits	1,838,784	-	-
Intergovernmental	1,128,819	219,273	-
Charges for services	4,176,884	-	55,889
Fines and forfeits	220,686	-	-
Interest earnings	(57,316)	(56,703)	(121,672)
Miscellaneous	177,559	-	5,932
Total revenues	23,652,828	3,391,631	203,917
Expenditures:			
Current:			
General government	3,863,001	-	-
Public safety	10,507,296	-	-
Public works	7,041,164	-	5,707
Recreation	1,053,954	-	-
Community development	1,205,223	-	-
Unallocated	375,764	-	-
Capital outlay:			
General government	-	-	53,252
Public safety	737	-	419,614
Public works	-	-	420,587
Recreation	-	-	657
Community development	-	-	9,175
Debt service:			
Principal	-	3,085,000	-
Interest and fiscal charges	-	1,098,328	-
Total expenditures	24,047,139	4,183,328	908,992
Revenues over (under) expenditures	(394,311)	(791,697)	(705,075)
Other financing sources (uses):			
Transfers in	-	546,878	695,853
Transfers out	(1,050,446)	-	-
Issuance of bonds	-	4,900,000	-
Bond premium	-	186,949	-
Sale of capital assets	-	-	127,527
Total other financing sources (uses)	(1,050,446)	5,633,827	823,380
Net change in fund balance	(1,444,757)	4,842,130	118,305
Fund balance - January 1	10,619,690	7,890,192	10,995,057
Fund balance - December 31	\$9,174,933	\$12,732,322	\$11,113,362

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

Statement 4

City Improvement Projects	Tax Increment Financing Projects	EDA Capital Projects	Other Governmental Funds	Total	
				2013	2012
\$228,596	\$ -	\$ -	\$1	\$18,880,412	\$19,058,999
-	921,408	-	-	921,408	2,085,188
-	-	-	533,296	533,296	503,339
-	-	-	3,477	3,477	3,438
-	-	-	91,361	91,361	91,735
472,770	-	-	4,914	1,486,110	1,296,490
-	-	-	-	1,838,784	1,911,834
1,498,971	-	-	54,624	2,901,687	2,822,485
-	-	2,500	296,868	4,532,141	4,694,054
-	-	-	48,615	269,301	312,929
(63,557)	(113,792)	(4,649)	(22,527)	(440,216)	785,783
213,727	-	-	579,755	976,973	476,933
<u>2,350,507</u>	<u>807,616</u>	<u>(2,149)</u>	<u>1,590,384</u>	<u>31,994,734</u>	<u>34,043,207</u>
-	-	-	597,081	4,460,082	4,408,125
-	-	-	268,428	10,775,724	10,509,365
14,038	-	-	-	7,060,909	6,907,024
-	-	-	196	1,054,150	1,139,859
-	-	-	801,840	2,007,063	2,021,440
-	-	-	-	375,764	374,839
-	-	-	10,462	63,714	99,041
-	-	-	5,980	426,331	656,477
3,928,930	-	-	13,878	4,363,395	3,166,678
-	-	-	309,753	310,410	1,396,665
-	141,473	81,863	-	232,511	705,245
-	-	-	-	3,085,000	3,100,000
-	-	-	-	1,098,328	1,142,682
<u>3,942,968</u>	<u>141,473</u>	<u>81,863</u>	<u>2,007,618</u>	<u>35,313,381</u>	<u>35,627,440</u>
<u>(1,592,461)</u>	<u>666,143</u>	<u>(84,012)</u>	<u>(417,234)</u>	<u>(3,318,647)</u>	<u>(1,584,233)</u>
325,882	-	315,159	526,486	2,410,258	4,803,776
(127,207)	(245,497)	(526,486)	(60,566)	(2,010,202)	(4,183,785)
-	-	-	-	4,900,000	4,945,000
-	-	-	-	186,949	-
-	-	-	-	127,527	45,518
<u>198,675</u>	<u>(245,497)</u>	<u>(211,327)</u>	<u>465,920</u>	<u>5,614,532</u>	<u>5,610,509</u>
(1,393,786)	420,646	(295,339)	48,686	2,295,885	4,026,276
<u>4,892,403</u>	<u>11,204,981</u>	<u>318,950</u>	<u>6,929,620</u>	<u>52,850,893</u>	<u>48,824,617</u>
<u>\$3,498,617</u>	<u>\$11,625,627</u>	<u>\$23,611</u>	<u>\$6,978,306</u>	<u>\$55,146,778</u>	<u>\$52,850,893</u>

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

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CITY OF BLAINE, MINNESOTA

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS**

Statement 5

For The Year Ended December 31, 2013

With Comparative Amounts For The Year Ended December 31, 2012

	<u>2013</u>	<u>2012</u>
Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds (statement 4)	\$2,295,885	\$4,026,276
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.	1,025,148	25,611
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	5,483,549	2,730,137
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 unearned revenue from the previous year.	(88,477)	(429,232)
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.	(2,054,620)	(1,811,860)
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.	(48,987)	39,536
Internal service funds are used by management to charge the costs of insurance and compensated absences to individual funds. This amount is the portion of net revenue attributable to governmental activities.	<u>(332,670)</u>	<u>190,558</u>
Change in net position of governmental activities (statement 2)	<u><u>\$6,279,828</u></u>	<u><u>\$4,771,026</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, 2013

With Comparative Actual Amounts For The Year Ended December 31, 2012

	Budgeted Amounts		2013 Actual Amounts	Variance with Final Budget - Positive (Negative)	2012 Actual Amounts
	Original	Final			
	Revenues:				
Property taxes	\$16,415,000	\$16,415,000	\$16,167,412	(\$247,588)	\$16,315,450
Licenses and permits	1,639,700	1,639,700	1,838,784	199,084	1,911,834
Intergovernmental	1,057,500	1,057,500	1,128,819	71,319	1,077,616
Charges for services	4,092,760	4,092,760	4,176,884	84,124	4,244,300
Fines and forfeits	297,000	297,000	220,686	(76,314)	240,464
Investment income	227,500	227,500	(57,316)	(284,816)	114,480
Miscellaneous	56,500	56,500	177,559	121,059	165,152
Total revenues	23,785,960	23,785,960	23,652,828	(133,132)	24,069,296
Expenditures:					
General government:					
Council	97,370	97,370	94,174	3,196	103,907
Commissions and committees	14,220	14,220	13,944	276	14,000
City manager	390,480	390,480	383,016	7,464	416,723
City clerk	213,650	213,650	210,109	3,541	308,537
Human resources	401,050	401,050	500,156	(99,106)	443,312
Finance	1,408,355	1,408,355	1,369,312	39,043	1,292,371
Legal services	395,500	395,500	390,733	4,767	384,408
Information services	815,090	815,090	784,041	31,049	803,437
Communications	126,370	126,370	117,516	8,854	127,784
Total general government	3,862,085	3,862,085	3,863,001	(916)	3,894,479
Public safety:					
Safety services administration	697,560	700,560	643,551	57,009	652,811
Police professional standards	283,750	283,750	276,102	7,648	265,639
Police patrol	4,995,605	4,920,605	4,877,414	43,191	4,751,172
Police investigation	1,435,340	1,435,340	1,441,605	(6,265)	1,426,206
Police records	458,490	458,490	425,406	33,084	432,960
Crime prevention	203,240	200,240	193,084	7,156	194,246
Fire department	1,452,208	1,452,208	1,452,208	-	1,413,149
Community service	352,490	352,490	325,860	26,630	291,047
Community standards	919,450	919,450	872,066	47,384	852,065
Capital outlay	-	-	737	(737)	4,230
Total public safety	10,798,133	10,723,133	10,508,033	215,100	10,283,525
Public works:					
Public services management	189,799	189,799	187,431	2,368	182,534
Public works	5,346,514	5,426,514	5,514,215	(87,701)	5,137,327
Engineering	1,157,027	1,157,027	1,140,945	16,082	1,114,091
GIS	202,760	202,760	198,573	4,187	199,770
Capital outlay	-	-	-	-	6,371
Total public works	6,896,100	6,976,100	7,041,164	(65,064)	6,640,093

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**

For The Year Ended December 31, 2013

With Comparative Actual Amounts For The Year Ended December 31, 2012

Statement 6

Page 2 of 2

	Budgeted Amounts		2013 Actual Amounts	Variance with Final Budget - Positive (Negative)	2012 Actual Amounts
	Original	Final			
Recreation:					
Recreation	\$1,025,251	\$1,025,251	\$1,053,954	(\$28,703)	\$1,139,859
Community development:					
Planning	432,920	432,920	408,991	23,929	403,930
Economic development	32,160	32,160	24,871	7,289	97,740
Building inspections	697,060	772,060	771,361	699	769,848
Total community development	1,162,140	1,237,140	1,205,223	31,917	1,271,518
Unallocated:					
Unallocated	380,850	380,850	375,764	5,086	374,839
Total expenditures	24,124,559	24,204,559	24,047,139	157,420	23,604,313
Revenues over (under) expenditures	(338,599)	(418,599)	(394,311)	24,288	464,983
Other financing sources (uses):					
Transfers out	(100,000)	(100,000)	(1,050,446)	(950,446)	(785,000)
Net change in fund balance	<u>(\$438,599)</u>	<u>(\$518,599)</u>	(1,444,757)	<u>(\$926,158)</u>	(320,017)
Fund balance - January 1			10,619,690		10,939,707
Fund balance - December 31			<u>\$9,174,933</u>		<u>\$10,619,690</u>

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

CITY OF BLAINE, MINNESOTA
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2013
 With Comparative Totals For December 31, 2012

Statement 7

	Business-Type Activities Enterprise Funds						Governmental Activities -
	Public Utilities		Senior Housing		Totals		Internal Service Funds
	2013	2012	2013	2012	2013	2012	
Assets:							
Current assets:							
Cash and cash equivalents	\$16,550,462	\$16,147,475	\$1,163,086	\$1,381,810	\$17,713,548	17,529,285	\$2,773,091
Restricted cash and cash equivalents for water revenue bond covenant accounts	3,112,822	3,149,720	-	-	3,112,822	3,149,720	-
Accounts receivable	2,675,159	2,688,249	170	-	2,675,329	2,688,249	11,575
Special assessments receivable	131,757	136,782	-	-	131,757	136,782	-
Intergovernmental receivable	182,976	127,630	-	-	182,976	127,630	-
Accrued interest receivable	73,025	60,752	4,581	4,025	77,606	64,777	9,167
Prepaid items	264,290	243,972	19,124	16,762	283,414	260,734	50,383
Total current assets	<u>22,990,491</u>	<u>22,554,580</u>	<u>1,186,961</u>	<u>1,402,597</u>	<u>24,177,452</u>	<u>23,957,177</u>	<u>2,844,216</u>
Noncurrent assets:							
Capital assets:							
Land	2,473,498	2,473,498	936,496	936,496	3,409,994	3,409,994	-
Buildings and structures	9,028,507	9,021,772	10,070,094	10,062,071	19,098,601	19,083,843	-
Machinery and equipment	5,810,405	5,658,478	70,343	70,343	5,880,748	5,728,821	-
Distribution and collection system	135,659,509	130,761,934	-	-	135,659,509	130,761,934	-
Infrastructure - storm sewers	25,344,229	24,027,699	-	-	25,344,229	24,027,699	-
Construction in progress	1,190,612	1,938,579	-	-	1,190,612	1,938,579	-
Total capital assets	179,506,760	173,881,960	11,076,933	11,068,910	190,583,693	184,950,870	0
Less: Allowance for depreciation	(50,583,450)	(48,081,727)	(3,677,050)	(3,489,578)	(54,260,500)	(51,571,305)	-
Net capital assets	128,923,310	125,800,233	7,399,883	7,579,332	136,323,193	133,379,565	0
Total noncurrent assets	128,923,310	125,800,233	7,399,883	7,579,332	136,323,193	133,379,565	0
Total assets	<u>151,913,801</u>	<u>148,354,813</u>	<u>8,586,844</u>	<u>8,981,929</u>	<u>160,500,645</u>	<u>157,336,742</u>	<u>2,844,216</u>
Liabilities:							
Current liabilities:							
Accounts payable	616,546	442,624	33,197	113,060	649,743	555,684	72,166
Accrued liabilities	39,080	36,887	-	-	39,080	36,887	-
Deposits payable	3,250	11,927	102,554	98,158	105,804	110,085	-
Compensated absences payable	-	-	-	-	-	-	84,000
Claims and judgments payable	-	-	-	-	-	-	215,240
Contracts payable	49,004	19,599	-	-	49,004	19,599	-
Intergovernmental payable	82,140	84,983	-	-	82,140	84,983	-
Accrued bond interest	72,750	77,744	-	-	72,750	77,744	-
Unearned revenue	82,316	82,316	-	-	82,316	82,316	-
Current portion of general obligation revenue bonds payable (net of amortization)	378,305	363,305	-	-	378,305	363,305	-
Total current liabilities	<u>1,323,391</u>	<u>1,119,385</u>	<u>135,751</u>	<u>211,218</u>	<u>1,459,142</u>	<u>1,330,603</u>	<u>371,406</u>
Noncurrent liabilities:							
Compensated absences payable	-	-	-	-	-	-	1,656,801
Claims and judgments payable	-	-	-	-	-	-	166,232
General obligation revenue bonds payable (net of amortization)	4,113,088	4,491,392	-	-	4,113,088	4,491,392	-
Total noncurrent liabilities	<u>4,113,088</u>	<u>4,491,392</u>	<u>0</u>	<u>0</u>	<u>4,113,088</u>	<u>4,491,392</u>	<u>1,823,033</u>
Total liabilities	<u>5,436,479</u>	<u>5,610,777</u>	<u>135,751</u>	<u>211,218</u>	<u>5,572,230</u>	<u>5,821,995</u>	<u>2,194,439</u>
Net position:							
Net investments in capital assets	127,002,915	123,397,880	7,399,883	7,579,332	134,402,798	130,977,212	-
Restricted for debt service	123,694	123,163	-	-	123,694	123,163	-
Unrestricted	19,350,713	19,222,993	1,051,210	1,191,379	20,401,923	20,414,372	649,777
Total net position	<u>\$146,477,322</u>	<u>\$142,744,036</u>	<u>\$8,451,093</u>	<u>\$8,770,711</u>	<u>154,928,415</u>	<u>\$151,514,747</u>	<u>\$649,777</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					136,700		
Net position business-type activities					<u>\$155,065,115</u>		

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, 2013

With Comparative Totals For The Year Ended December 31, 2012

	Business-Type Activities Enterprise Funds						Governmental Activities -
	Public Utilities		Senior Housing		Totals		Internal Service Funds
	2013	2012	2013	2012	2013	2012	
Operating revenues:							
Water sales	\$3,798,061	\$4,184,233	\$ -	\$ -	\$3,798,061	\$4,184,233	\$ -
Sewer charges	4,563,346	4,521,938	-	-	4,563,346	4,521,938	-
Refuse revenue	2,708,938	2,565,696	-	-	2,708,938	2,565,696	-
Storm drainage utility revenue	1,015,852	894,875	-	-	1,015,852	894,875	-
Rental charges	-	-	1,440,982	1,423,479	1,440,982	1,423,479	-
Employee benefit charges	-	-	-	-	-	-	418,850
Insurance reimbursements	-	-	-	-	-	-	625,259
Penalties	263,925	249,023	-	-	263,925	249,023	-
Permits	13,229	22,674	-	-	13,229	22,674	-
Retained fees	12,102	16,051	-	-	12,102	16,051	-
Connection charges	692,074	789,778	-	-	692,074	789,778	-
Other	1,706	15,824	6,652	6,718	8,358	22,542	-
Total operating revenues	<u>13,069,233</u>	<u>13,260,092</u>	<u>1,447,634</u>	<u>1,430,197</u>	<u>14,516,867</u>	<u>14,690,289</u>	<u>1,044,109</u>
Operating expenses:							
MWCC charges	2,927,664	2,606,122	-	-	2,927,664	2,606,122	-
Administrative charges	1,556,250	1,496,800	26,402	26,400	1,582,652	1,523,200	-
Salaries and benefits	1,255,700	1,257,976	-	-	1,255,700	1,257,976	142,582
Contractual services	3,425,542	3,271,287	927,112	931,223	4,352,654	4,202,510	1,005,881
Supplies	442,238	391,876	1,245	455	443,483	392,331	-
Water meters	121,360	108,247	-	-	121,360	108,247	-
Utilities	555,725	515,467	91,277	74,043	647,002	589,510	-
Taxes and assessments	-	-	219,131	207,484	219,131	207,484	-
Depreciation	2,504,556	2,484,660	187,472	182,203	2,692,028	2,666,863	-
Total operating expenses	<u>12,789,035</u>	<u>12,132,435</u>	<u>1,452,639</u>	<u>1,421,808</u>	<u>14,241,674</u>	<u>13,554,243</u>	<u>1,148,463</u>
Operating income (loss)	<u>280,198</u>	<u>1,127,657</u>	<u>(5,005)</u>	<u>8,389</u>	<u>275,193</u>	<u>1,136,046</u>	<u>(104,354)</u>
Nonoperating revenues (expenses):							
Intergovernmental	171,316	127,596	-	99,557	171,316	227,153	-
Interest earnings	(207,777)	310,293	(13,232)	21,318	(221,009)	331,611	(26,402)
Interest and fiscal charges	(173,226)	(185,484)	-	-	(173,226)	(185,484)	-
Gain on sale of capital assets	-	67,802	-	-	-	67,802	-
Total nonoperating revenues (expenses)	<u>(209,687)</u>	<u>320,207</u>	<u>(13,232)</u>	<u>120,875</u>	<u>(222,919)</u>	<u>441,082</u>	<u>(26,402)</u>
Income before transfers	70,511	1,447,864	(18,237)	129,264	52,274	1,577,128	(130,756)
Capital contributions - special assessments	7,836	8,642	-	-	7,836	8,642	-
Capital contributions - capital assets	3,745,691	1,951,721	-	-	3,745,691	1,951,721	-
Capital contributions - intergovernmental	7,923	-	-	102,941	7,923	102,941	-
Transfers in	-	79,860	-	-	-	79,860	-
Transfers out	(98,675)	(397,859)	(301,381)	(301,992)	(400,056)	(699,851)	-
Change in net position	<u>3,733,286</u>	<u>3,090,228</u>	<u>(319,618)</u>	<u>(69,787)</u>	<u>3,413,668</u>	<u>3,020,441</u>	<u>(130,756)</u>
Net position - January 1	<u>142,744,036</u>	<u>139,653,808</u>	<u>8,770,711</u>	<u>8,840,498</u>	<u>151,514,747</u>	<u>148,494,306</u>	<u>780,533</u>
Net position - December 31	<u>\$146,477,322</u>	<u>\$142,744,036</u>	<u>\$8,451,093</u>	<u>\$8,770,711</u>			<u>\$649,777</u>
Adjustment to reflect the consolidation of internal service activities related to enterprise funds					<u>201,914</u>	<u>5,093</u>	
Change in net position of business-type activities (Statement 2)					<u>\$3,615,582</u>	<u>\$3,025,534</u>	

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, 2013
With Comparative Totals For The Year Ended December 31, 2012

	Business-Type Activities Enterprise Funds						Governmental Activities -
	Public Utilities		Senior Housing		Totals		Internal Service Funds
	2013	2012	2013	2012	2013	2012	
Cash flows from operating activities:							
Cash received from customers	\$13,024,134	\$12,635,141	\$1,447,634	\$1,430,197	\$14,471,768	\$14,065,338	\$1,042,821
Deposits	(1,048)	2,500	4,396	727	3,348	3,227	-
Cash paid to supplies for goods and services	(4,361,856)	(4,164,168)	(1,321,160)	(1,119,587)	(5,683,016)	(5,283,755)	(930,788)
Cash paid to employees for services	(1,253,507)	(1,260,655)	-	-	(1,253,507)	(1,260,655)	(155,049)
Other transmission and distribution	(2,927,664)	(2,606,122)	-	-	(2,927,664)	(2,606,122)	-
Administrative charges	(1,556,250)	(1,496,800)	(26,402)	(26,400)	(1,582,652)	(1,523,200)	-
Net cash flows from operating activities	2,923,809	3,109,896	104,468	284,937	3,028,277	3,394,833	(43,016)
Cash flows from noncapital financing activities:							
Transfers in	-	79,860	-	-	-	79,860	-
Transfers out	(98,675)	(397,859)	(301,381)	(301,992)	(400,056)	(699,851)	-
Intergovernmental revenue	171,316	127,596	-	99,557	171,316	227,153	-
Net cash flows from noncapital financing activities	72,641	(190,403)	(301,381)	(202,435)	(228,740)	(392,838)	0
Cash flows from capital and related financing activities:							
Acquisition and construction of capital assets	(1,899,559)	(2,434,514)	(8,023)	(112,594)	(1,907,582)	(2,547,108)	-
Principal paid on revenue bonds	(360,000)	(350,000)	-	-	(360,000)	(350,000)	-
Net interest and fiscal charges paid on bonds	(171,536)	(193,514)	-	-	(171,536)	(193,514)	-
Special assessments	12,861	586,007	-	-	12,861	586,007	-
Proceeds from sale of capital assets	-	67,802	-	-	-	67,802	-
Intergovernmental revenue	7,923	-	-	102,941	7,923	102,941	-
Net cash flows from capital and related financing activities	(2,410,311)	(2,324,219)	(8,023)	(9,653)	(2,418,334)	(2,333,872)	0
Cash flows from investing activities:							
Investment earnings	(220,050)	338,266	(13,788)	22,430	(233,838)	360,696	(27,627)
Net increase (decrease) in cash and cash equivalents	366,089	933,540	(218,724)	95,279	147,365	1,028,819	(70,643)
Cash and cash equivalents - January 1	19,297,195	18,363,655	1,381,810	1,286,531	20,679,005	19,650,186	2,843,734
Cash and cash equivalents - December 31	\$19,663,284	\$19,297,195	\$1,163,086	\$1,381,810	\$20,826,370	\$20,679,005	\$2,773,091
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$280,198	\$1,127,657	(\$5,005)	\$8,389	\$275,193	\$1,136,046	(\$104,354)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:							
Depreciation	2,504,556	2,484,660	187,472	182,203	2,692,028	2,666,863	-
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	13,090	(632,987)	-	-	13,090	(632,987)	(1,288)
(Increase) decrease in intergovernmental	(55,346)	(7,002)	-	-	(55,346)	(7,002)	-
(Increase) decrease in other assets	(20,318)	(26,695)	(2,362)	2,424	(22,680)	(24,271)	(12,334)
Increase (decrease) in accounts payable	173,922	143,805	(80,033)	91,194	93,889	234,999	20,345
Increase (decrease) in accrued liabilities	2,193	(2,679)	-	-	2,193	(2,679)	(11,361)
Increase (decrease) in deposits payable	(1,048)	2,500	4,396	727	3,348	3,227	-
Increase (decrease) in contracts payable	29,405	5,599	-	-	29,405	5,599	-
Increase (decrease) in compensated absences	-	-	-	-	-	-	(12,467)
Increase (decrease) in claims and judgments	-	-	-	-	-	-	78,443
Increase (decrease) in intergovernmental	(2,843)	15,038	-	-	(2,843)	15,038	-
Total adjustments	2,643,611	1,982,239	109,473	276,548	2,753,084	2,258,787	61,338
Net cash provided by operating activities	\$2,923,809	\$3,109,896	\$104,468	\$284,937	\$3,028,277	\$3,394,833	(\$43,016)
Noncash investing, capital and financing activities:							
Capital contributions from developers	\$3,376,590	\$848,715	\$ -	\$ -	\$3,376,590	\$848,715	\$ -
Capital contributions from government	369,101	1,103,006	-	6,500	369,101	1,109,506	-
Noncash clearing of deposits	7,629	-	-	-	7,629	-	-

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

CITY OF BLAINE, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - AGENCY FUND
December 31, 2013
With Comparative Amounts For December 31, 2012

Statement 10

	<u>2013</u>	<u>2012</u>
Assets:		
Cash and pooled investments	<u>\$322,506</u>	<u>\$140,065</u>
Total assets	<u><u>\$322,506</u></u>	<u><u>\$140,065</u></u>
Liabilities:		
Due to Blaine Area Development Company	<u>\$322,506</u>	<u>\$140,065</u>
Total liabilities	<u><u>\$322,506</u></u>	<u><u>\$140,065</u></u>

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 and its sole purpose is to carry out certain economic development projects, which provide direct benefits to the citizens of the City. 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.

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:

- Park Development Projects
- 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

Agency Funds - used to account for funds held by the City in a custodial role, where there is no formal trust agreement:

- Blaine Area Development Corporation Agency 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, 2012, 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

All inventories are valued at cost using the first in/first out (FIFO) method. Inventory balances of governmental funds are adjusted annually. Inventory balances at year end were \$30,337, consisting of fuel stored on site, road salt for winter road maintenance, and street maintenance materials.

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 \$1,700 in the governmental funds, \$283,414 in the proprietary funds, and \$50,383 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, 2013, the City had included all infrastructure assets acquired by governmental funds from 1980 through 2013.

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 no items that qualify for reporting in this category.

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 one 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, 2013, 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)		\$185,895,631
Addition of unavailable revenues		3,766,745
Internal service funds		513,077
Liabilities:		
Bond interest payable		(465,521)
Loans payable		(2,493,250)
Notes payable		-
Gross bonds payable	(\$34,590,000)	
Less: issuance discount/(premium) (to be amortized as interest expense)	<u>(211,889)</u>	
Net bonds payable		<u>(34,801,889)</u>
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities.		<u><u>\$152,414,793</u></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		(\$369,101)
Depreciation expense		(3,506,008)
Reported capital outlay expenditures	\$5,396,361	
Add: expenditures reported as current, but capitalized	34,946	
Less: expenditures reported as capital outlay, but not capitalized	<u>(531,050)</u>	
Net capital outlay		<u>4,900,257</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental funds.		<u><u>\$1,025,148</u></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.	(\$121,624)
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>5,605,173</u>
Net adjustment to increase changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>\$5,483,549</u></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 refunding bonds	(\$4,900,000)
Add: discount/(premium) (net of current year amortization)	(200,370)
Less: ROW Loan Adjustment	(39,250)
Principal repayments:	
General obligation debt	<u>3,085,000</u>
Net adjustment to decrease changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>(\$2,054,620)</u></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>(\$48,987)</u>
Net adjustment to decrease changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u><u>(\$48,987)</u></u>

Note 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. 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. 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.

B. DEFICIT FUND EQUITY

The General Capital Projects, Tax Increment Financing Projects, Economic Development Projects, and City Improvement Projects Capital Projects Funds have individual project accounts for the various general, tax increment, economic development, and special assessment improvements. Each account may have a temporary deficit due to the timing of the project and receipt of bond proceeds and other financing sources. The aggregate total of these accounts does not produce a fund deficit for the General Capital Projects, Tax Increment Financing Projects, Economic Development Projects, or City Improvement Projects at December 31, 2013.

Note 4 DEPOSITS AND INVESTMENTS

The City's cash and investments at December 31, 2013 were comprised of the following:

	Carrying Value	Bank Balance	Associated Risks*
Deposits	\$918,244	\$877,019	A
Cash with escrow agent	7,891,539	7,891,539	
Money market funds	35,646,828	35,646,828	A, D
Commercial paper	1,205,000	1,205,000	B
Brokered certificates of deposit	2,220,382	2,220,382	A, D
Federal agency securities	23,634,711	23,634,711	A, B, C, D
Municipal bonds	10,969,622	10,969,622	A, D
Total cash and investments	<u>\$82,486,326</u>	<u>\$82,445,101</u>	
Reconciliation to financial statements:			
Per statement of net position	\$82,163,820		
Per statement of fiduciary net position	322,506		
Total cash and investments	<u>\$82,486,326</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, 2013, the banks had pledged various government securities in the amount of \$1,487,971 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, 2013, 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, 2013, 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, 2013, investments in any one issuer that represent 5% or more of the City's total investments were as follows:

Issuer	Investment Type	% of Portfolio
Federal Home Loan Bank	Federal agency security	22%
US Treasury State and Local Government	Treasury securities	10%

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*	\$2,895,120	\$ -	\$1,932,640	\$962,480	\$ -
Federal Home Loan Bank Notes*	17,628,411	-	8,191,461	5,712,280	3,724,670
Fed. National Mortgage Assoc. Notes*	3,111,180	-	3,111,180	-	-
US Treasury State and Local Government (SLGS)	7,891,539	2,979,221	4,912,318	-	-
Municipal Bonds	10,969,622	-	4,608,285	5,944,470	416,867
Brokered Certificates of Deposit	2,220,382	1,721,862	498,520	-	-
Commercial Paper	1,205,000	1,205,000	-	-	-
Money Market	35,646,828	35,646,828	-	-	-
Total	\$81,568,082	\$41,552,911	\$23,254,404	\$12,619,230	\$4,141,537

*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, 2013 are as follows:

	Major Funds						Nonmajor and Other Funds	Total
	General	Debt Service	General Capital Projects	City Improvement Projects	TIF Projects	Public Utilities		
Accounts receivable	\$175,000	\$ -	\$ -	\$ -	\$ -	\$210,700	\$ -	\$385,700
Special assessments receivable	-	1,235,854	49,881	900,461	-	125,117	19,634	2,330,947
Delinquent property taxes	288,024	43,674	-	14,703	-	-	-	346,401
Tax increment receivable	-	-	-	-	14,387	-	-	14,387
Lease receivable	-	-	-	-	21,652	-	-	21,652
Loans receivable	-	-	-	-	-	-	748,433	748,433
Total receivables	\$463,024	\$1,279,528	\$49,881	\$915,164	\$36,039	\$335,817	\$768,067	\$3,847,520

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					Nonmajor Funds	Total
	General	Debt Service	General Capital Projects	City Improvement Projects	Tax Increment Financing Projects		
Delinquent taxes receivable	\$370,879	\$56,237	\$ -	\$18,932	\$ -	\$ -	\$446,048
Delinquent tax increments receivable	-	-	-	-	14,387	-	14,387
Delinquent special assessments receivable	-	66,380	-	2,144	-	-	68,524
Special assessments not yet due	-	1,520,789	57,903	1,017,591	-	23,007	2,619,290
MSA receivables	-	-	-	443,496	-	-	443,496
Accounts receivable	175,000	-	-	-	-	-	175,000
Total unavailable revenue	<u>\$545,879</u>	<u>\$1,643,406</u>	<u>\$57,903</u>	<u>\$1,482,163</u>	<u>\$14,387</u>	<u>\$23,007</u>	<u>\$3,766,745</u>

B. LOANS RECEIVABLE

The Economic Development Authority authorized a loan to Woodco Pre-Finishing in lieu of a business loan through the BADC. The loan has a term of 20 years with payments of principal and interest due monthly. At December 31, 2013, the receivable balance for this loan was \$57,745. 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 Economic Development Authority, 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, 2013, the receivable balance for these loans was \$853,658. All of these loans are reported in the Economic Development Authority nonmajor governmental fund.

C. LEASE RECEIVABLE

The Economic Development Authority 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>
2014-2018	\$8,668
2019-2023	5,657
2024-2028	3,692
2029-2033	2,409
2034-2038	1,572
2039-2043	1,026
2044-2048	670
Total	<u><u>\$23,694</u></u>

Amounts due under the loans, note, and lease agreements have been recorded as receivables and as a restriction or commitment of fund balance in the funds indicated at December 31, 2013.

Note 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	<u>Beginning Balance</u>	<u>Transfers of Assets (to)/from Business-Type Activities</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land and permanent easements	\$99,699,668	\$ -	\$4,344,738	\$ -	\$104,044,406
Construction in progress	2,316,205	(404,059)	3,202,363	(1,914,738)	3,199,771
Total capital assets, not being depreciated	<u>102,015,873</u>	<u>(404,059)</u>	<u>7,547,101</u>	<u>(1,914,738)</u>	<u>107,244,177</u>
Capital assets, being depreciated:					
Buildings and structures	43,501,154	-	154,318	-	43,655,472
Machinery and equipment	18,840,064	37,793	923,829	(378,333)	19,423,353
Infrastructure	50,793,917	-	3,794,920	-	54,588,837
Total capital assets, being depreciated	<u>113,135,135</u>	<u>37,793</u>	<u>4,873,067</u>	<u>(378,333)</u>	<u>117,667,662</u>
Less accumulated depreciation for:					
Buildings and structures	(11,170,909)	-	(1,371,139)	-	(12,542,048)
Machinery and equipment	(13,430,320)	(2,835)	(1,002,107)	256,709	(14,178,553)
Infrastructure	(11,162,845)	-	(1,132,762)	-	(12,295,607)
Total accumulated depreciation	<u>(35,764,074)</u>	<u>(2,835)</u>	<u>(3,506,008)</u>	<u>256,709</u>	<u>(39,016,208)</u>
Total capital assets being depreciated - net	<u>77,371,061</u>	<u>34,958</u>	<u>1,367,059</u>	<u>(121,624)</u>	<u>78,651,454</u>
Governmental activities capital assets - net	<u><u>\$179,386,934</u></u>	<u><u>(\$369,101)</u></u>	<u><u>\$8,914,160</u></u>	<u><u>(\$2,036,362)</u></u>	<u><u>\$185,895,631</u></u>

CITY OF BLAINE, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2013



	Beginning Balance	Transfers of Assets (to)/from Governmental Activities	Increases	Decreases	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$3,409,994	\$ -	\$ -	\$ -	\$3,409,994
Construction in progress	1,938,579	-	1,478,095	(2,226,062)	1,190,612
Total capital assets, not being depreciated	<u>5,348,573</u>	<u>-</u>	<u>1,478,095</u>	<u>(2,226,062)</u>	<u>4,600,606</u>
Capital assets, being depreciated:					
Buildings	19,083,843	-	14,758	-	19,098,601
Machinery and equipment	5,728,821	(37,793)	189,720	-	5,880,748
Collection and distribution	154,789,634	404,059	5,810,044	-	161,003,737
Total capital assets, being depreciated	<u>179,602,298</u>	<u>366,266</u>	<u>6,014,522</u>	<u>-</u>	<u>185,983,086</u>
Less accumulated depreciation for:					
Buildings	(6,338,829)	-	(366,999)	-	(6,705,828)
Machinery and equipment	(3,577,167)	2,835	(298,823)	-	(3,873,155)
Collection and distribution	(41,655,310)	-	(2,026,206)	-	(43,681,516)
Total accumulated depreciation	<u>(51,571,306)</u>	<u>2,835</u>	<u>(2,692,028)</u>	<u>-</u>	<u>(54,260,499)</u>
Total capital assets being depreciated - net	<u>128,030,992</u>	<u>369,101</u>	<u>3,322,494</u>	<u>-</u>	<u>131,722,587</u>
Business-type activities capital assets - net	<u>\$133,379,565</u>	<u>\$369,101</u>	<u>\$4,800,589</u>	<u>(\$2,226,062)</u>	<u>\$136,323,193</u>

Governmental activities:

General government	\$788,301
Public safety	778,232
Public works, including depreciation of infrastructure	1,438,767
Recreation	495,181
Community development	5,527
Total depreciation expense - governmental activities	<u>\$3,506,008</u>

Business-type activities:

Water	\$1,244,931
Sewer	939,382
Storm drainage	320,243
Senior housing	187,472
Total depreciation expense - business-type activities	<u>\$2,692,028</u>

Note 7 INTERFUND RECEIVABLES, PAYABLE AND TRANSFERS

The composition of interfund balances as of December 31, 2013, is as follows:

Interfund payables/receivables (internal balances):

<u>Receivable Fund</u>	<u>Payable Fund</u>	
Business-type activities	Governmental activities	<u>\$136,700</u>
Total government-wide statement		<u><u>\$136,700</u></u>

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:

<u>Transfers Out</u>	Debt Service (3)	General Capital Projects (1)	City Improvement Projects (1)(4)	EDA Capital Projects (5)	Nonmajor Governmental Funds (2)	Total
General	\$ -	\$695,853	\$100,000	\$254,593	\$ -	\$1,050,446
City Improvement Projects	-	-	127,207	-	-	127,207
Tax Increment Financing Projects	245,497	-	-	-	-	245,497
EDA Capital Projects	-	-	-	-	526,486	526,486
Nonmajor Governmental Funds	-	-	-	60,566	-	60,566
Public Utilities	-	-	98,675	-	-	98,675
Senior Housing	301,381	-	-	-	-	301,381
Total	<u>\$546,878</u>	<u>\$695,853</u>	<u>\$325,882</u>	<u>\$315,159</u>	<u>\$526,486</u>	<u>\$2,410,258</u>

Transfers were used for the following:

- (1) Adopted budget
- (2) Transfer EDA project monies to cover EDA operating
- (3) TIF DS transfer per bond payment schedule and TIF project costs
- (4) Per council project approvals
- (5) Transfer funds from GF & EDA SR fund to cover EDA Cap Project Fund shortage

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, 2013, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
Capital improvement	\$14,860,000	\$4,900,000	\$735,000	\$19,025,000	\$760,000
Open space acquisition	1,445,000	-	275,000	1,170,000	285,000
Equipment certificates	1,955,000	-	395,000	1,560,000	410,000
Special assessment debt with government commitment	11,515,000	-	1,240,000	10,275,000	4,260,000
Tax increment financing	2,875,000	-	315,000	2,560,000	325,000
Add (subtract) deferred amounts for:					
(Discounts) premiums	11,519	186,949	(13,421)	211,889	-
Total bonds payable	<u>32,661,519</u>	<u>5,086,949</u>	<u>2,946,579</u>	<u>34,801,889</u>	<u>6,040,000</u>
Other liabilities:					
Compensated absences	1,753,268	153,020	165,487	1,740,801	84,000
Claims and judgments payable	303,029	360,636	282,193	381,472	215,240
ROW loan payable	1,093,250	-	-	1,093,250	-
KR Farm Land Holdings Land Purchase	1,400,000	-	-	1,400,000	-
CSM TIF revenue note	125,000	-	125,000	-	-
Total other liabilities	<u>4,674,547</u>	<u>513,656</u>	<u>572,680</u>	<u>4,615,523</u>	<u>299,240</u>
Total governmental activities long-term liabilities	<u>\$37,336,066</u>	<u>\$5,600,605</u>	<u>\$3,519,259</u>	<u>\$39,417,412</u>	<u>\$6,339,240</u>
Business-type activities:					
General obligation bonds payable:					
Water revenue bonds	\$4,820,000	\$ -	\$360,000	\$4,460,000	\$375,000
Add (subtract) deferred amounts for:					
(Discounts) premiums	34,697	-	3,304	\$31,393	3,305
Total business-type activities long-term liabilities	<u>\$4,854,697</u>	<u>\$0</u>	<u>\$363,304</u>	<u>\$4,491,393</u>	<u>\$378,305</u>

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 \$49,740,000. During the year, general obligation bonds totaling \$4,900,000 were issued.

At December 31, 2013, the City had the following general obligation bonds outstanding:

	Interest Rates	Date	Final Maturity Date	Original Issued	Payable 12/31/13
General Obligation Bonds:					
2007A GO Capital Improvement	3.75% - 4.0%	11/15/2007	2/1/2028	\$9,700,000	\$8,210,000
2005A GO Capital Improvement	3.75% - 4.0%	12/1/2005	2/1/2026	8,050,000	5,915,000
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>19,025,000</u>
General Obligation Refunding:					
2010 A GO Open Space Refunding Bonds	2% - 2.5%	8/1/2010	2/1/2017	1,720,000	1,170,000
				<u>1,720,000</u>	<u>1,170,000</u>
General Obligation Equipment Certificates:					
2011A GO Fire Equipment Certificates	.5% - 1.45%	11/1/2011	2/1/2017	1,555,000	1,255,000
2010 GO Equipment Certificates	2.15%	11/1/2010	2/1/2016	485,000	305,000
				<u>2,040,000</u>	<u>1,560,000</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	1,910,000
2004B GO Improvement	3.0% - 4.0%	12/1/2004	2/1/2020	7,675,000	3,495,000
2012A GO Improvement	0.4% - 2.0%	5/30/2012	2/1/2023	1,970,000	1,895,000
2012B GO Improvement	0.5% - 1.45%	5/30/2012	2/1/2020	2,975,000	2,975,000
				<u>16,760,000</u>	<u>10,275,000</u>
General Obligation Tax Increment Financing:					
2006A GO Tax Increment Refunding	3.7% - 3.75%	11/15/2006	2/1/2020	5,215,000	2,560,000
				<u>5,215,000</u>	<u>2,560,000</u>
Total governmental activities				<u>\$48,385,000</u>	<u>\$34,590,000</u>
Business-type activities:					
2008A GO Water Revenue	3.0%-4.0%	6/1/2008	2/1/2023	\$6,255,000	\$4,460,000

Years	Governmental Activities					
	General Obligation Debt		Special Assessment Debt with Government Commitment		General Obligation Tax Increment Financing Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$1,455,000	\$681,417	\$4,260,000	\$173,127	\$325,000	\$89,110
2015	1,490,000	626,290	1,415,000	91,850	335,000	76,900
2016	6,350,000	488,110	1,405,000	71,185	350,000	64,228
2017	1,530,000	353,464	1,145,000	48,557	365,000	51,000
2018	935,000	324,193	895,000	27,285	380,000	37,218
2019	955,000	300,880	480,000	14,038	395,000	22,781
2020	985,000	274,882	490,000	7,154	410,000	7,687
2021	1,015,000	245,299	60,000	3,010	-	-
2022	1,050,000	214,100	60,000	1,900	-	-
2023	1,080,000	181,400	65,000	650	-	-
2024	1,125,000	147,450	-	-	-	-
2025	1,160,000	112,150	-	-	-	-
2026	1,200,000	75,600	-	-	-	-
2027	700,000	43,000	-	-	-	-
2028	725,000	14,500	-	-	-	-
Total	\$21,755,000	\$4,082,735	\$10,275,000	\$438,756	\$2,560,000	\$348,924

Years	Business-Type Activities	
	General Obligation Debt	
	Principal	Interest
2014	\$375,000	\$168,038
2015	385,000	154,738
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	\$4,460,000	\$947,175

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, 2013, were \$14,387; delinquent special assessments in the governmental funds at December 31, 2013 were \$68,643, which is included in the special assessments receivable balance of \$2,686,314.

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.

On July 15, 2004 the City issued an eight-year, \$1,000,000 TIF Note to CSM Investors II, Inc. at a stated rate of 5%. Per the terms of the Note, CSM shall be required to provide the City with a Certificate of Completion with regard to certain tax increment eligible improvements, and the City shall remit payment to CSM on the specified payment dates, solely from pledged tax increment revenues. The repayment period would commence as of the date of the receipt of the Certificate of Completion. This certificate was received on March 14, 2005, at which time interest began to accrue. Principal payments of \$125,000 were made during 2013, and the balance outstanding on the note at December 31, 2013 was \$0.

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:

	Original Issue
Industrial Development Revenue/Revenue Refunding Bonds	\$2,855,000
Revenue Notes	7,030,000
Revenue Refunding Notes	4,200,000
Commercial Development Revenue Note	3,080,000
	<hr/>
Total issued	\$17,165,000

The balance outstanding at December 31, 2013 is unavailable.

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 total \$4,995,773 at December 31, 2013.

On May 30, 2012, the City issued \$2,975,000 in General Obligation Improvement Refunding Bonds, Series 2012B with an average interest rate of 1.05% to advance refund \$2,885,000 of outstanding 2004B Series Bonds with an average interest rate of 3.61%. The net proceeds of \$2,920,887 were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for the interest on the refunding bonds before the crossover date and called principal on the refunded bonds on February 1, 2014.

The City advance refunded the 2004B General Obligation Improvement Refunding Bonds to reduce its total debt service payments of the last six years of the bond by \$161,773 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$154,306.

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 total \$2,895,766 at December 31, 2013.

The combined crossover refunding schedule for the 2013A and 2012B series bonds is as follows:

Payment Date	<u>Combined Refunding</u>			City
	Refunded Bonds Total	Refunding Bonds Total	Debt Service Commitment Escrow Account	
2014	\$4,140,191	\$126,080	\$2,997,273	\$1,268,998
2015	581,783	775,150	84,200	1,272,733
2016	5,292,376	766,177	4,847,100	1,211,453
2017	-	954,793	-	954,793
2018	-	961,163	-	961,163
2019	-	961,585	-	961,585
2020	-	963,781	-	963,781
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>\$10,014,350</u>	<u>\$8,745,929</u>	<u>\$7,928,573</u>	<u>\$10,831,706</u>

C. REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Revenue Pledged				Current Year		
		Type	Percent of Total Debt Service	Debt Service as a % of Net Revenues	Taxes Payable Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
CSM Tax Increment Revenue Note	Site Improvements: Lexington Preserve Business Center Aveda	Tax Increment	100%	n/a	2006 - 2013	\$ -	\$130,297	\$130,297
2004B Improvement Bonds refunded to 2012B	Public Improvements - West Central service Road	Property Taxes Special Assessments	66% 34%	n/a	2005 - 2018	\$3,559,634	\$744,855	\$571,125 \$112,238
2005A Capital Improvement Bonds refunded to 2013A	Municipal Fire Building, Fire Equipment	Property Taxes	100%	n/a	2006 - 2026	\$6,454,716	\$583,858	\$538,036
2006A Tax Increment Refunding Bonds	Refund 1999A GOTI Bonds	Property Taxes	100%	n/a	2008 - 2020	\$2,908,924	\$415,950	\$416,581
2007A Capital Improvement Plan Bonds	Municipal Buildings	Property Taxes	100%	n/a	2008 - 2026	\$10,907,149	\$723,143	\$744,097
2008A Water Utility Revenue Bonds	Construction of Water Tower and Treatment Plant	Utility Revenue	100%	n/a	2005 - 2019	\$5,407,175	\$540,900	\$540,900
2008B Improvement Bonds	Public Improvements	Property Taxes Special Assessments	33% 67%	n/a	2010 - 2017	\$2,094,094	\$641,488	\$105,718 \$390,922
2010A Open Space Refunding Bonds	Refund 2001A Open Space Bonds	Property Taxes	100%	n/a	2012 - 2017	\$1,222,838	\$302,675	\$300,137
2010B Equipment Certificates	Purchase Capital Equipment	Property Taxes	100%	n/a	2012 - 2016	\$314,944	\$94,153	\$94,572
2011A Fire Equipment Certificates	Purchase SBM Fire Capital Equipment	Property Taxes	100%	n/a	2013 - 2017	\$1,286,321	\$314,428	\$208,267
2012A GO Improvement Bonds	Public Improvements	Property Taxes Special Assessments	51% 49%	n/a	2013 - 2017	\$1,965,868	\$94,117	\$158,171 \$142,891
2012B GO Improvement Bonds	Crossover Refund 2004B Improv. Bonds	Property Taxes Special Assessments	92% 8%	n/a	2015 - 2020	\$3,094,161	\$32,291	\$ -
2013A GO Capital Improvement Refunding Bonds	Crossover Refund 2005A Improv. Bonds	Property Taxes	100%	n/a	2013 - 2026	\$5,651,767	\$ -	\$ -

Note 9 FUND BALANCE

A. CLASSIFICATIONS

At December 31, 2013, 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	Other Governmental Funds	Total
Nonspendable:								
Prepaid items	\$1,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,700
Inventory	30,337	-	-	-	-	-	-	30,337
Total nonspendable	<u>32,037</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>32,037</u>
Restricted for:								
Tax increment	-	-	-	-	11,625,627	-	-	11,625,627
Capital projects	-	-	95,644	-	-	-	802	96,446
Public safety programs	-	-	-	-	-	-	192,134	192,134
Charitable gambling	-	-	-	-	-	-	125,395	125,395
Debt service	-	12,732,322	-	-	-	-	-	12,732,322
Total restricted	<u>0</u>	<u>12,732,322</u>	<u>95,644</u>	<u>0</u>	<u>11,625,627</u>	<u>0</u>	<u>318,331</u>	<u>24,771,924</u>
Committed to:								
Contractual commitments	-	-	33,083	498,848	-	-	70,450	602,381
Economic development	-	-	-	-	-	-	3,204,744	3,204,744
Cable TV	-	-	-	-	-	-	281,320	281,320
Billed police services	-	-	-	-	-	-	30,650	30,650
Total committed	<u>0</u>	<u>0</u>	<u>33,083</u>	<u>498,848</u>	<u>0</u>	<u>0</u>	<u>3,587,164</u>	<u>4,119,095</u>
Assigned to:								
General capital improvements	-	-	10,984,635	-	-	-	-	10,984,635
City improvement projects	-	-	-	2,999,769	-	-	-	2,999,769
Street improvements	-	-	-	-	-	-	1,906,958	1,906,958
Economic development	-	-	-	-	-	23,611	-	23,611
Park development	-	-	-	-	-	-	1,115,345	1,115,345
Public safety programs	-	-	-	-	-	-	50,508	50,508
Total assigned	<u>0</u>	<u>0</u>	<u>10,984,635</u>	<u>2,999,769</u>	<u>0</u>	<u>23,611</u>	<u>3,072,811</u>	<u>17,080,826</u>
Unassigned	9,142,896	-	-	-	-	-	-	9,142,896
Total	<u>\$9,174,933</u>	<u>\$12,732,322</u>	<u>\$11,113,362</u>	<u>\$3,498,617</u>	<u>\$11,625,627</u>	<u>\$23,611</u>	<u>\$6,978,306</u>	<u>\$55,146,778</u>

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, 2013, the unassigned fund balance of the General Fund for the subsequent year's budgeted expenditures was \$7,482,320.

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, 2013, this amount was \$840,000.

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, 2013, this amount was \$375,000.

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 37% 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, 2013, 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 \$686,845 at December 31, 2013.

The claims and judgments liability reported in the fund at December 31, 2013, 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, \$215,240, is classified as a current liability and the amount estimated for incurred but not reported claims, \$166,232 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, 2013, and 2012, is as follows:

	<u>2013</u>	<u>2012</u>
Beginning balance	\$303,029	\$272,356
Incurred claims	360,636	568,125
Payment on claims	(104,645)	(169,327)
Reserve adjustments	<u>(177,548)</u>	<u>(368,125)</u>
Ending balance	<u><u>\$381,472</u></u>	<u><u>\$303,029</u></u>

Note 11 EMPLOYEE RETIREMENT SYSTEM

A. DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION

All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes Chapters 353 and 356.

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. All new members must participate in the Coordinated Plan. At this time, the City does not have any members participating in the Basic Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

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

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

FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by State Statutes. GERF Coordinated Plan members are required to contribute 6.25% of their annual covered salary in 2013. PEPFF members are required to contribute 9.6% of their annual covered salary in 2013. In 2013, the City of Blaine, Minnesota was required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan GERF members and



14.4% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ended December 31, 2013, 2012, and 2011 were as follows, equal to the contractually required contributions for each year as set by State Statute:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
GERF:			
Contributions by employee	\$488,767	\$487,753	\$486,540
Contributions by employer	566,970	565,794	582,401
PEPFF:			
Contributions by employee	545,815	531,564	531,024
Contributions by employer	<u>818,722</u>	<u>797,651</u>	<u>796,536</u>
 Totals	 <u>\$2,420,274</u>	 <u>\$2,382,762</u>	 <u>\$2,396,501</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, 2013, 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, 2013. The projects include an addition of a cold storage building and police training facility, sewer and water infrastructure improvements, construction projects in the City's various parks, and street construction projects. The remaining amount on each of these contracts shows as a commitment of fund balance in the governmental funds in the amount of \$602,381. There are also committed contracts of \$1,394,643 outstanding for various public utilities improvements at December 31, 2013.

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, 2013 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 2013, the City contributed \$401,497 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, 2013, is \$5,915,000.

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, 2013, is \$1,255,000.

- 2) Operating and maintenance costs are to be shared by the cities as determined by the formula each year. The City contributed \$1,452,208 for its share during 2013, 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 \$15,056,479 was accounted for at December 31, 2013.

The 2013 debt service and operating and maintenance costs share per the agreement for the Cities of Blaine, Mounds View, and Spring Lake Park was 75.933%, 15.093%, and 8.974%, respectively.

The City of Blaine provides accounting services to the Blaine Area Development Company (BADC). The BADC is a private, nonprofit IRC Section 501(c)(4) organization. The BADC is a separate legal entity which receives government grants designed for financing of small businesses in the Cities of Blaine and Spring Lake Park. The City does not appoint a voting majority of the Board and the BADC is not fiscally dependent on the City. The cash balance of \$322,506 associated with the BADC is reported in an agency fund.

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
- 3) Blaine Area Development Company
 10801 Town Square Drive
 Blaine, Minnesota 55449

Note 15 CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2013, the City implemented GASB Statements No. 61 and 65. GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB No. 14 and No. 34* modifies certain requirements for inclusion of component units in the financial reporting entity and also amends the criteria for reporting component units as if they were part of the primary government (i.e. blending). GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* resulted in accounts previously presented as liabilities being reclassified as deferred inflows of resources. In addition, GASB 65 results in the restatements of beginning net position to reflect the change in accounting for bond issuance costs. Prior to GASB 65, bond issuance costs were capitalized and amortized over the life of the bond. GASB 65 requires the expensing of issuance costs (excluding bond insurance) in the year of issuance.

The restatement of net position due to the elimination of deferred charges is summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Net position January 1, 2012 - as previously reported	\$196,727,823	\$148,423,999	\$345,151,822
Restatement of deferred charges	(217,106)	-	(217,106)
Net position January 1, 2012 - as restated	<u>\$196,510,717</u>	<u>\$148,423,999</u>	<u>\$344,934,716</u>

Note 16 SUBSEQUENT EVENTS

The City is scheduled to consider the sale of \$3,420,000 of G.O. Bonds, Series 2014A on July 10, 2014 to fund street reconstruction and other related public improvements.

Note 17 RECENTLY ISSUED ACCOUNTING STANDARDS

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements, but may affect the City in future years:

Statement No. 67 Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25.

The provisions of this Statement are effective for financial statements for fiscal years beginning after June 15, 2013.

Statement No. 68 Accounting and Financial Reporting for Pensions – an amendment of GASB Statement

27. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2014.

Statement No. 69 Government Combinations and Disposals of Government Operations. The provisions of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and should be applied on a prospective basis.

Statement No. 70 Accounting and Financial Reporting for Nonexchange Financial Guarantees. The provisions of this Statement are effective for financial statements for reporting beginning after June 15, 2013.

Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.

The effect these standards may have on future financial statements is not determinable at this time.

**COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL
STATEMENTS**

NONMAJOR GOVERNMENTAL FUNDS

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.

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.

Park Development Projects Fund – this fund is used to account for contributions from developers and federal and state grants for park development

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
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Statement 11

December 31, 2013

With Comparative Totals For December 31, 2012

Assets	Special Revenue	Capital Project	Total	
			Nonmajor Governmental Funds	
			2013	2012
Cash and pooled investments	\$2,957,217	\$3,111,770	\$6,068,987	\$5,903,252
Accounts receivable	50,793	-	50,793	46,340
Special assessments receivable	23,007	-	23,007	26,380
Intergovernmental receivable	23,593	-	23,593	324,820
Loans receivable	868,703	-	868,703	1,023,839
Accrued interest receivable	10,645	11,597	22,242	16,970
Total assets	\$3,933,958	\$3,123,367	\$7,057,325	\$7,341,601
Liabilities, Deferred Inflows of Resources, and Fund Balance				
Liabilities:				
Accounts payable	\$13,038	\$22,751	\$35,789	\$49,504
Accrued liabilities	5,222	-	5,222	6,172
Contracts payable	-	7,863	7,863	13,359
Deposits payable	7,138	-	7,138	19,344
Due to other funds	-	-	-	297,222
Total liabilities	25,398	30,614	56,012	385,601
Deferred inflows of resources:				
Unavailable revenue	23,007	-	23,007	26,380
Total deferred inflows of resources	23,007	-	23,007	26,380
Fund balance:				
Restricted	318,331	-	318,331	324,195
Committed	3,516,714	70,450	3,587,164	3,721,918
Assigned	50,508	3,022,303	3,072,811	2,883,507
Total fund balance	3,885,553	3,092,753	6,978,306	6,929,620
Total liabilities, deferred inflows of resources, and fund balance	\$3,933,958	\$3,123,367	\$7,057,325	\$7,341,601

CITY OF BLAINE, MINNESOTA

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

Statement 12

NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2013

With Comparative Totals For The Year Ended December 31, 2012

	Special Revenue	Capital Project	Totals	
			Nonmajor Governmental Funds	
			2013	2012
Revenues:				
Property taxes	\$1	\$ -	\$1	\$4
Franchise taxes	533,296	-	533,296	503,339
Lodging taxes	3,477	-	3,477	3,438
Gambling taxes	91,361	-	91,361	91,735
Special assessments	4,914	-	4,914	1,302
Intergovernmental	54,624	-	54,624	1,201,002
Charges for services	296,868	-	296,868	318,302
Fines and forfeits	48,615	-	48,615	72,465
Interest earnings	9,373	(31,900)	(22,527)	128,735
Miscellaneous	13,849	565,906	579,755	226,425
Total revenues	1,056,378	534,006	1,590,384	2,546,747
Expenditures:				
Current:				
General government	597,081	-	597,081	513,646
Public safety	268,428	-	268,428	230,070
Recreation	-	196	196	-
Community development	801,840	-	801,840	749,922
Capital outlay:				
General government	10,462	-	10,462	6,805
Public safety	5,980	-	5,980	19,644
Public works	-	13,878	13,878	-
Recreation	-	309,753	309,753	1,339,040
Community development	-	-	-	281,541
Total expenditures	1,683,791	323,827	2,007,618	3,140,668
Revenues over (under) expenditures	(627,413)	210,179	(417,234)	(593,921)
Other financing sources (uses):				
Transfers in	526,486	-	526,486	1,489,539
Transfers out	(60,566)	-	(60,566)	(850,846)
Total other financing sources (uses)	465,920	0	465,920	638,693
Net change in fund balance	(161,493)	210,179	48,686	44,772
Fund balance - January 1	4,047,046	2,882,574	6,929,620	6,884,848
Fund balance - December 31	\$3,885,553	\$3,092,753	\$6,978,306	\$6,929,620

CITY OF BLAINE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2013
With Comparative Totals For December 31, 2012

	<u>Economic Development Authority</u>	<u>Cable Television</u>	<u>Charitable Gambling</u>
Assets			
Cash and pooled investments	\$2,327,619	\$280,393	\$102,124
Accounts receivable	8,059	-	22,916
Special assessments receivable	23,007	-	-
Intergovernmental receivable	-	-	-
Loans receivable	868,703	-	-
Accrued interest receivable	7,887	1,284	355
	<u>3,235,275</u>	<u>281,677</u>	<u>125,395</u>
Total assets			
Liabilities, Deferred Inflows of Resources, and Fund Balance			
Liabilities:			
Accounts payable	\$7,524	\$ -	\$ -
Accrued liabilities	-	357	-
Deposits payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>7,524</u>	<u>357</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	23,007	-	-
Total deferred inflows of resources	<u>23,007</u>	<u>0</u>	<u>0</u>
Fund balance:			
Restricted	-	-	125,395
Committed	3,204,744	281,320	-
Assigned	-	-	-
Total fund balance	<u>3,204,744</u>	<u>281,320</u>	<u>125,395</u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$3,235,275</u></u>	<u><u>\$281,677</u></u>	<u><u>\$125,395</u></u>

Police Grants	Reimbursed Police Overtime	Forfeited Property	Energy Efficiency Block Grant	Totals Nonmajor Special Revenue Funds	
				2013	2012
\$57,208	\$14,480	\$174,511	\$882	\$2,957,217	\$2,993,505
-	18,318	1,500	-	50,793	46,340
-	-	-	-	23,007	26,380
23,593	-	-	-	23,593	324,820
-	-	-	-	868,703	1,023,839
296	129	694	-	10,645	8,413
<u>\$81,097</u>	<u>\$32,927</u>	<u>\$176,705</u>	<u>\$882</u>	<u>\$3,933,958</u>	<u>\$4,423,297</u>
\$ -	\$ -	\$5,434	\$80	\$13,038	\$27,133
2,588	2,277	-	-	5,222	6,172
-	-	7,138	-	7,138	19,344
-	-	-	-	-	297,222
<u>2,588</u>	<u>2,277</u>	<u>12,572</u>	<u>80</u>	<u>25,398</u>	<u>349,871</u>
-	-	-	-	23,007	26,380
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,007</u>	<u>26,380</u>
66,146	-	125,988	802	318,331	324,195
-	30,650	-	-	3,516,714	3,669,509
12,363	-	38,145	-	50,508	53,342
<u>78,509</u>	<u>30,650</u>	<u>164,133</u>	<u>802</u>	<u>3,885,553</u>	<u>4,047,046</u>
<u>\$81,097</u>	<u>\$32,927</u>	<u>\$176,705</u>	<u>\$882</u>	<u>\$3,933,958</u>	<u>\$4,423,297</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, 2013
With Comparative Totals For The Year Ended December 31, 2012

	<u>Economic Development Authority</u>	<u>Cable Television</u>	<u>Charitable Gambling</u>
Revenues:			
Ad valorem taxes	\$1	\$ -	\$ -
Franchise taxes - cable television	-	533,296	-
Lodging taxes	3,477	-	-
Gambling taxes	-	-	91,361
Special assessments	4,914	-	-
Intergovernmental	-	-	-
Charges for services	161,566	-	-
Fines and forfeits	-	-	-
Interest earnings	16,732	(3,685)	(919)
Miscellaneous	7,080	-	-
Total revenues	<u>193,770</u>	<u>529,611</u>	<u>90,442</u>
Expenditures:			
Current:			
General government	-	512,331	84,750
Public safety	-	-	-
Community development	801,840	-	-
Capital outlay:			
General government	-	10,462	-
Public safety	-	-	-
Community development	-	-	-
Total expenditures	<u>801,840</u>	<u>522,793</u>	<u>84,750</u>
Revenues over (under) expenditures	<u>(608,070)</u>	<u>6,818</u>	<u>5,692</u>
Other financing sources:			
Transfers in	526,486	-	-
Transfers out	(60,566)	-	-
Total other financing sources (uses)	<u>465,920</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(142,150)	6,818	5,692
Fund balance - January 1, as previously reported	<u>3,346,894</u>	<u>274,502</u>	<u>119,703</u>
Fund balance - December 31	<u><u>\$3,204,744</u></u>	<u><u>\$281,320</u></u>	<u><u>\$125,395</u></u>

Police Grants	Reimbursed Police Overtime	Forfeited Property	Energy Efficiency Block Grant	Totals Nonmajor Special Revenue Funds	
				2013	2012
\$ -	\$ -	\$ -	\$ -	\$1	\$4
-	-	-	-	533,296	503,339
-	-	-	-	3,477	3,438
-	-	-	-	91,361	91,735
-	-	-	-	4,914	1,302
54,624	-	-	-	54,624	350,423
-	135,302	-	-	296,868	318,302
-	-	48,615	-	48,615	72,465
(846)	(372)	(1,988)	451	9,373	87,410
-	-	6,769	-	13,849	14,245
<u>53,778</u>	<u>134,930</u>	<u>53,396</u>	<u>451</u>	<u>1,056,378</u>	<u>1,442,663</u>
-	-	-	-	597,081	513,646
76,407	152,393	39,628	-	268,428	230,070
-	-	-	-	801,840	749,922
-	-	-	-	10,462	6,805
-	-	5,980	-	5,980	19,644
-	-	-	-	-	281,541
<u>76,407</u>	<u>152,393</u>	<u>45,608</u>	<u>0</u>	<u>1,683,791</u>	<u>1,801,628</u>
<u>(22,629)</u>	<u>(17,463)</u>	<u>7,788</u>	<u>451</u>	<u>(627,413)</u>	<u>(358,965)</u>
-	-	-	-	526,486	539,539
-	-	-	-	(60,566)	-
-	-	-	-	465,920	539,539
<u>(22,629)</u>	<u>(17,463)</u>	<u>7,788</u>	<u>451</u>	<u>(161,493)</u>	<u>180,574</u>
<u>101,138</u>	<u>48,113</u>	<u>156,345</u>	<u>351</u>	<u>4,047,046</u>	<u>3,866,472</u>
<u>\$78,509</u>	<u>\$30,650</u>	<u>\$164,133</u>	<u>\$802</u>	<u>\$3,885,553</u>	<u>\$4,047,046</u>

CITY OF BLAINE, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

Statement 15

December 31, 2013

With Comparative Totals For December 31, 2012

Assets	Park Development	Street	Totals Nonmajor Capital Project Funds	
	Projects	Improvement	2013	2012
Cash and pooled investments	\$1,212,196	\$1,899,574	\$3,111,770	\$2,909,747
Accrued interest receivable	4,213	7,384	11,597	8,557
Total assets	\$1,216,409	\$1,906,958	\$3,123,367	\$2,918,304
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	\$22,751	\$ -	\$22,751	\$22,371
Contracts payable	7,863	-	7,863	\$13,359
Total liabilities	30,614	0	30,614	35,730
Fund balance:				
Committed	70,450	-	70,450	52,409
Assigned	1,115,345	1,906,958	3,022,303	2,830,165
Total fund balance	1,185,795	1,906,958	3,092,753	2,882,574
Total liabilities and fund balance	\$1,216,409	\$1,906,958	\$3,123,367	\$2,918,304

CITY OF BLAINE, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR CAPITAL PROJECTS FUNDS
For The Year Ended December 31, 2013
With Comparative Totals For The Year Ended December 31, 2012

Statement 16

	Park	Street	Totals Nonmajor Capital Project	
	Development Projects	Improvement	Funds	
			2013	2012
Revenues:				
Interest earnings	(\$10,807)	(\$21,093)	(\$31,900)	\$41,325
Intergovernmental	-	-	-	850,579
Miscellaneous	565,906	-	565,906	212,180
Total revenues	<u>555,099</u>	<u>(21,093)</u>	<u>534,006</u>	<u>1,104,084</u>
Expenditures:				
Current:				
Recreation	196	-	196	-
Capital outlay:				
Public works	-	13,878	13,878	-
Recreation	309,753	-	309,753	1,339,040
Total expenditures	<u>309,949</u>	<u>13,878</u>	<u>323,827</u>	<u>1,339,040</u>
Revenues over (under) expenditures	<u>245,150</u>	<u>(34,971)</u>	<u>210,179</u>	<u>(234,956)</u>
Other financing sources (uses):				
Transfers in	-	-	-	950,000
Transfers out	-	-	-	(850,846)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>99,154</u>
Net change in fund balance	245,150	(34,971)	210,179	(135,802)
Fund balance - January 1	<u>940,645</u>	<u>1,941,929</u>	<u>2,882,574</u>	<u>3,018,376</u>
Fund balance (deficit) - December 31	<u><u>\$1,185,795</u></u>	<u><u>\$1,906,958</u></u>	<u><u>\$3,092,753</u></u>	<u><u>\$2,882,574</u></u>

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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.

CITY OF BLAINE, MINNESOTA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
 December 31, 2013
 With Comparative Totals For December 31, 2012

Statement 17

	Compensated	Self-Insurance	Workers	Total	
	Absences		Compensation	2013	2012
Assets:					
Current assets:					
Cash and cash equivalents	\$1,490,322	\$1,086,838	\$195,931	\$2,773,091	\$2,843,734
Accounts receivable	-	-	11,575	11,575	10,287
Accrued interest receivable	5,905	3,262	-	9,167	7,942
Prepaid items	-	50,383	-	50,383	38,049
Total assets	<u>1,496,227</u>	<u>1,140,483</u>	<u>207,506</u>	<u>2,844,216</u>	<u>2,900,012</u>
Liabilities:					
Current liabilities:					
Accounts payable	-	72,166	-	72,166	51,821
Accrued liabilities	-	-	-	-	11,361
Compensated absences payable	84,000	-	-	84,000	78,000
Claims and judgments payable	-	215,240	-	215,240	106,789
Total current liabilities	<u>84,000</u>	<u>287,406</u>	<u>0</u>	<u>371,406</u>	<u>247,971</u>
Noncurrent liabilities:					
Compensated absences payable	1,656,801	-	-	1,656,801	1,675,268
Claims and judgments payable	-	166,232	-	166,232	196,240
Total noncurrent liabilities	<u>1,656,801</u>	<u>166,232</u>	<u>-</u>	<u>1,823,033</u>	<u>1,871,508</u>
Total liabilities	<u>1,740,801</u>	<u>453,638</u>	<u>0</u>	<u>2,194,439</u>	<u>2,119,479</u>
Net position:					
Unrestricted	<u>(244,574)</u>	<u>686,845</u>	<u>207,506</u>	<u>649,777</u>	<u>780,533</u>
Total net position	<u><u>(\$244,574)</u></u>	<u><u>\$686,845</u></u>	<u><u>\$207,506</u></u>	<u><u>\$649,777</u></u>	<u><u>\$780,533</u></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, 2013
With Comparative Totals For The Year Ended December 31, 2012

Statement 18

	Compensated Absences	Self-Insurance	Workers Compensation	Total	
				2013	2012
Operating revenues:					
Employee benefit charges	\$104,280	\$ -	\$314,570	\$418,850	\$99,572
Insurance reimbursements	-	576,567	48,692	625,259	767,328
Total operating revenues	<u>104,280</u>	<u>576,567</u>	<u>363,262</u>	<u>1,044,109</u>	<u>866,900</u>
Operating expenses:					
Salaries and benefits	142,582	-	-	142,582	212,390
Contractual services	-	627,381	378,500	1,005,881	499,224
Total operating expenses	<u>142,582</u>	<u>627,381</u>	<u>378,500</u>	<u>1,148,463</u>	<u>711,614</u>
Operating income (loss)	(38,302)	(50,814)	(15,238)	(104,354)	155,286
Nonoperating revenues:					
Interest earnings	<u>(17,239)</u>	<u>(9,163)</u>	<u>-</u>	<u>(26,402)</u>	<u>40,365</u>
Change in net position	(55,541)	(59,977)	(15,238)	(130,756)	195,651
Net position - January 1	<u>(189,033)</u>	<u>746,822</u>	<u>222,744</u>	<u>780,533</u>	<u>584,882</u>
Net position - December 31	<u><u>(\$244,574)</u></u>	<u><u>\$686,845</u></u>	<u><u>\$207,506</u></u>	<u><u>\$649,777</u></u>	<u><u>\$780,533</u></u>

CITY OF BLAINE, MINNESOTA

STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For The Year Ended December 31, 2013

With Comparative Totals For The Year Ended December 31, 2012

Statement 19

	Compensated	Self-Insurance	Workers	Total	
	Absences		Compensation	2013	2012
Cash flows from operating activities:					
Cash received from customers	\$104,280	\$576,567	\$361,974	\$1,042,821	\$856,613
Cash paid to supplies for goods and services	-	(540,927)	(389,861)	(930,788)	(404,487)
Cash paid to employees for services	(155,049)	-	-	(155,049)	(202,651)
Net cash flows from operating activities	<u>(50,769)</u>	<u>35,640</u>	<u>(27,887)</u>	<u>(43,016)</u>	<u>249,475</u>
Cash flows from investing activities:					
Investment earnings	<u>(17,797)</u>	<u>(9,830)</u>	<u>-</u>	<u>(27,627)</u>	<u>44,220</u>
Net increase (decrease) in cash and cash equivalents	(68,566)	25,810	(27,887)	(70,643)	293,695
Cash and cash equivalents - January 1	<u>1,558,888</u>	<u>1,061,028</u>	<u>223,818</u>	<u>2,843,734</u>	<u>2,550,039</u>
Cash and cash equivalents - December 31	<u><u>\$1,490,322</u></u>	<u><u>\$1,086,838</u></u>	<u><u>\$195,931</u></u>	<u><u>\$2,773,091</u></u>	<u><u>\$2,843,734</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>(\$38,302)</u>	<u>(\$50,814)</u>	<u>(\$15,238)</u>	<u>(\$104,354)</u>	<u>\$155,286</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	-	-	(1,288)	(1,288)	-
(Increase) decrease in other assets	-	(12,334)	-	(12,334)	(6,046)
Increase (decrease) in accounts payable	-	20,345	-	20,345	48,462
Increase (decrease) in accrued liabilities	-	-	(11,361)	(11,361)	11,361
Increase (decrease) in compensated absences	(12,467)	-	-	(12,467)	9,739
Increase (decrease) in claims and judgments	-	78,443	-	78,443	30,673
Total adjustments	<u>(12,467)</u>	<u>86,454</u>	<u>(12,649)</u>	<u>61,338</u>	<u>94,189</u>
Net cash provided by operating activities	<u><u>(\$50,769)</u></u>	<u><u>\$35,640</u></u>	<u><u>(\$27,887)</u></u>	<u><u>(\$43,016)</u></u>	<u><u>\$249,475</u></u>



Blaine Area Development Company Fund – this fund accounts for the investments retained by the City for the Blaine Area Development Company. The Company is a non-profit organization operating under Section 501(c) of the Internal Revenue Code. It receives government grants designated for financing of small businesses in the Cities of Blaine and Spring Lake Park.

CITY OF BLAINE, MINNESOTA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For The Year Ended December 31, 2013

Statement 20

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
<u>Blaine Area Development Corp</u>				
Assets:				
Cash and pooled investments	<u>\$140,065</u>	<u>\$192,342</u>	<u>\$9,901</u>	<u>\$322,506</u>
Liabilities:				
Due to Blaine Area Development Company	<u>\$140,065</u>	<u>\$192,342</u>	<u>\$9,901</u>	<u>\$322,506</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.	96-109
Revenue Capacity	
These tables contain information to help the reader assess the City’s most significant local revenue source, the property tax.	111-115
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.	116-123
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.	124-125
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.	127-131

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*			
	2004	2005**	2006	2007
Governmental activities:				
Net investment in capital assets	\$47,922,189	\$116,027,087	\$115,908,054	\$128,495,244
Restricted	10,415,770	10,719,234	12,201,893	13,628,434
Unrestricted	32,205,258	28,230,841	31,436,669	35,562,127
Total governmental activities net position	<u>\$90,543,217</u>	<u>\$154,977,162</u>	<u>\$159,546,616</u>	<u>\$177,685,805</u>
Business-type activities:				
Net investment in capital assets	\$81,759,763	\$89,965,316	\$116,663,389	\$126,948,993
Restricted	-	-	-	-
Unrestricted	26,423,677	21,908,894	20,833,245	18,668,853
Total business-type activities net position	<u>\$108,183,440</u>	<u>\$111,874,210</u>	<u>\$137,496,634</u>	<u>\$145,617,846</u>
Primary government:				
Net investment in capital assets	\$123,589,452	\$200,311,103	\$227,205,943	\$250,588,337
Restricted	10,415,770	10,719,234	12,201,893	13,628,434
Unrestricted	64,721,435	55,821,035	57,635,414	59,086,880
Total primary government net position	<u>\$198,726,657</u>	<u>\$266,851,372</u>	<u>\$297,043,250</u>	<u>\$323,303,651</u>

*Net position by component is shown for each year of reporting under GASB 34 which was implemented effective with the 2003 calendar year.

**In 2005 a prior period adjustment was made in accordance with GASB Statement No. 34, to include infrastructure assets acquired by the City from 1980 to 2002. The amount of this restatement increased net assets by \$44,609,887, which was in addition to the \$19,824,058 increase due to that year's operating results.

***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.

Table 1

Fiscal Year*					
2008	2009	2010	2011	2012***	2013
\$132,783,540	\$141,264,210	\$144,076,941	\$148,586,847	\$151,926,174	\$160,416,967
14,051,544	15,605,370	17,724,184	17,033,344	18,041,663	17,993,553
36,249,047	30,459,605	30,300,656	31,107,632	31,313,906	29,151,051
<u>\$183,084,131</u>	<u>\$187,329,185</u>	<u>\$192,101,781</u>	<u>\$196,727,823</u>	<u>\$201,281,743</u>	<u>\$207,561,571</u>
\$125,548,492	\$128,034,695	\$127,267,681	\$129,035,604	\$130,977,212	\$134,402,798
120,766	120,766	120,766	122,317	123,163	123,694
21,052,555	18,546,602	20,257,703	19,266,078	20,349,158	20,538,623
<u>\$146,721,813</u>	<u>\$146,702,063</u>	<u>\$147,646,150</u>	<u>\$148,423,999</u>	<u>\$151,449,533</u>	<u>\$155,065,115</u>
\$252,120,332	\$269,298,905	\$271,344,622	\$277,622,451	\$282,903,386	\$294,819,765
14,172,310	15,726,136	17,844,950	17,155,661	18,164,826	18,117,247
63,513,302	49,006,207	50,558,359	50,373,710	51,663,064	49,689,674
<u>\$329,805,944</u>	<u>\$334,031,248</u>	<u>\$339,747,931</u>	<u>\$345,151,822</u>	<u>\$352,731,276</u>	<u>\$362,626,686</u>

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

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities:			
General government	\$4,011,878	\$4,126,919	\$4,619,917
Public safety	7,497,763	7,983,630	3,668,268
Public works	5,327,720	6,809,384	12,722,249
Sanitation	1,916,655	1,998,737	2,176,422
Recreation	975,024	1,421,484	1,540,580
Community development	2,143,457	4,163,275	3,444,968
Interest on long-term debt	962,761	1,021,810	1,200,475
Total governmental activities expenses	<u>22,835,258</u>	<u>27,525,239</u>	<u>29,372,879</u>
Business-type activities:			
Water	2,456,739	5,977,547	3,327,951
Sewer	3,755,427	4,050,789	5,424,240
Storm drainage	-	-	-
Refuse / Sanitation	-	-	-
Senior housing	1,050,535	1,135,564	1,214,606
Total business-type activities expenses	<u>7,262,701</u>	<u>11,163,900</u>	<u>9,966,797</u>
Total primary government expenses	<u>\$30,097,959</u>	<u>\$38,689,139</u>	<u>\$39,339,676</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$502,847	\$522,956	\$514,769
Public safety	539,827	513,333	522,263
Public works	3,909,356	1,253,276	2,454,038
Sanitation	2,177,158	2,273,127	2,339,192
Recreation	1,091,519	1,920,768	2,899,514
Community development	3,178,596	2,597,350	2,483,161
Operating grants and contributions	613,200	708,732	626,172
Capital grants and contributions	11,576,664	18,351,997	14,791,509
Total governmental activities program revenues	<u>23,589,167</u>	<u>28,141,539</u>	<u>26,630,618</u>

Table 2
Page 1 of 2

Fiscal Year						
2007	2008	2009	2010	2011	2012*	2013
\$4,788,559	\$4,826,588	\$5,299,029	\$5,411,620	\$5,215,357	\$5,702,507	\$3,777,931
9,790,782	10,890,853	10,923,008	11,021,926	11,309,461	11,364,492	11,453,747
9,878,072	9,063,936	8,457,933	9,065,798	9,675,845	8,123,540	8,423,632
-	-	-	-	-	-	-
1,656,068	1,353,604	1,887,648	1,480,284	1,565,590	1,703,196	1,645,900
2,231,913	2,678,455	2,221,391	2,027,711	2,157,671	2,016,411	2,220,316
1,257,042	1,406,837	1,423,893	1,311,081	1,153,658	1,070,006	1,160,736
<u>29,602,436</u>	<u>30,220,273</u>	<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>
3,386,471	4,258,078	3,913,392	4,151,115	3,721,034	3,759,960	3,855,876
5,256,700	4,865,987	4,952,820	5,084,703	4,819,697	4,729,733	4,909,651
-	822,401	1,018,459	897,108	1,100,692	961,050	975,230
2,388,791	2,392,596	2,362,096	2,620,451	2,722,442	2,862,083	3,019,590
1,363,574	1,394,926	1,337,665	1,472,758	1,374,386	1,421,808	1,452,639
<u>12,395,536</u>	<u>13,733,988</u>	<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>\$41,997,972</u>	<u>\$43,954,261</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>
\$515,817	\$793,593	\$756,311	\$819,116	\$722,659	\$784,962	\$787,622
549,800	532,683	494,817	549,899	750,130	696,370	673,702
4,139,874	1,346,855	1,691,831	2,306,865	977,609	1,139,632	418,737
225,925	600	675	-	-	-	-
1,533,452	1,671,539	498,725	579,035	439,567	648,330	1,004,910
2,627,090	1,852,047	1,475,763	1,821,847	2,457,771	2,908,633	2,161,866
582,518	626,058	1,082,140	1,446,530	1,343,221	1,520,422	1,389,673
8,170,875	2,720,620	2,728,630	4,724,863	4,592,368	5,104,558	8,633,951
<u>18,345,351</u>	<u>9,543,995</u>	<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>

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

	Fiscal Year		
	2004	2005	2006
Program Revenues (continued)			
Business-type activities:			
Charges for services:			
Water	\$5,016,901	\$4,525,733	\$4,885,381
Sewer	3,937,861	4,081,868	4,702,049
Storm drainage	-	-	-
Sanitation	-	-	-
Senior Housing	1,240,944	1,304,200	1,301,680
Operating grants and contributions	-	-	-
Capital grants and contributions	6,272,426	4,841,712	8,802,452
Total business-type activities program revenues	<u>16,468,132</u>	<u>14,753,514</u>	<u>19,691,562</u>
Total primary government program revenues	<u>\$40,057,299</u>	<u>\$42,895,053</u>	<u>\$46,322,180</u>
Net (expense) revenue			
Governmental activities	\$753,909	\$616,300	(\$2,742,261)
Business-type activities	<u>9,205,431</u>	<u>3,589,614</u>	<u>9,724,765</u>
Total primary government net expense	<u>\$9,959,340</u>	<u>\$4,205,914</u>	<u>\$6,982,504</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property taxes	\$12,346,823	\$13,631,483	\$15,544,982
Tax increments	2,126,981	2,307,928	2,704,120
Franchise taxes	279,209	319,025	372,358
Lodging taxes	20,490	22,725	24,448
Gambling taxes	65,690	75,559	67,630
Unrestricted grants and contributions	1,258,192	1,197,475	1,305,055
Investment earnings	749,760	1,219,875	2,254,469
Gain on sale of capital assets	880,389	72,735	73,997
Transfers	187,777	360,953	(15,035,346)
Total governmental activities	<u>17,915,311</u>	<u>19,207,758</u>	<u>7,311,713</u>
Business-type activities:			
Unrestricted grants and contributions	-	-	20,000
Investment earnings	323,670	462,108	842,313
Gain on sale of capital assets	-	-	-
Transfers	(187,777)	(360,953)	15,035,346
Total business-type activities	<u>135,893</u>	<u>101,155</u>	<u>15,897,659</u>
Total primary government	<u>\$18,051,204</u>	<u>\$19,308,913</u>	<u>\$23,209,372</u>
Change in Net Position			
Governmental activities	\$18,669,220	\$19,824,058	\$4,569,452
Business-type activities	<u>9,341,324</u>	<u>3,690,769</u>	<u>25,622,424</u>
Total primary government	<u>\$28,010,544</u>	<u>\$23,514,827</u>	<u>\$30,191,876</u>

Table 2
Page 2 of 2

Fiscal Year						
2007	2008	2009	2010	2011	2012*	2013
\$4,887,689	\$4,270,471	\$4,758,957	\$4,237,701	\$4,159,805	\$5,069,764	\$4,538,200
4,498,649	4,367,401	4,366,857	4,489,413	4,515,577	4,649,702	4,712,081
-	931,946	852,746	856,808	866,961	908,100	1,037,485
2,566,383	2,437,250	2,475,211	2,515,843	2,556,449	2,632,526	2,781,467
1,330,023	1,322,144	1,308,687	1,387,090	1,420,694	1,430,197	1,447,634
94,870	102,235	42,245	98,863	115,075	227,153	171,316
7,387,135	521,520	485,583	1,257,072	669,796	960,298	3,392,349
<u>20,764,749</u>	<u>13,952,967</u>	<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>\$39,110,100</u>	<u>\$23,496,962</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>
(\$11,257,085)	(\$20,676,278)	(\$21,484,010)	(\$18,070,265)	(\$19,794,257)	(\$17,177,245)	(\$13,611,801)
8,369,213	218,979	705,854	616,655	566,106	2,143,106	3,867,546
<u>(\$2,887,872)</u>	<u>(\$20,457,299)</u>	<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>
\$17,274,088	\$18,382,970	\$19,323,676	\$19,066,659	\$18,918,478	\$18,905,229	\$18,754,042
3,013,151	3,171,003	3,261,896	2,493,979	2,300,674	2,068,161	915,604
406,267	452,102	489,868	494,157	507,790	503,339	533,296
52,473	3,232	2,626	2,853	3,199	3,438	3,477
54,689	42,328	34,160	41,349	70,535	91,735	91,361
2,020,573	1,104,547	317,950	72,315	69,654	27,796	23,609
3,111,161	2,839,469	1,222,800	712,480	1,992,891	826,148	(466,618)
2,212,369	2,524	-	-	12,095	5,440	5,903
1,251,502	76,430	1,076,088	(40,931)	600,973	(483,015)	30,955
<u>29,396,273</u>	<u>26,074,605</u>	<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>
-	-	-	-	-	-	-
1,003,501	961,417	350,484	286,501	812,773	331,611	(221,009)
-	-	-	-	-	67,802	-
(1,251,502)	(76,430)	(1,076,088)	40,931	(600,973)	483,015	(30,955)
<u>(248,001)</u>	<u>884,987</u>	<u>(725,604)</u>	<u>327,432</u>	<u>211,800</u>	<u>882,428</u>	<u>(251,964)</u>
<u>\$29,148,272</u>	<u>\$26,959,592</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>
\$18,139,188	\$5,398,327	\$4,245,054	\$4,772,596	\$4,682,032	\$4,771,026	\$6,279,828
8,121,212	1,103,966	(19,750)	944,087	777,906	3,025,534	3,615,582
<u>\$26,260,400</u>	<u>\$6,502,293</u>	<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>

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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
2004	\$12,346,823	\$ -	\$2,126,981	\$279,209	\$20,490	\$65,690	\$14,839,193
2005	13,631,483	-	2,307,928	319,025	22,725	75,559	16,356,720
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

**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			
	2004	2005	2006	2007
General fund:				
Reserved	\$330,436	\$281,628	\$213,366	\$43,965
Unreserved	9,470,178	9,044,086	9,548,027	10,247,115
Nonspendable	-	-	-	-
Committed	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$9,800,614</u>	<u>\$9,325,714</u>	<u>\$9,761,393</u>	<u>\$10,291,080</u>
All other governmental funds:				
Reserved	\$5,124,447	\$8,335,467	\$5,429,771	\$6,521,950
Unreserved, reported in:				
Special revenue funds	11,897,817	10,252,719	2,886,802	2,197,593
Capital projects funds	23,910,443	23,533,493	25,298,652	39,446,977
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$40,932,707</u>	<u>\$42,121,679</u>	<u>\$33,615,225</u>	<u>\$48,166,520</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					
2008	2009	2010	2011	2012	2013
\$73,661	\$77,837	\$54,916	\$ -	\$ -	\$ -
9,811,821	9,795,673	10,584,953	-	-	-
-	-	-	90,740	189,125	32,037
-	-	-	-	48,691	-
-	-	-	10,848,967	10,381,874	9,142,896
<u>\$9,885,482</u>	<u>\$9,873,510</u>	<u>\$10,639,869</u>	<u>\$10,939,707</u>	<u>\$10,619,690</u>	<u>\$9,174,933</u>
\$8,821,377	\$5,073,455	\$7,342,489	\$ -	\$ -	\$ -
1,579,763	1,112,395	2,538,426	-	-	-
32,597,252	31,532,603	29,236,745	-	-	-
-	-	-	-	-	-
-	-	-	15,007,347	19,561,722	24,771,924
-	-	-	4,139,499	3,944,926	4,119,095
-	-	-	18,745,061	18,724,555	17,080,826
-	-	-	(6,997)	-	-
<u>\$42,998,392</u>	<u>\$37,718,453</u>	<u>\$39,117,660</u>	<u>\$37,884,910</u>	<u>\$42,231,203</u>	<u>\$45,971,845</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			
	2004	2005	2006	2007
Revenues:				
Taxes	\$14,889,926	\$16,318,482	\$18,555,886	\$20,720,799
Special assessments	1,236,598	1,251,299	1,548,848	2,033,199
Licenses and permits	2,402,449	2,069,320	1,996,239	2,145,265
Intergovernmental	2,212,599	3,821,113	3,016,457	3,081,977
Charges for services	5,888,933	5,744,081	5,925,421	3,674,353
Fines	291,513	287,922	299,474	342,137
Investment earnings	749,760	1,219,875	2,254,468	3,111,160
Miscellaneous	1,135,850	737,434	2,860,672	1,673,399
Total revenues	<u>28,807,628</u>	<u>31,449,526</u>	<u>36,457,465</u>	<u>36,782,289</u>
Expenditures:				
General government	3,334,058	3,351,225	3,694,185	3,946,868
Public safety	6,741,829	7,306,857	7,803,310	8,668,609
Public works	4,668,743	5,350,718	5,777,782	6,176,629
Sanitation	2,150,855	2,224,137	2,401,822	-
Recreation	716,058	799,742	855,926	893,576
Community development	2,025,975	2,940,537	2,515,524	2,359,373
Unallocated expenditures	345,240	304,745	350,455	524,100
Capital outlay	6,140,620	12,699,097	18,103,299	11,763,044
Debt service:				
Principal	4,705,000	3,485,000	3,255,000	3,240,000
Interest and fiscal charges	1,098,203	1,015,235	1,295,012	1,228,999
Total expenditures	<u>31,926,581</u>	<u>39,477,293</u>	<u>46,052,315</u>	<u>38,801,198</u>
Excess of revenues over (under) expenditures	<u>(3,118,953)</u>	<u>(8,027,767)</u>	<u>(9,594,850)</u>	<u>(2,018,909)</u>
Other financing sources (uses):				
Transfers in	6,171,454	4,715,305	15,320,858	9,597,116
Transfers out	(5,834,190)	(4,356,729)	(14,969,825)	(4,964,339)
Sale of capital assets	1,554,221	386,771	73,997	2,767,113
Refunding bonds issued	-	-	-	-
Tax increment refunding bonds issued	1,555,000	-	5,215,000	-
Equipment certificates issued	-	-	-	-
General obligation bonds issued	-	-	-	-
Tax increment bonds issued	-	-	-	-
Improvement bonds issued	7,675,000	8,050,000	-	9,700,000

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$21,966,110	\$22,903,739	\$22,133,465	\$21,895,707	\$21,742,699	\$20,429,954
830,226	795,730	1,918,711	1,139,678	1,296,490	1,486,110
1,644,182	1,274,114	1,572,484	1,629,284	1,911,834	1,838,784
2,088,320	2,621,075	3,759,522	2,932,339	2,822,485	2,901,687
3,966,311	4,074,411	4,217,737	4,391,274	4,694,054	4,532,141
333,782	331,235	362,512	347,040	312,929	269,301
2,839,469	1,222,800	712,480	1,992,891	785,783	(440,216)
1,427,950	346,132	445,111	1,084,446	476,933	976,973
<u>35,096,350</u>	<u>33,569,236</u>	<u>35,122,022</u>	<u>35,412,659</u>	<u>34,043,207</u>	<u>31,994,734</u>
4,179,951	3,977,413	4,227,517	4,140,915	4,408,125	4,460,082
9,519,086	9,959,361	10,066,883	10,355,594	10,509,365	10,775,724
6,898,031	6,605,552	6,507,272	6,702,153	6,907,024	7,060,909
-	-	-	-	-	-
977,558	1,030,243	1,101,047	1,033,033	1,139,859	1,054,150
2,446,220	2,415,468	2,606,450	2,031,014	2,021,440	2,007,063
558,707	490,227	639,800	373,953	374,839	375,764
16,501,380	12,917,581	5,627,495	7,668,895	6,024,106	5,396,361
2,860,000	2,730,000	3,430,000	3,460,000	3,100,000	3,085,000
1,331,345	1,396,425	1,379,710	1,251,342	1,142,682	1,098,328
<u>45,272,278</u>	<u>41,522,270</u>	<u>35,586,174</u>	<u>37,016,899</u>	<u>35,627,440</u>	<u>35,313,381</u>
<u>(10,175,928)</u>	<u>(7,953,034)</u>	<u>(464,152)</u>	<u>(1,604,240)</u>	<u>(1,584,233)</u>	<u>(3,318,647)</u>
4,004,340	4,963,451	8,032,090	3,874,883	4,803,776	2,410,258
(3,657,029)	(2,478,842)	(7,729,699)	(3,081,555)	(4,183,785)	(2,010,202)
41,410	176,514	80,504	73,990	45,518	127,527
-	-	1,720,000	-	-	-
-	-	-	-	-	-
-	-	485,000	1,555,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,140,000	-	-	-	4,945,000	4,900,000

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			
	2004	2005	2006	2007
Other financing sources (uses): (continued)				
Premium on bonds issued	\$15,205	\$ -	\$ -	\$ -
Discount on bonds issued	(3,022)	(53,508)	(15,957)	-
Payments to refunded bond escrow agent	(1,535,000)	-	(5,154,001)	-
Loan proceeds	-	-	1,054,000	-
Total other financing sources (uses)	<u>9,600,672</u>	<u>8,743,844</u>	<u>1,526,078</u>	<u>17,101,897</u>
Net change in fund balances	<u>\$6,481,719</u>	<u>\$716,077</u>	<u>(\$8,068,772)</u>	<u>\$15,082,988</u>
Debt service as a percentage of noncapital expenditures	21.30%	15.91%	15.19%	14.33%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$73,482	\$ -	\$ -	\$ -	\$ -	\$186,949
-	-	41,823	-	-	-
-	-	-	(1,695,000)	-	-
-	-	-	-	-	-
<u>4,604,211</u>	<u>2,661,123</u>	<u>2,629,718</u>	<u>727,318</u>	<u>5,610,509</u>	<u>5,614,532</u>
<u>(\$5,571,717)</u>	<u>(\$5,291,911)</u>	<u>\$2,165,566</u>	<u>(\$876,922)</u>	<u>\$4,026,276</u>	<u>\$2,295,885</u>
13.30%	13.18%	15.52%	14.52%	13.64%	13.76%

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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			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	Personal Property					
2004	\$27,066,032	\$11,766,984	\$796,615	(\$6,262,026)	\$33,367,605	33.35%	\$3,551,499,400	1.12%
2005	32,544,018	13,445,316	1,127,767	(7,118,826)	39,998,275	31.33%	4,053,920,900	1.16%
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%

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
2004	30.228	3.125	33.353
	30.228	3.125	33.353
	30.228	3.125	33.353
2005	28.678	2.656	31.334
	28.678	2.656	31.334
	28.678	2.656	31.334
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

*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

Anoka County Total County Tax Rate	Overlapping Rates*			Special Districts	Total Direct & Overlapping Rates
	School Districts				
	Combined Operating/Debt Tax Rate				
ISD #11	ISD #12	ISD #16			
35.221	21.050	-	-	7.190	96.814
35.221	-	36.649	-	8.010	113.233
35.221	-	-	21.504	8.010	98.088
33.080	21.492	-	-	7.436	93.342
33.080	-	37.486	-	8.319	110.219
33.080	-	-	16.118	8.319	88.851
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

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

Table 8

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Glimacher Northtown Venture, LLC	\$941,804	1	1.87%	\$1,110,718	1	3.77%
MEPT Blaine LLC	481,514	2	0.96%			-
Connexus Energy	344,302	3	0.68%	300,238	3	1.02%
Mills Properties Inc.	281,420	4	0.56%			-
Blaine Partners LLC	270,381	5	0.54%			-
CenterPoint Energy	267,078	6	0.53%			-
Infinite Campus	246,066	7	0.49%			-
SNH Blaine Inc.	225,188	8	0.45%			-
Target Corporation	221,536	9	0.44%			-
Menards Corporation	198,076	10	0.39%			-
Village of Blaine			-	486,816	2	1.65%
Raymen Associates of Blaine			-	294,756	4	1.00%
Muir Northtown			-	294,564	5	1.00%
North Court RE Holdings, Inc.			-	271,382	6	0.92%
Walmart			-	253,710	7	0.86%
Individual			-	242,998	8	0.83%
Home Depot USA			-	231,858	9	0.79%
Engelsma Ltd. Partnership			-	213,908	10	0.73%
Totals	<u>\$3,477,365</u>		<u>6.91%</u>	<u>\$3,700,948</u>		<u>12.57%</u>

Source: Anoka County Assessor's Office

CITY OF BLAINE, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
December 31, 2013
(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
2004	\$12,150,711	\$11,693,202	96.2%	\$118,015	\$11,811,217	97.2%
2005	13,619,801	13,487,228	99.0%	92,911	13,580,139	99.7%
2006	15,473,058	15,151,667	97.9%	252,004	15,403,671	99.6%
2007	17,295,649	16,902,091	97.7%	300,456	17,202,547	99.5%
2008	18,679,232	17,998,584	96.4%	335,379	18,333,963	98.2%
2009	19,292,648	18,844,700	97.7%	362,702	19,207,402	99.6%
2010	19,921,967	18,565,639	93.2%	249,385	18,815,024	94.4%
2011	19,946,864	18,617,251	93.3%	205,202	18,822,453	94.4%
2012	19,045,086	18,771,456	98.6%	131,247	18,902,703	99.3%
2013	19,024,390	18,639,325	98.0%	-	18,639,325	98.0%

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			
2004	\$17,970,000	\$10,450,000	\$ -	\$28,420,000	1.53%	531
2005	23,275,000	9,710,000	-	32,985,000	1.66%	587
2006	20,720,000	9,150,000	-	29,870,000	1.42%	520
2007	28,195,000	8,260,000	-	36,455,000	1.69%	644
2008	26,345,000	11,515,000	6,255,000	44,115,000	2.00%	775
2009	24,625,000	10,630,000	5,850,000	41,105,000	1.83%	708
2010	24,955,000	9,200,000	5,515,000	39,670,000	1.84%	694
2011	22,880,000	7,800,000	5,170,000	35,850,000	1.88%	618
2012	21,135,000	11,515,000	4,820,000	37,470,000	1.56%	622
2013	24,315,000	10,275,000	4,460,000	39,050,000	1.51%	630

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 Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value* of Property</u>	<u>Per Capita**</u>
2004	\$28,420,000	\$3,127,524	\$25,292,476	0.71%	473
2005	32,985,000	2,778,118	30,206,882	0.75%	537
2006	29,870,000	3,497,945	26,372,055	0.56%	459
2007	36,455,000	4,471,655	31,983,345	0.60%	565
2008	44,115,000	4,107,911	40,007,089	0.70%	703
2009	41,105,000	3,654,927	37,450,073	0.63%	645
2010	39,670,000	4,303,172	35,366,828	0.62%	618
2011	35,850,000	4,356,809	31,493,191	0.60%	543
2012	37,470,000	7,861,898	29,608,102	0.59%	492
2013	39,050,000	12,706,537	26,343,463	0.57%	425

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 111 for property value data.

**Population data can be found in the schedule of Demographic and Economic Statistics on page 124.

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CITY OF BLAINE, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2013
(Amounts Expressed in Whole Thousands)

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Direct debt:			
City	\$34,590,000	100.0%	\$34,590,000
Overlapping debt:			
Anoka County	128,224,156	19.5%	25,003,710
Ramsey County	187,745,000	0.1%	187,745
Ramsey County Library	18,190,000	0.2%	36,380
Independent School District #11-Anoka-Hennepin	100,954,061	14.1%	14,234,523
Independent School District #12-Centennial	46,710,000	24.2%	11,303,820
Independent School District #16-Spring Lake Park	111,911,855	67.1%	75,092,855
Independent School District #621-Mounds View	109,627,975	0.6%	657,768
Metropolitan Council	21,040,000	1.8%	378,720
Metropolitan Transit District	370,135,000	2.3%	8,513,105
Subtotal, overlapping debt	1,094,538,047		135,408,626
Total direct and overlapping debt	\$1,129,128,047		\$169,998,626

Source: Information obtained from taxing districts by financial consultant.

*The percentage of overlapping debt applicable is estimated using 2012 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			
	2004	2005	2006	2006
Debt limit	\$71,029,988	\$81,078,418	\$93,560,998	\$93,560,998
Total net debt applicable to limit	7,435,000	14,175,000	13,050,000	13,050,000
Legal debt margin	\$63,594,988	\$66,903,418	\$80,510,998	\$80,510,998
Total net debt applicable to the limit as a percentage of debt limit	10.47%	17.48%	13.95%	13.95%

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					
2008	2009	2010	2011	2012	2013
\$171,631,806	\$176,151,961	\$170,400,132	\$155,049,486	\$127,874,724	\$138,337,227
<u>26,905,000</u>	<u>19,800,000</u>	<u>14,665,676</u>	<u>19,330,000</u>	<u>18,260,000</u>	<u>21,755,000</u>
<u><u>\$144,726,806</u></u>	<u><u>\$156,351,961</u></u>	<u><u>\$155,734,456</u></u>	<u><u>\$135,719,486</u></u>	<u><u>\$109,614,724</u></u>	<u><u>\$116,582,227</u></u>
15.68%	11.24%	8.61%	12.47%	14.28%	15.73%

Legal Debt Margin Calculation for Fiscal Year 2013

Estimated market value	\$4,611,240,900
Add back: exempt real property	-
Total estimated market value	<u>4,611,240,900</u>
Debt limit (3% of total assessed value)	138,337,227
Debt applicable to limit:	
General obligation bonds	21,755,000
Less: Amount set aside for repayment of general obligation debt	<u>(12,706,537)</u>
Total net debt applicable to limit	<u>9,048,463</u>
Legal debt margin	<u><u>\$129,288,764</u></u>

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

Fiscal Year	Water Revenue Bonds		
	Gross Revenues	Less: Operating Expenses	Net Available Revenue
2004	N/A	N/A	N/A
2005	N/A	N/A	N/A
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
2010	4,216,735	2,227,362	1,989,373
2011	4,159,804	3,225,686	934,118
2012	5,069,784	3,547,932	1,521,852
2013	4,502,675	2,608,553	1,894,122

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
Principal	Interest			Principal	Interest	
-	-	N/A	\$713,645	\$2,050,000	\$179,349	0.32
-	-	N/A	521,130	740,000	288,190	0.51
-	-	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
405,000	264,577	2.98	327,810	885,000	256,391	0.29
335,000	214,813	3.62	415,019	1,430,000	223,447	0.25
345,000	204,181	1.70	1,027,724	1,400,000	311,704	0.60
350,000	192,887	2.80	1,515,187	1,230,000	262,783	1.02
360,000	180,900	3.50	1,442,951	1,240,000	272,750	0.95

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

Table 15

Fiscal Year	Population (1)	Total Estimated Personal Income (amounts expressed in thousands) (2)	Per Capita Personal Income (3)	Median Age (4)	Education Level in Years of		City of Blaine Unemployment Rate (7)	Anoka County Unemployment Rate (7)
					Formal Schooling (5)	School Enrollment (6)		
2004	53,520	\$1,855,538,400	\$34,670	35.0	13.3	*	3.6%	4.0%
2005	56,208	1,985,828,640	35,330	35.0	13.4	*	3.5%	3.8%
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%

*Not available

**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	2013			2004		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Aveda Corporation	700	1	3.04%	515	1	2.76%
Cub Foods (three locations)	360	2	1.56%	440	2	2.35%
Infinite Campus	355	3	1.54%			0.00%
Target Corporation	350	4	1.52%			0.00%
Carley Foundry, Inc.	340	5	1.48%	185	3	0.99%
Bermo, Inc.	270	6	1.17%	150	6	0.80%
National Sports Center	250	7	1.09%	135	9	0.72%
PTC	230	8	1.00%			0.00%
Home Depot (two locations)	220	9	0.96%			0.00%
Walmart Stores, Inc	200	10	0.87%			0.00%
Best Buy			0.00%	180	4	0.96%
City of Blaine			0.00%	150	6	0.80%
General Pattern Company			0.00%	150	6	0.80%
Kohl's Department Store			0.00%	155	5	0.83%
Dayton Rogers Manufacturing			0.00%	116	10	0.62%
Total	3,275		14.23%	2,176		11.63%

Sources: City of Blaine Official Bond Statement Bonds of 2008A and Bonds of 2008B

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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,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
Administration	8.00	9.50	9.50	10.00	10.00	10.00	9.00	8.00	8.00	8.00
Finance and information services	15.00	14.00	14.60	15.50	15.60	15.80	15.80	14.50	14.50	15.80
Public safety:										
Police:										
Officers	50.00	52.00	55.00	58.00	62.00	62.00	62.00	62.00	62.00	59.00
Civilians	15.25	16.00	16.20	16.20	16.20	16.20	16.20	15.20	14.00	15.90
Fire/community standards:										
Firefighters and officers	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	4.00	4.00
Civilians	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	6.00	6.00
Public services:										
Public works:										
Engineering	10.00	12.00	12.00	13.00	13.00	13.00	13.00	12.80	12.80	15.50
Maintenance	32.00	33.00	37.00	36.00	36.00	34.50	34.50	33.50	31.75	30.75
Water, sewer and storm sewer	14.00	17.00	18.00	19.00	19.00	18.00	17.00	17.00	16.25	16.25
Culture and recreation	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	6.00
Community development:										
Planning	4.00	4.00	4.00	5.00	5.00	5.00	4.00	4.00	3.00	3.00
Economic development	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.80
Building inspections	12.20	12.20	12.20	12.20	12.20	12.20	11.40	12.20	6.80	6.20
Total	<u>177.45</u>	<u>187.70</u>	<u>197.50</u>	<u>203.90</u>	<u>208.00</u>	<u>205.70</u>	<u>201.90</u>	<u>198.20</u>	<u>188.10</u>	<u>188.20</u>

Source: City of Blaine annual budget

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

Function	Fiscal Year			
	2004	2005	2006	2007
Police				
Total arrests	2,051	2,435	2,807	2,227
Serious crimes	4,965	4,863	4,899	4,565
Total calls for service	32,487	33,972	33,203	32,165
Traffic violations	5,338	5,194	3,974	4,718
Fire				
Number of calls answered	797	758	815	844
Inspections	2,452	2,468	2,359	2,256
Highways and streets				
Street resurfacing (miles)	7.02	11.69	4.12	4.32
Sealcoating (miles)	21.55	19.92	13.65	15.65
Sanitation				
Refuse collected (tons/day)	44.43	48.39	48.06	46.38
Recyclables collected (tons/day)	13.78	14.50	15.81	13.44
Culture and recreation				
Youth activity participants	6,351	8,864	8,884	10,388
Adult activity participants	3,489	3,452	2,645	3,758
Senior activity participants	17,956	20,146	23,966	25,485
Facility usage permits	6,583	6,413	6,305	6,329
Economic Development				
Building permits issued	2,742	2,300	2,502	6,935
Number of inspections	18,091	15,711	14,333	10,204
Water				
New connections	229	798	271	264
Water main breaks	2	6	5	10
Average daily consumption (thousands of gallons)	5,890,934	6,058,474	6,727,597	6,931,178
Sewer				
Sewer pipes cleaned (linear feet)	115,000	145,000	209,000	119,790
Sewer pipes televised (linear feet)	-	-	210,000	-
Sewer pipes lined (linear feet)	-	-	2,157	550
Average daily sewage treatment (thousands of gallons)	4,416,438	4,542,466	5,041,096	5,178,082

Source: Statistics kept by City of Blaine departments

*Not available

Table 18

Fiscal Year						
2008	2009	2010	2011	2012	2013	
2,200	2,189	1,856	1,790	1,718	1,539	
4,753	4,263	5,595	5,461	5,554	5,174	
31,022	29,713	29,429	29,715	22,044	22,091	
5,661	5,894	5,900	5,397	4,693	3,701	
844	857	849	1,272	831	1,174	
2,031	1,766	1,617	1,557	1,786	2,020	
4.96	5.00	-	5.35	2.43	7.90	
8.54	9.00	5.71	7.29	7.44	5.20	
45.56	45.58	46.91	49.39	46.28	64.73	
12.56	12.57	13.65	12.26	14.34	16.78	
11,952	13,744	14,343	8,855	11,550	14,935	
4,742	5,975	6,466	6,934	7,106	6,403	
24,595	24,682	26,908	28,456	28,056	28,172	
6,854	7,402	12,920	11,738	12,189	11,606	
4,948	3,058	3,305	3,170	3,126	3,111	
12,717	9,236	10,207	13,560	12,606	11,360	
364	201	262	381	447	633	
7	6	10	4	8	9	
6,764,392	7,328,370	7,297,718	6,880,805	7,664,956	6,878,827	
109,300	280,000	120,000	102,000	250,500	318,000	
37,000	109,000	87,000	60,000	4,000	10,000	
36,863	87,175	104,471	-	13,389	*	
4,906,849	5,186,301	5,375,342	5,175,342	6,257,534	5,693,151	

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

Function	Fiscal Year			
	2004	2005	2006	2007
Public Safety				
Police				
Stations	1	1	1	1
Patrol Units	16	16	16	16
Fire stations	4	4	5	4
Highways and streets				
Streets (miles)	263	270	279	283
Traffic signals (city owned)	5	5	5	5
Culture and recreation				
Parks acreage	599	656	636	636
Parks	55	61	60	61
Miles of trails	*	*	54	54
Soccer fields	14	10	10	10
Lighted Park Shelters	2	3	3	3
Water				
Number of connections	15,226	16,024	16,295	16,559
Water mains (miles)	237	245	258	263
Fire hydrants	2,634	2,715	2,869	2,928
Maximum daily capacity (thousands of gallons)	5,890,934	6,058,474	6,727,597	6,931,178
Sewer				
Number of connections	15,209	15,919	16,250	16,500
Sanitary sewers (miles)	201	209	222	226
Storm Sewer				
Storm sewers (miles)	123	131	143	148

Source: Statistics kept by City of Blaine departments

*Information not available for these years.

Table 19

Fiscal Year						
2008	2009	2010	2011	2012	2013	
1	1	1	1	1	1	1
16	17	17	18	17	17	17
4	4	4	4	4	4	4
283	285	287	288	288	288	289
5	5	5	5	5	5	5
636	642	673	707	707	707	710
61	62	62	62	63	63	63
54	55	63	63	63	63	67
10	10	10	10	11	11	11
3	4	4	4	4	4	4
16,923	17,124	17,435	17,816	18,239	18,239	18,385
264	265	266	267	267	267	269
2,935	2,939	2,951	2,957	2,965	2,965	2,994
6,764,392	7,328,370	7,297,718	6,880,805	7,664,956	7,664,956	6,878,827
16,750	17,110	17,340	17,464	18,192	18,192	18,305
226	226	227	227	228	228	228
148	148	149	149	149	149	184

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