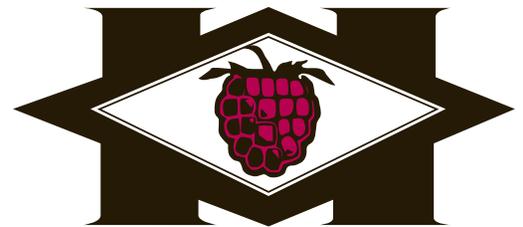


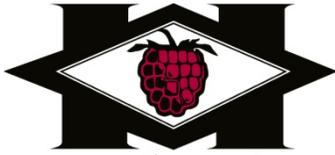


City of Hopkins, Minnesota

# Comprehensive Annual Financial Report

for year ended December 31, 2015





City of Hopkins

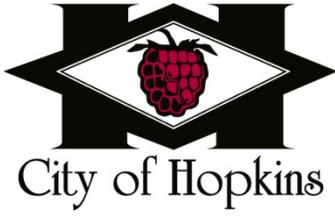
**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**CITY OF HOPKINS, MN**

For The Year Ended  
December 31, 2015

Prepared by the Department of Finance



**THE CITY OF HOPKINS, MINNESOTA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 YEAR ENDED DECEMBER 31, 2015**

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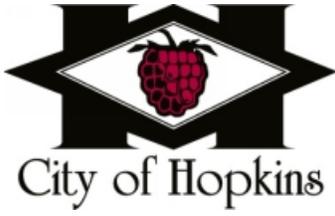
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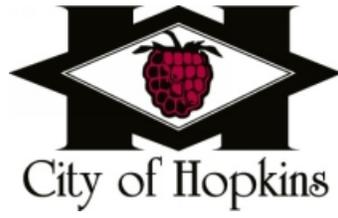


# **CITY OF HOPKINS, MINNESOTA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015

## **SECTION I**

### **INTRODUCTORY SECTION**





## *City of Hopkins*

1010 First Street South • Hopkins, MN 55343-7573 • Phone: 952-935-8474 • Fax: 952-935-1834  
Web address: [www.hopkinsmn.com](http://www.hopkinsmn.com)

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August 1, 2016

To the Honorable Mayor, Members of the Hopkins City Council and the Citizens of the City of Hopkins, Minnesota:

The Comprehensive Annual Financial Report (CAFR) of the City of Hopkins, Minnesota (the City) for the fiscal year ended December 31, 2015 is hereby submitted. This report was prepared in accordance with U.S. generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and meets the requirements of the Minnesota State Auditor's Office.

This report consists of management's representations concerning the finances of the City of Hopkins. Consequently, management assumes full responsibility for both the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Hopkins has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Hopkins financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Hopkins comprehensive framework of internal controls has been 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 Hopkins financial statements have been audited by CliftonLarsonAllen LLP, 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 of Hopkins for the fiscal year ended December 31, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering unmodified opinions that the City of Hopkins financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires 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's MD&A can be found in the financial section of this report immediately following the report of the independent auditors.

## **Profile of the Government**

Hopkins was first settled in 1853 and was incorporated as the Village of West Minneapolis in 1893. The name was changed in 1928 to Hopkins after one of the early residents. The original territory of incorporation was three square miles, but successive annexation since 1946 has enlarged this area by one-third. In 1947, the residents of the area adopted a City Charter with a Council/Manager form of government. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the government's manager and the government's attorney. The government's manager is responsible for carrying out the policies and ordinances of the government, for overseeing day-to-day operations of the government and for appointing the heads of the government's departments.

The report includes all funds of the City, including the City's Housing and Redevelopment Authority (HRA). The City provides a full range of services including general government, public safety, highways and streets, urban redevelopment and housing, culture and recreation, and health and welfare. In addition to general municipal activities, the City provides water, sewer, storm sewer and refuse services and operates an ice arena. Low-income rental housing is a function of the HRA. The Hopkins Fire Relief Association has not met the established criteria for inclusion in the reporting entity, and accordingly is excluded from this report.

The annual budget serves as the foundation for the City of Hopkins financial planning and control. All departments of the City of Hopkins are required to submit requests for appropriation to the Finance Director by July of each year. The Finance Director uses these requests as the starting point for developing a proposed budget. The Finance Director then presents this proposed budget to the Council for review prior to September 30th. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31, the close of the City of Hopkins fiscal year.

The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds require approval of the City Council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund and the major Special Revenue Funds this comparison is presented on pages 39-42 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General fund and major Special Revenue Funds, with annual budgets, this comparison is presented in the combining and individual fund statements and schedules subsection of this report on pages 109-126.

## **Factors Affecting Financial Condition**

The City of Hopkins, consisting of 2,504 acres, is located in Hennepin County on the westerly fringe of the Minneapolis urban area. The City, as part of the Minneapolis-St. Paul metropolitan complex, is readily accessible by the many highways and railways leading into the area. This easy access prompted steady growth for the City of Hopkins during its formative years. In response to this growth the City developed goals of working towards a planned community, with its policies directed toward sound ratios of residential, commercial and industrial components, with the current tax base approximately 76% single family residential and apartments, and 24% commercial-industrial. The city's population has stabilized due to the fact that the City is largely developed and the national trend toward the lowering of persons per household.

The City Council and staff along with an organized group of concerned partners determined what the Vision and the Mission of the City of Hopkins should be. Participation in this project was very high and the resulting Vision and Mission are as follows:

Community Vision

Creating a Spirit of Unity – Hopkins will be a community where

- People are treated with respect
- People participate in building culture, character and common bonds
- Business growth throughout the City is supported while maintaining a vibrant City center
- People feel safe, support outstanding schools and celebrate cultural heritages
- People enjoy quality public services, parks and housing

City of Hopkins Mission

- Inspire, Educate, Involve, Communicate

**Economic Condition and Outlook**

Hopkins continues to show strong economic and redevelopment activities within the city. The valuation of new non-residential construction in 2015 was \$12.6 million dollars. This development activity has been the result of a good development market in the Hopkins area along with successful planning on the part of the city council and city staff.

Significant projects completed or begun in 2015 include the following:

<u>Activity</u>	<u>Valuation</u>
Commercial Additions/Alterations:	
Super Valu – test kitchens	\$ 1,300,000
Hopkin Honda – addition	\$ 1,423,500
Walser Jeep Chrysler – addition	\$ 1,600,000
Johnson Building redevelopment	\$53,000,000

Efforts are being made for continued development and growth for 2015 and beyond. It is anticipated that approximately \$149,000,000 of construction will also take place in the City of Hopkins during the next several years.

Some anticipated projects for 2016-2019 include the following:

<u>Project</u>	<u>Valuation</u>
Hopkins Cold Storage Site Redevelopment	\$62,000,000
EBCO Site redevelopment	\$10,000,000
Oxford Green Apartments	\$ 7,000,000
Metropolitan Council Lift Station	\$ 5,000,000
Hopkins Village Apartments remodel	\$ 4,400,000

**Long-term financial planning**

The City of Hopkins has a strategic plan for economic development and has completed extensive planning work in anticipation of the Southwest Light Rail Transit (SWLRT) line and the three

Hopkins LRT stations. As a part of the plans, the City of Hopkins intends to pursue various development and redevelopment efforts throughout the City. Several projects are anticipated. In 2015, projects completed were the Super Valu test kitchens, along with the Hopkins Honda and Walser Jeep Chrysler additions. In addition the Johnson Building redevelopment was started. This development by Doran Companies known as "The Moline" will be a 241-unit market rate apartment building with state-of-the-art amenities along with retail on the first level. The project is projected to be completed in the fall of 2017. These developments will have major impacts on the community. Specialized planning is taking place to ensure that these developments occur so as to benefit the community and residential neighborhoods.

Major improvements continue to be made along the Hopkins section of Excelsior Boulevard (County Road 3). The first phase of improvements occurred in 1998 - 2000 between Shady Oak Road and 9<sup>th</sup> Avenue South. The second phase occurred in 2002 – 2004 between Highway 169 and Blake Road. The third phase occurred in 2007 on the segment between Highway 169 and 8<sup>th</sup> Avenue. The final phase is the section from Blake Road to Meadowbrook Road, has provisional county funding and is tentatively scheduled for 2016-2017.

Significant improvements for Shady Oak Road (County Road 61) began in 2013 and were completed in 2015. This project is a joint effort between Hennepin County and the Cities of Minnetonka and Hopkins. A number of neighborhood and town meetings were held to gather input on this project that will re-align the road and facilitate re-development of the area. The project began in earnest in 2013 with the acquisition of right of way property with major road construction starting in 2014 and finishing in 2015.

Another project in the planning stages is the 14-mile Southwest Corridor Light Rail Transit (SWLRT) line that will go from Eden Prairie to downtown Minneapolis passing through Hopkins and providing development potential at three transit stations that are planned for Hopkins. In downtown Minneapolis the Southwest LRT will connect with the Hiawatha and Central LRT lines. Construction of the light rail line is expected to begin in 2017 and is expected to be funded with the Counties Transit Improvement Board's transit sales tax in the metro area (30%), and with Hennepin County Regional Railroad Authority (10%), Federal (50%), and State (10%) dollars.

### **Relevant Financial Policies**

The City of Hopkins has adopted a comprehensive set of financial policies. While no new policies were developed in 2015 staff continues to review current policies to ensure they remain relevant.

In addition the City of Hopkins' Fund Balance policy requires that the General Fund's Unassigned portion of fund balance be equivalent to a minimum of five months expenditures or 42% of the prior fiscal year General Fund operating expenses. At December 31, 2015 the General Fund unassigned fund balance is at 48.01% or \$5,439,799 which represents slightly more than five months expenditures of the 2015 budget. Due to sound fiscal policy and close monitoring of budgets we remain at the targeted General Fund balance goal.

### **Major Initiatives**

For 2015, the staff, following specific directives of the council and the city manager, has been involved in a variety of projects throughout the year. These projects reflect the government's

commitment to ensuring that its citizens are able to live and work in a safe environment and that the needs for services are met.

In 2015, we accomplished our annual street repair and improvements, at a cost of approximately \$4,900,359. This included the city's share of the Shady Oak Road project, along with improvements to Mainstreet reconstruction. Along with the street improvements, improvements to various parking lots totaled \$1,093,118. In addition preliminary work was begun on the 2016 street improvement project.

We continue to improve Cottageville Park and invested \$2,146,978 in that park in 2015 adding play equipment and continuing to expand the park. Additional park project improvements for 2015 totaled \$50,182.

The water, sewer and storm sewer departments also completed in conjunction with the street improvements, infrastructure reconstruction projects totaling \$911,825 along with several other small projects.

Other miscellaneous improvement projects in 2015 included the purchase of a downtown building for \$142,053 with the intention of moving the Hopkins Historical Society out of another city building into one more visible to the public that will offer them more space for their collections, running fiber optic cable to various city buildings at a cost of \$215,002 which will improve communication between city facilities, and various other city park improvements at a total cost of \$50,182. Preliminary work has also begun on the Public Works garage upgrade with the majority of the work to be completed in 2016 at an estimated cost of \$746,500.

### **Future projects**

A systematic citywide sidewalk rehab program was initiated in 1992. Each year one quadrant is inspected and necessary repairs made. A sidewalk/trail plan was developed and implemented in 2003, which guides future improvements and connections to regional trails.

The City has established a street reconstruction and storm sewer program based on a street condition survey and storm water management program. The streets found in poor condition and future problem streets will be systematically included for repairs in the five-year Capital Improvement Plan.

### Certificate of Achievement For Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial reporting to the City of Hopkins for its comprehensive annual finance report for the fiscal year ended December 31, 2014. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe 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.

Acknowledgments

We wish to express our appreciation to the Mayor and City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. We also want to express our appreciation to the Finance Department staff for their work in preparing this report.

Respectfully submitted,



Michael J. Mornson  
City Manager



Christine M. Harkess, CPA, CGFM  
Finance Director



Government Finance Officers Association

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

Presented to

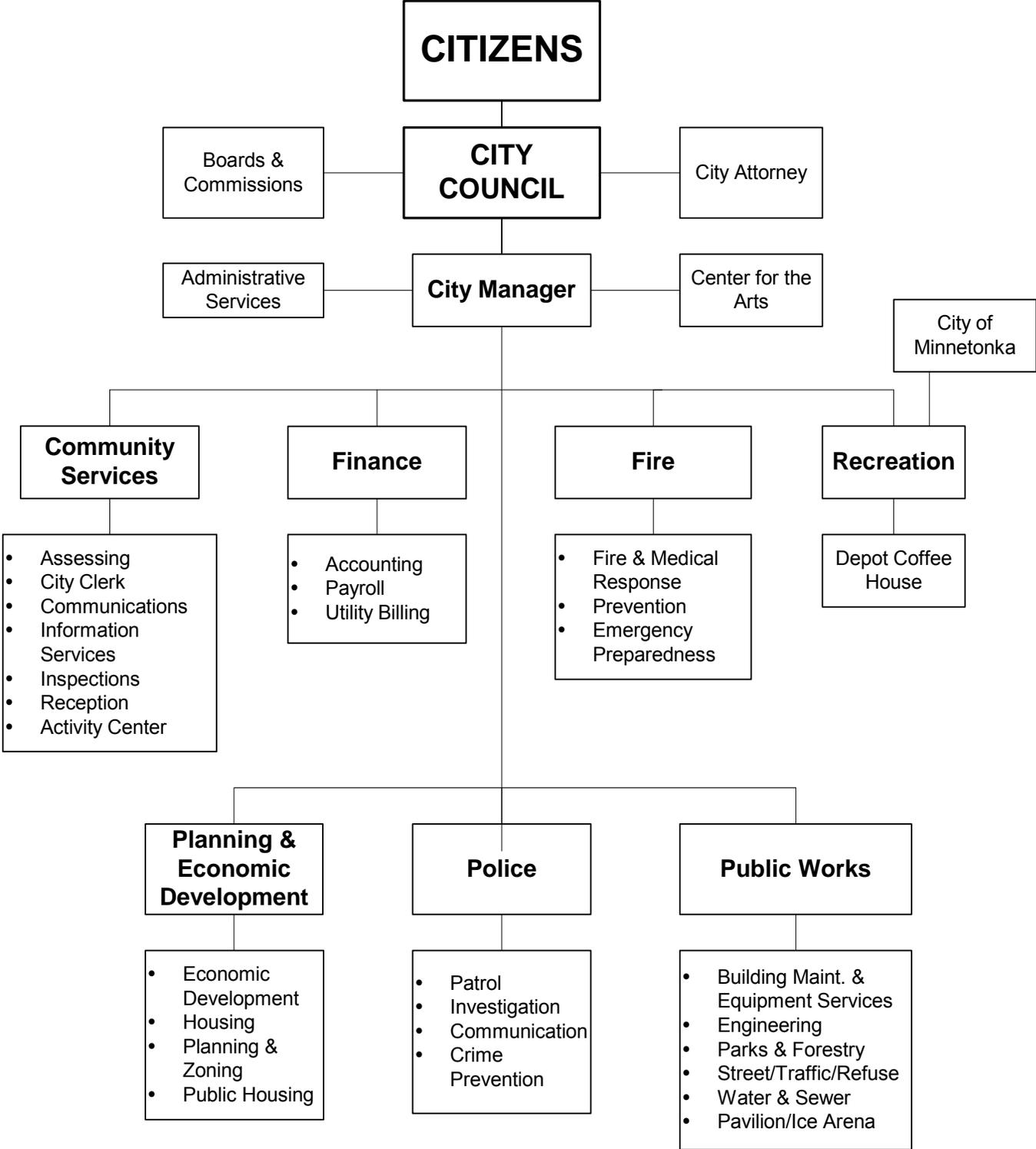
**City of Hopkins  
Minnesota**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2014**

Executive Director/CEO

# Organizational Chart



**THE CITY OF HOPKINS, MINNESOTA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**CITY OFFICIALS**

December 31, 2015

**CITY COUNCIL**

		<u>Term Expires</u>
Molly Cummings	Mayor	12-31-17
Katy Campbell	Councilmember	12-31-17
Jason Gadd	Councilmember	12-31-19
Kristi Halverson	Councilmember	12-31-17
Aaron Kuznia	Councilmember	12-31-19

**CITY MANAGER**

Michael J. Mornson Appointed

**DIRECTOR OF FINANCE**

Christine M. Harkess Appointed

# **CITY OF HOPKINS, MINNESOTA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2015

## **SECTION II**

### **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and  
Members of the City Council  
City of Hopkins, 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 Hopkins (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' 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 auditors' 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.

Honorable Mayor and  
Members of the City Council  
City of Hopkins

### ***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 as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of a Matter***

During the year ended December 31, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (see Note 16). Our auditors' opinion was not modified with respect to the restatement.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules 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 statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable Mayor and  
Members of the City Council  
City of Hopkins

***Other Matters (Continued)***

*Other Information (Continued)*

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 August 1, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 result 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's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
August 1, 2016

CITY OF HOPKINS, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Unaudited)

This section of the City's comprehensive annual financial report presents a discussion and analysis of the City's financial activities during the fiscal year ended December 31, 2015. This discussion and analysis should be read in conjunction with the letter of transmittal in the introductory section of this report.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded liabilities and deferred inflows at the close of the 2015 fiscal year by approximately \$62.5 million (*net position*). Of this amount, approximately \$8.03 million (*unrestricted net deficit*) is unavailable to meet the City's ongoing obligations to citizens and creditors due in part to the recognition of the City's share of the unfunded pension obligation.
- The net position of the government-wide financial statements was negatively impacted in the current year by \$6.0 million due to the required implementation of GASB Statement No. 68, Accounting and Financial Report for Pensions, a new accounting standard. This is more fully described on page 20. Net Position was also negatively impacted by approximately \$1.7 million due to the payment of refunding debt that was called February 1, 2015.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$26.9 million, an increase of approximately \$1.8 million in comparison with the prior year. The increase was primarily due to sale of refunding bonds late in the year that will be used to refund debt in February 2016. Approximately \$5.1 million of fund balance is available for spending at the City's discretion (assigned or unassigned fund balance).
- As of December 31, 2015, unassigned fund balance for the General Fund was approximately \$5.4 million, or 48% of total general fund expenditures. This compares to \$5.1 million from the prior year, an increase of approximately \$255,000. The General Fund working capital goal policy stated that the City will strive to maintain a fund balance in the General Fund for working capital of 42% of the previous year's General Fund expenditures. At December 31st working capital is at 48%.
- The City of Hopkins total debt increased by approximately \$9.5 million during the current fiscal year due to the sale of improvement, tax abatement and refunding bonds for four bond issues. Total new debt totaled \$18.7 million and bond maturities totaled \$9.2 million.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Hopkins basic financial statements. The City of Hopkins 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 of Hopkins finances, in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the City of Hopkins 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 of Hopkins include general, public safety, highways, streets, culture, recreation, urban redevelopment, housing, health and welfare. The business-type activities of the City of Hopkins include water, sewer, refuse, storm sewer utilities, an ice arena, and a housing and redevelopment authority.

The government-wide financial statements include the City of Hopkins itself, but also a legally separate Hopkins Housing and Redevelopment Authority. Although the Hopkins Housing and Redevelopment Authority is legally separate, it functions for all practical purposes as a department of the City of Hopkins, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 28-29 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 of Hopkins, 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 of Hopkins can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows 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 City'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 City's near-term financing decisions. Both the governmental fund balance sheet and the 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 of Hopkins maintains thirty-seven 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 balances for the General Fund, Economic Development, Arts Center, Tax Increment District Super Valu, 2009B Housing Improvement Bonds of 1999B Refunding Bonds, 2015D GO TI Revenue Bonds, and Permanent Improvement Revolving fund all of which are considered to be major funds. Data from the other thirty-two 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 of Hopkins adopts an annual appropriated budget for its general fund and all of its special revenue funds except for the Community Development Block Grant fund. A budgetary comparison statement has been provided for the General fund and major special revenue funds and schedules are provided for other funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 30-39 of this report.

**Proprietary funds.** The City of Hopkins maintains two 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 of Hopkins uses enterprise funds to account for its water, sewer, refuse, storm sewer utilities, the pavilion ice arena, and the housing and redevelopment authority. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Hopkins various functions. The City of Hopkins uses internal service funds to account for replacement of equipment, insurance deductibles and compensated absences. Because all 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 water, sewer, storm sewer utility funds, all of which are considered to be major funds of the City of Hopkins. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. The 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 also provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 40-44 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 46-69 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on page 71 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds and internal service funds are presented immediately following the required

supplementary information. Combining and individual fund statements and schedules can be found on pages 74-108 of this report.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hopkins, assets exceeded liabilities by \$62,490,991 at the close of the most recent fiscal year.

Slightly over two thirds (75%) of the City of Hopkins net position is reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Hopkins uses these capital assets to provide services to citizens. The net capital assets are not available for future spending. Although the City of Hopkins investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

**City of Hopkins Net Position**  
**December 31**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and other assets	\$ 35,661,380	\$ 35,773,666	\$ 2,611,965	\$ 2,682,760	\$ 38,273,345	\$ 38,456,426
Capital assets	57,145,566	49,314,501	22,701,488	22,425,930	79,847,054	71,740,431
Total assets	92,806,946	85,088,167	25,313,453	25,108,690	118,120,399	110,196,857
<b>Deferred Outflows of Resources</b>						
Deferred charges on refunding	309,483	312,743	-	-	309,483	312,743
Pensions	1,355,974	-	113,826	-	1,469,800	-
Total deferred outflows of resources	1,665,457	312,743	113,826	-	1,779,283	312,743
<b>Liabilities</b>						
Other liabilities	2,916,998	4,731,255	262,178	517,572	3,179,176	5,248,827
Long-term liabilities outstanding	47,533,793	30,527,243	5,769,591	5,698,978	53,303,384	36,226,221
Total liabilities	50,450,791	35,258,498	6,031,769	6,216,550	56,482,560	41,475,048
<b>Deferred Inflows of Resources</b>						
Pensions	843,495	-	82,636	-	926,131	-
<b>Net Position</b>						
Net investment in capital assets	32,609,356	31,272,253	17,893,856	16,937,928	50,503,212	48,210,181
Restricted	20,016,574	16,967,889	-	-	20,016,574	16,967,889
Unrestricted	(9,447,813)	1,902,270	1,419,018	1,954,212	(8,028,795)	3,856,482
Total net position	\$ 43,178,117	\$ 50,142,412	\$ 19,312,874	\$ 18,892,140	\$ 62,490,991	\$ 69,034,552

A portion of the City of Hopkins net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net deficit (\$8,028,795) was negatively impacted by the implementation of GASB Statement No. 68, more fully described below.

At the end of the current fiscal year, the City of Hopkins is able to report positive balances in all two categories of net position, for its governmental activities and in all three categories for the business-type activities. The City's net position decreased by \$593,191 during the current fiscal year.

The City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27 and the related GASB Statement*

No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68 for the year ended December 31, 2015. Essentially, the standard required the unfunded portion of defined benefit pension plans to be reported by all participating employers. Recording the net pension liability and the pension related deferred outflows and inflows of resources do not change the City's future funding requirements or obligations under the plans, which are determined by state statutes. Additionally, the standard required the net pension asset of the Hopkins Fire Department Relief Association to be recorded in the government-wide financial statements for the first time.

The statement of net position was impacted by \$6,131,406 at December 31, 2015 due to the implementation of this standard. Pension-related amounts included in the above schedule related to the standard are as follows:

Net pension asset	\$	688,067
Deferred outflows of resources		1,469,800
Net pension liability		(7,363,142)
Deferred inflows of resources		(926,131)
Total	\$	<u>(6,131,406)</u>

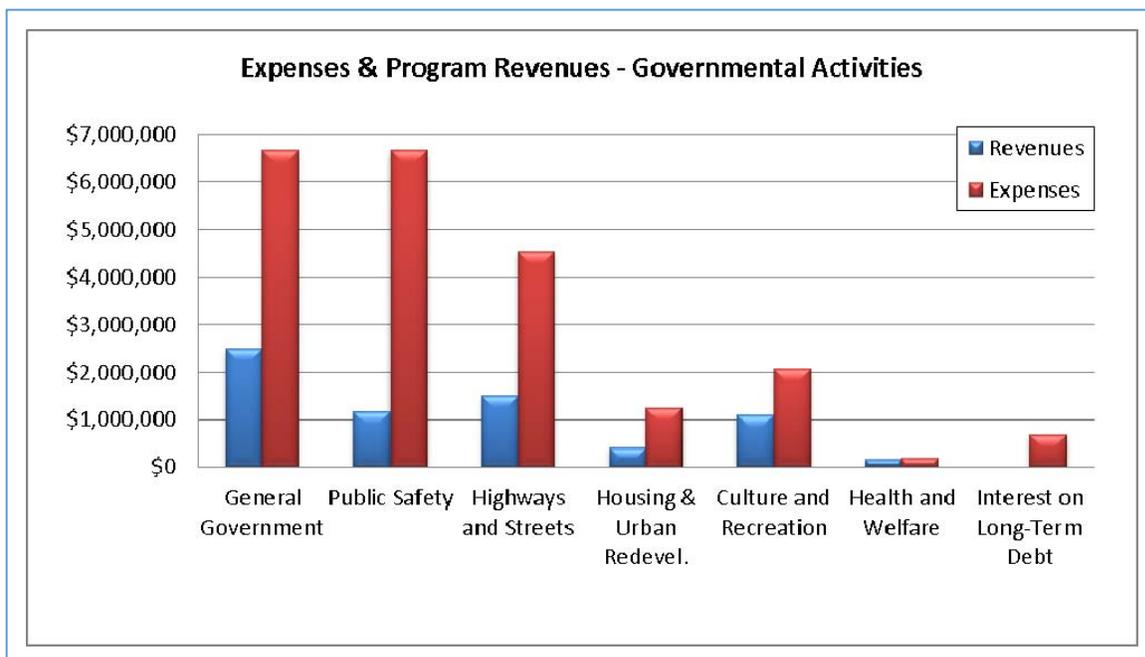
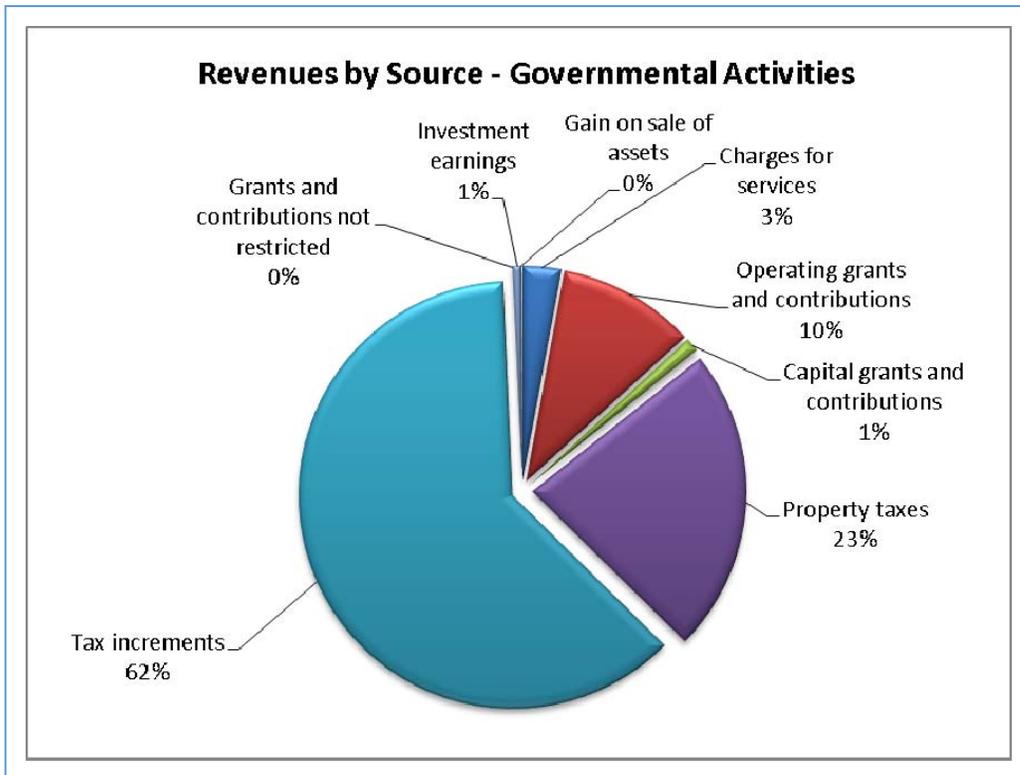
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**Governmental and business-type activities.** Governmental activities decreased the City of Hopkins net position by \$1,795,485 and business-type activities increased net position by \$1,202,294. Key elements of the increases are as follows:

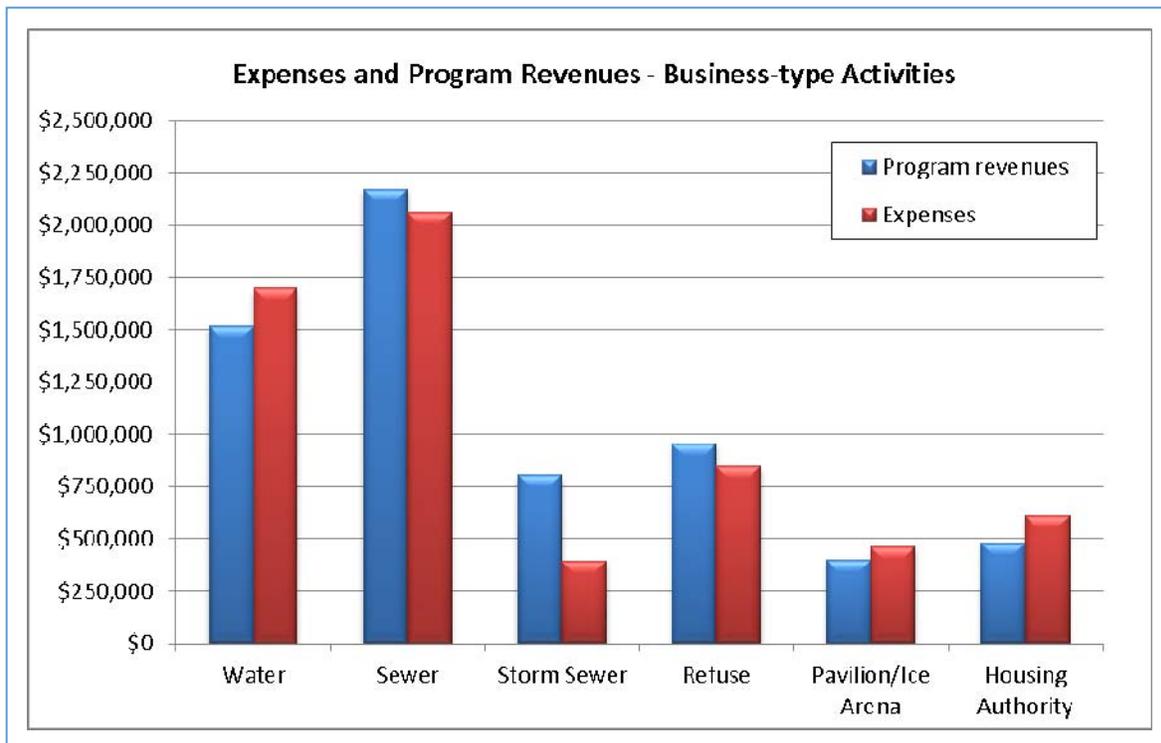
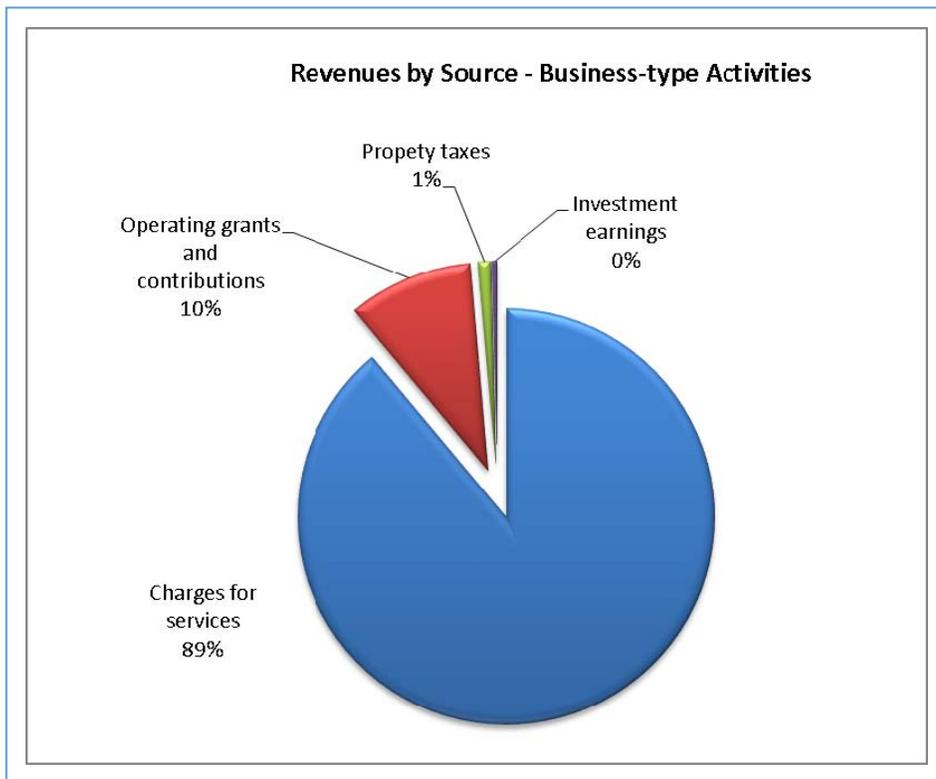
**City of Hopkins Changes in Net Position  
For the Year Ended December 31**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 1,367,196	\$ 1,069,080	\$ 5,705,338	\$ 5,521,545	\$ 7,072,534	\$ 6,590,625
Operating grants and contributions	4,970,313	2,943,889	622,332	795,199	5,592,645	3,739,088
Capital grants and contributions	501,029	2,728,416	-	-	501,029	2,728,416
General revenues:						
Property taxes	11,038,746	11,207,914	64,161	-	11,102,907	11,207,914
Tax increments	2,920,681	2,700,110	-	-	2,920,681	2,700,110
Grants and contributions not restricted	20,510	20,510	-	-	20,510	20,510
Investment earnings	279,418	193,546	23,477	24,503	302,895	218,049
Gain on sale of capital assets	27,535	27,235	-	-	27,535	27,235
Total revenues	<u>21,125,428</u>	<u>20,890,700</u>	<u>6,415,308</u>	<u>6,341,247</u>	<u>27,540,736</u>	<u>27,231,947</u>
<b>Expenses:</b>						
General government	13,016,991	2,276,155	-	-	13,016,991	2,276,155
Public safety	6,665,974	6,526,230	-	-	6,665,974	6,526,230
Health and welfare	185,248	171,187	-	-	185,248	171,187
Highways and streets	4,542,014	5,709,009	-	-	4,542,014	5,709,009
Urban redevelopment and housing	1,249,457	2,247,553	-	-	1,249,457	2,247,553
Culture and recreation	2,068,887	1,941,912	-	-	2,068,887	1,941,912
Interest on long-term debt	688,155	711,697	-	-	688,155	711,697
Water	-	-	1,699,540	1,540,940	1,699,540	1,540,940
Sewer	-	-	2,061,180	2,042,106	2,061,180	2,042,106
Storm sewer	-	-	394,707	508,686	394,707	508,686
Refuse	-	-	848,685	834,113	848,685	834,113
Pavilion/ice arena	-	-	462,771	460,246	462,771	460,246
Housing and redevelopment authority	-	-	610,318	625,667	610,318	625,667
Total expenses	<u>28,416,726</u>	<u>19,583,743</u>	<u>6,077,201</u>	<u>6,011,758</u>	<u>34,493,927</u>	<u>25,595,501</u>
Increase in net position before transfers	(7,291,298)	1,306,957	338,107	329,489	(6,953,191)	1,636,446
Transfers	<u>(864,187)</u>	<u>493,093</u>	<u>864,187</u>	<u>(493,093)</u>	<u>-</u>	<u>-</u>
Increase in net position	(8,155,485)	1,800,050	1,202,294	(163,604)	(6,953,191)	1,636,446
Net position - January 1, as previously reported	50,142,412	50,255,758	18,892,140	19,090,595	69,034,552	69,346,353
Prior period adjustment	(5,168,810)	(1,790,073)	(781,560)	-	(5,950,370)	(1,790,073)
Cumulative effect of change in accounting principle	-	(123,323)	-	(34,851)	-	(158,174)
Net position - January 1, as restated	<u>44,973,602</u>	<u>48,342,362</u>	<u>18,110,580</u>	<u>19,055,744</u>	<u>63,084,182</u>	<u>67,398,106</u>
Net position - December 31	<u><u>36,818,117</u></u>	<u><u>50,142,412</u></u>	<u><u>19,312,874</u></u>	<u><u>18,892,140</u></u>	<u><u>56,130,991</u></u>	<u><u>69,034,552</u></u>

**Governmental activities:** Property taxes decreased in 2015 as a result of tax appeals filed with the County resulting in taxes being refunded to the appellants. The City also received a number of program grants for specific programs in addition to state municipal aid for a major street improvement project. Net position decreased primarily due to payment of refunding debt that was sold the previous year and called in February 2015.



**Business-type activities.** Business-type activities had a increase in net position due to transfers and greater than expected revenues. A utility master plan was developed in 2007 with scheduled rate increases that are designed to cover operations, debt and capital needs over the next 15 years. As a result the utility funds are in a stronger financial position than they were a couple years ago.



## Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Hopkins governmental funds reported combined ending fund balances of \$26,898,710, a increase of \$1,771,219 in comparison with the prior year. The key factor of the increase is the sale of refunding bonds that will be used to liquidate the 2007 HRA Revenue Bonds in February 2016.

Approximately 19% of fund balance or \$5,068,309, constitutes assigned and unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is non-spendable, restricted or committed to indicate that it is not available for new spending because it is either in a non-spendable form (inventory, prepaid expenses, rehabilitative loans, or property held for resale); restricted (debt service, tax increment projects) or has already been committed (for economic development, property purchases, parking, and communication activities).

The general fund is the chief operating fund of the City of Hopkins. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,439,799. This represents 90.6% of the general fund's total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 48.1% of total general fund expenditures while total fund balance represents approximately 53.1% of that same amount.

The fund balance of the City of Hopkins general fund increased by \$270,465 during the current fiscal year. Revenues exceeded expenditures by \$280,465 before transfers. This increase was a result of conservative spending an increase in building permit revenues and public safety program grants for specific programs.

The Economic Development fund has a total fund balance of \$4,385,982 of which \$4,285,982 is committed for economic development. The fund balance increased by \$263,936 primarily as a result of an increase in the tax levy and conservative spending.

The Arts Center fund has a deficit fund balance of (\$1,182,956) of which \$68 is nonspendable and (\$1,183,024) is unassigned. The fund balance deficit increased by \$11,045. While the Arts Center received a programming grant from the Minnesota State Arts Board to offset programming costs those costs still exceeded budgeted revenues due to higher performing artist fees and expenses . Staff and the Friends of the Hopkins Center for the Arts, a non-profit associated with the Arts Center, continue working to identify significant donors and corporate sponsors to underwrite arts programming and decrease the deficit.

The Tax Increment District Super Valu fund has a total fund balance of \$3,511,730 of which all is restricted for tax increment. The fund balance increased by \$1,908,187 due to revenues exceeding amounts owed to developers for project costs and related financing.

The 2009B Housing Improvement refunding bonds of 1999B bond fund has a total fund balance of \$694,722, all of which is restricted for the payment of debt service. The fund balance increased by \$51,915 as special assessment revenues exceeded current debt payment requirements.

The 2015D GO TI Refunding bond fund has a total fund balance of \$7,454,556 all of which is restricted for the payment of debt service. The fund balance increased by \$7,454,556 as refunding bonds were sold in December 2015 to call the 2007 HRA Revenue bonds in February 2016.

The Permanent Improvement Revolving fund has a total fund balance of \$442,413 which is assigned for construction projects. The fund balance decreased by \$(2,342,904) a result of project costs expended from prior year revenues. Revenues in this fund are derived from special assessments and taxes.

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

Unrestricted net position of the Water fund at the end of the year amounted to (\$440,506). The decrease in net position amounted to \$213,225 and is due to transfers in from the permanent improvement fund for reimbursement of project costs. The City is in the process of a utility rate study which is evaluating the entire rate structure of the water fund. The City is looking at implementing a tiered rate structure that will meet state requirements for conservation pricing and meet the City's needs for operations and capital expenditures. The new rates are anticipated to go into effect in mid-2016.

Unrestricted net position of the Sewer fund at the end of the year amounted to \$245,576. The unrestricted net position will be used to pay for infrastructure improvements. The increase in net position amounted to \$305,222 and is due to operating revenues exceeding operating expenses along with transfers in from the permanent improvement fund for reimbursement of project costs.. Along with the water fund a utility rate study is also being done for the sewer fund. A rate structure will be put in place to ensure adequate funds are maintained for operations and capital needs in the long-term.

Unrestricted net position of the Storm Sewer Utility fund at the end of the year amounted to \$720,310. The unrestricted net position will be used to pay for infrastructure improvements. The increase in net position amounted to \$720,492 and is due to transfers in from the permanent improvement fund for reimbursement of project costs.

### **General Fund Budgetary Highlights**

The difference between the general fund original budget and the final amended budget resulted in departmental budget changes but did not increase the total expenditure budget when transfers out are included. The reason for the inter-departmental amendments was a transfer between expenditure categories to match actual expenditures and a transfer from the contingency fund for health insurance increases following bargaining unit negotiations which were outstanding when the year began.. The budget changes can be summarized as follows:

- Several departments had small budget modifications, however when departments were combined for reporting purposes the budget changes balanced out and no change was noted.

During the year revenues were over budgetary estimates by \$252,229 due to increases in license and permit revenue, fines, federal grants, recreation fees and donations. This was offset by a decrease in tax revenues as a result of rebates due taxpayers who challenged their valuations in tax court and less than expected miscellaneous revenues.

Expenditures were under budget by \$18,236 and was due to decreased costs in the public works department primarily in the engineering and snow removal divisions. Due to the large amount of projects in 2015 a greater portion of the engineering budget was charged back to the various improvement projects and due to lower snowfalls less supplies were needed in the snow removal budget.

The net effect of these budget impacts was an increase in fund balance of \$270,465 after transfers.

### Capital Asset and Debt Administration

**Capital assets.** The City of Hopkins investment in capital assets for its governmental and business type activities as of December 31, 2015, amounts to \$79,847,054 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, roads, highways, bridges, distribution systems and construction in progress. Major capital asset events during the current fiscal year included the following:

- Construction in progress additions totaled \$9,297,915 for infrastructure projects and enhancements to an undeveloped city park.
- A total of \$6,264,060 of assets was transferred from construction in progress to other improvements as infrastructure projects were completed and put into service.
- Vehicle and equipment purchases totaled \$1,376,523. Major purchases included public works equipment, public safety vehicles and equipment.
- Vehicle and equipment deletions totaled \$261,576. Deletions were a result of scheduled replacements of public works, public safety vehicles and equipment.

**City of Hopkins Capital Assets**  
(net of depreciation)  
**December 31**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 6,157,677	\$ 6,157,677	\$ 254,299	\$ 254,299	\$ 6,411,976	\$ 6,411,976
Buildings	13,588,144	13,838,575	3,284,952	3,412,915	16,873,096	17,251,490
Infrastructure	-	-	6,930,852	7,332,186	6,930,852	7,332,186
Improvements	24,710,194	22,167,426	10,005,964	7,999,437	34,716,158	30,166,863
Vehicles	1,840,710	1,869,078	467,459	260,750	2,308,169	2,129,828
Equipment	2,430,725	1,384,675	308,583	381,005	2,739,308	1,765,680
Construction in progress	8,418,116	3,897,070	1,449,379	2,785,338	9,867,495	6,682,408
	<u>\$ 57,145,566</u>	<u>\$ 49,314,501</u>	<u>\$ 22,701,488</u>	<u>\$ 22,425,930</u>	<u>\$ 79,847,054</u>	<u>\$ 71,740,431</u>

Additional information on the City of Hopkins capital assets can be found in note 5 on pages 57-58 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Hopkins had total bonded debt outstanding of \$44,010,000. Of this amount \$13,105,000 comprises tax increment redevelopment debt, and \$24,060,000 comprises general obligation and special assessment debt, all of which is backed by the full faith and credit of the government. Another \$2,100,000 is special fees debt for which the government is liable in the event of default by the property owners subject to the fees. The remainder of the City of Hopkins debt, \$4,745,000, represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**City of Hopkins Outstanding Debt  
General Obligation and Revenue Bonds  
December 31**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
G.O. Tax increment bonds	\$ 13,105,000	\$ 1,650,000	\$ -	\$ -	\$ 13,105,000	\$ 1,650,000
G.O. Housing fee bonds	2,100,000	2,470,000	-	-	2,100,000	2,470,000
G.O. Equipment certificates	585,000	665,000	-	-	585,000	665,000
G.O. Capital improvement bonds	14,815,000	14,300,000	-	-	14,815,000	14,300,000
G.O. Special assessment bonds	8,660,000	10,015,000	-	-	8,660,000	10,015,000
Revenue bonds	-	-	4,745,000	5,420,000	4,745,000	5,420,000
	<u>\$ 39,265,000</u>	<u>\$ 29,100,000</u>	<u>\$ 4,745,000</u>	<u>\$ 5,420,000</u>	<u>\$ 44,010,000</u>	<u>\$ 34,520,000</u>

The City of Hopkins total bonded debt increased by \$9,490,000 during the current fiscal year. The increase is a result of the issuance of \$4,100,000 in G.O. Street Reconstruction Bonds that financed street improvements on Mainstreet, the issuance of \$2,940,000 on GO Tax Abatement Bonds for various park and parking lot improvements and the issuance of \$4,340,000 in GO TI refunding bonds to refund the 2008 HRA Revenue Bonds that were called in December 2105 and \$7,355,000 on GO TI refunding bonds to refund the 2007 HRA Revenue bonds that will be called February 12, 2016. General Obligation Bonds are backed by the full faith, credit and taxing power of the City, and are serviced by General and Tax Increment levies and also by fees assessed against benefited properties.

Revenue Bonds are backed by the full faith, credit and taxing power of the City, and are serviced by the Water, Sewer, and Storm Sewer Utility Funds and the Pavilion Fund current revenues.

City Special Assessment Bonds are backed by the full faith, credit and taxing power of the City, and repayment monies are generated by the collection of special assessments and general levies.

The City is subject to a statutory limit of bonded indebtedness equaling 3.0 percent of taxable market value. At December 31, 2015, the debt limit for the City is \$48,167,756. Of the total debt, \$15,400,000 of general obligation and revenue bonds is applicable to the limit. The legal debt margin is \$32,767,756.

The City of Hopkins was upgraded to a “AA+” rating from Standard & Poor’s in January 2014 which was reaffirmed in November 2015 and maintains an “A1” rating from Moody’s.

Additional information on the City of Hopkins long-term debt can be found in note 9 on pages 60-63 of this report.

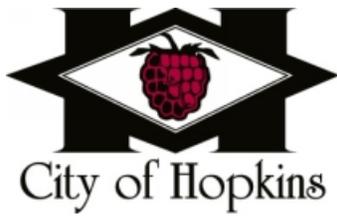
**Economic Factors and Next Year’s Budgets and Rates**

A number of factors were taken into consideration when preparing the City of Hopkins 2016 budget. A utility rate study was begun to look at the rates for the water and sewer funds to better position those funds for the future. The tax capacity rate increased as a result of economic conditions. Property values are starting to increase and this was taken into consideration when determining estimated tax revenues. Also taken into consideration is that the City’s population would remain constant. As a result of these factors the City prepared a budget for 2016 that included an overall increase of 4.66% in expenditures.

During the current fiscal year, unassigned fund balance in the general fund increased to \$5,439,799 or 48% of general fund expenditures. The Office of the State Auditor recommends unassigned fund balances no less than five months of operating expenditures. The City is meeting the recommendation for the general fund. The unassigned fund balance is used to pay for the City's general fund obligations until it receives its property tax levy revenues in June.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Hopkins 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 financial information should be addressed to the Director of Finance, City of Hopkins, 1010 First Street South, Hopkins, MN 55343.



# BASIC FINANCIAL STATEMENTS

City of Hopkins

Statement of Net Position  
December 31, 2015

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>Assets</b>			
Cash and cash equivalents	\$ 27,894,780	\$ 2,327,668	\$ 30,222,448
Taxes receivable	135,449	852	136,301
Special assessments receivable	3,743,368	-	3,743,368
Accounts receivable	340,947	397,358	738,305
Intergovernmental receivable	1,273,224	19,596	1,292,820
Interest receivable	127,039	11,969	139,008
Internal balances	212,373	(212,373)	-
Inventories	102,124	51,289	153,413
Net pension asset	688,067	-	688,067
Prepaid items	125,192	15,606	140,798
Land held for resale	1,018,817	-	1,018,817
Capital assets, non depreciable	14,575,793	1,703,678	16,279,471
Capital assets, net of depreciation	42,569,773	20,997,810	63,567,583
Total Assets	<u>92,806,946</u>	<u>25,313,453</u>	<u>118,120,399</u>
<b>Deferred Outflows of Resources</b>			
Deferred charge on refunding	309,483	-	309,483
Pensions	1,355,974	113,826	1,469,800
Total Deferred Outflows of Resources	<u>1,665,457</u>	<u>113,826</u>	<u>1,779,283</u>
<b>Liabilities</b>			
Accounts payable	2,219,692	152,241	2,371,933
Salaries payable	144,620	14,037	158,657
Due to other governments	165,996	37,987	203,983
Accrued interest payable	326,617	50,721	377,338
Unearned revenue	60,073	7,192	67,265
<b>Non current liabilities:</b>			
Compensated absences due within one year	805,664	81,712	887,376
Compensated absences due in more than one year	-	2,125	2,125
Net OPEB liability	144,904	33,734	178,638
Net pension liability due in more than one year	6,518,754	844,388	7,363,142
Capital lease due within one year	23,458	-	23,458
Capital lease due in more than one year	126,158	-	126,158
Bonds due within one year	3,075,000	380,000	3,455,000
Bonds due in more than one year	36,839,855	4,427,632	41,267,487
Total Liabilities	<u>50,450,791</u>	<u>6,031,769</u>	<u>56,482,560</u>
<b>Deferred Inflows of Resources</b>			
Pensions	843,495	82,636	926,131
Total Deferred Inflows of Resources	<u>843,495</u>	<u>82,636</u>	<u>926,131</u>
<b>Net Position</b>			
Net investment in capital assets	32,609,356	17,893,856	50,503,212
<b>Restricted for:</b>			
Economic development	4,217,494	-	4,217,494
Park improvements	258,547	-	258,547
Debt service	15,540,533	-	15,540,533
Unrestricted	(9,447,813)	1,419,018	(8,028,795)
Total Net Position	<u>\$ 43,178,117</u>	<u>\$ 19,312,874</u>	<u>\$ 62,490,991</u>

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Activities  
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 6,656,991	\$ 82,686	\$ 2,066,346	\$ 326,672	\$ (4,181,287)	\$ -	\$ (4,181,287)
Public safety	6,665,974	79,415	1,095,916	-	(5,490,643)	-	(5,490,643)
Health and welfare	185,248	47,085	112,448	-	(25,715)	-	(25,715)
Highways and streets	4,542,014	127,221	1,212,575	174,357	(3,027,861)	-	(3,027,861)
Urban redevelopment and housing	1,249,457	220,027	197,827	-	(831,603)	-	(831,603)
Culture and recreation	2,068,887	810,762	285,201	-	(972,924)	-	(972,924)
Interest on long-term debt	688,155	-	-	-	(688,155)	-	(688,155)
Total Governmental Activities	22,056,726	1,367,196	4,970,313	501,029	(15,218,188)	-	(15,218,188)
<b>Business-Type Activities:</b>							
Water	1,699,540	1,514,086	150	-	-	(185,304)	(185,304)
Sewer	2,061,180	2,172,277	150	-	-	111,247	111,247
Storm sewer	394,707	805,542	-	-	-	410,835	410,835
Refuse	848,685	910,672	45,141	-	-	107,128	107,128
Pavilion/Ice arena	462,771	24,876	373,356	-	-	(64,539)	(64,539)
Housing and redevelopment authority	610,318	277,885	203,535	-	-	(128,898)	(128,898)
Total Business-type Activities	6,077,201	5,705,338	622,332	-	-	250,469	250,469
Total Government	\$ 28,133,927	\$ 7,072,534	\$ 5,592,645	\$ 501,029	(15,218,188)	250,469	(14,967,719)
<b>General revenues:</b>							
Property taxes					11,038,746	64,161	11,102,907
Tax increments					2,920,681	-	2,920,681
Grants & contributions not restricted					20,510	-	20,510
Unrestricted investment earnings					279,418	23,477	302,895
Gain on disposal of capital assets					27,535	-	27,535
Transfers					(864,187)	864,187	-
Total General Revenues					13,422,703	951,825	14,374,528
Change in net position					(1,795,485)	1,202,294	(593,191)
Net position - January 1, as previously reported					50,142,412	18,892,140	69,034,552
Prior period adjustment, as restated (see note 16)					(5,168,810)	(781,560)	(5,950,370)
Net position - January 1					44,973,602	18,110,580	63,084,182
Net position - December 31					\$ 43,178,117	\$ 19,312,874	\$ 62,490,991

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Balance Sheet  
Governmental Funds  
December 31, 2015

	General Fund	Economic Development	Arts Center	Tax Increment District Super Valu	Housing Improvement Bonds of 1999B Refunding Bonds of 2009B
<b>Assets</b>					
Cash and cash equivalents	\$ 4,500,364	\$ 2,739,026	\$ 100	\$ 3,180,866	\$ 688,320
Taxes receivable	120,516	2,871	1,112	-	-
Special assessments receivable	-	-	-	-	1,043,848
Accounts receivable	106,728	23,749	3,011	-	-
Rehabilitation loans receivable	-	-	-	-	-
Due from other governments	98,220	100,000	-	-	-
Interest receivable	20,212	12,608	-	11,189	3,020
Due from other funds	1,468,691	855,090	-	-	-
Inventories	102,124	-	-	-	-
Prepaid items	124,988	-	68	-	-
Property held for resale	-	697,098	-	321,719	-
<b>Total Assets</b>	<b>\$ 6,541,843</b>	<b>\$ 4,430,442</b>	<b>\$ 4,291</b>	<b>\$ 3,513,774</b>	<b>\$ 1,735,188</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 183,618	\$ 36,996	\$ 23,624	\$ 2,044	\$ 459
Salaries payable	130,549	2,461	4,476	-	-
Due to other funds	-	-	1,152,597	-	-
Due to other governments	97,334	2,132	3,620	-	-
Unearned revenue	2,726	-	2,136	-	-
<b>Total Liabilities</b>	<b>414,227</b>	<b>41,589</b>	<b>1,186,453</b>	<b>2,044</b>	<b>459</b>
<b>Deferred inflows of resources:</b>					
Taxes and special assessments	120,516	2,871	794	-	1,040,007
<b>Total Deferred Inflows of Resources</b>	<b>120,516</b>	<b>2,871</b>	<b>794</b>	<b>-</b>	<b>1,040,007</b>
<b>Fund balances:</b>					
Non-spendable	227,112	-	68	-	-
Restricted	-	100,000	-	3,511,730	694,722
Committed	-	4,285,982	-	-	-
Assigned	340,189	-	-	-	-
Unassigned	5,439,799	-	(1,183,024)	-	-
<b>Total Fund Balances (Deficits)</b>	<b>6,007,100</b>	<b>4,385,982</b>	<b>(1,182,956)</b>	<b>3,511,730</b>	<b>694,722</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 6,541,843</b>	<b>\$ 4,430,442</b>	<b>\$ 4,291</b>	<b>\$ 3,513,774</b>	<b>\$ 1,735,188</b>

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Balance Sheet  
Governmental Funds  
December 31, 2015

	2015D GO TI Revenue Bonds	Permanent Improvement Revolving	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 7,453,914	\$ 1,731,489	\$ 6,209,594	\$ 26,503,673
Taxes receivable	-	196	10,754	135,449
Special assessments receivable	-	117,971	2,581,549	3,743,368
Accounts receivable	-	14,709	148,857	297,054
Rehabilitation loans receivable	-	-	43,893	43,893
Due from other governments	-	563,901	511,103	1,273,224
Interest receivable	642	10,510	61,011	119,192
Due from other funds	-	-	-	2,323,781
Inventories	-	-	-	102,124
Prepaid items	-	-	136	125,192
Property held for resale	-	-	-	1,018,817
<b>Total Assets</b>	<b>\$ 7,454,556</b>	<b>\$ 2,438,776</b>	<b>\$ 9,566,897</b>	<b>\$ 35,685,767</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,318,371	\$ 133,648	\$ 1,698,760
Salaries payable	-	-	7,134	144,620
Due to other funds	-	-	958,811	2,111,408
Due to other governments	-	-	62,910	165,996
Unearned revenue	-	-	55,211	60,073
<b>Total Liabilities</b>	<b>-</b>	<b>1,318,371</b>	<b>1,217,714</b>	<b>4,180,857</b>
<b>Deferred inflows of resources:</b>				
Taxes and special assessments	-	677,992	2,764,020	4,606,200
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>677,992</b>	<b>2,764,020</b>	<b>4,606,200</b>
<b>Fund balances:</b>				
Non-spendable	-	-	136	227,316
Restricted	7,454,556	-	4,959,468	16,720,476
Committed	-	-	596,627	4,882,609
Assigned	-	442,413	806,826	1,589,428
Unassigned	-	-	(777,894)	3,478,881
<b>Total Fund Balances (Deficits)</b>	<b>7,454,556</b>	<b>442,413</b>	<b>5,585,163</b>	<b>26,898,710</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,454,556</b>	<b>\$ 2,438,776</b>	<b>\$ 9,566,897</b>	<b>\$ 35,685,767</b>

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Reconciliation of the Balance Sheet of Governmental Funds  
To the Statement of Net Position  
December 31, 2015

Fund balances of governmental funds	\$ 26,898,710
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital Assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds.	
Capital assets	78,746,219
Less accumulated depreciation	(25,378,266)
Other long-term assets not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	
	4,606,200
Internal service funds are used by the City to charge the costs of certain activities, such as replacement of City vehicles and equipment. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	
	3,698,986
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Long-term liabilities	(40,385,007)
Less deferred charges	309,483
Net pension liability and related deferred inflows of resources	(7,362,249)
Long-term receivables are not due and payable in the current period and therefore, are not reported in the governmental funds	
Net pension asset and related deferred outflows of resources	2,044,041
Net position of governmental activities	<u>\$ 43,178,117</u>

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2015

	General Fund	Economic Development	Arts Center	Tax Increment District Super Valu	Housing Improvement Bonds of 1999B Refunding Bonds of 2009B
<b>Revenues</b>					
Property taxes	\$ 9,114,016	\$ 439,265	\$ 83,905	\$ -	\$ -
Tax increments	-	-	-	2,597,340	-
Special assessments	-	-	-	-	256,018
Intergovernmental	1,082,622	171,875	37,337	-	-
Fees, licenses and permits	489,373	-	-	-	-
Charges for services	285,136	-	369,452	-	-
Fines	242,146	-	-	-	-
Investment earnings	46,073	46,374	-	40,744	6,276
Other miscellaneous revenues	339,579	69,789	203,109	-	-
<b>Total Revenues</b>	<b>11,598,945</b>	<b>727,303</b>	<b>693,803</b>	<b>2,638,084</b>	<b>262,294</b>
<b>Expenditures</b>					
<b>Current:</b>					
General government	1,995,010	-	-	-	1,515
Public safety	6,095,484	-	-	-	-
Health and welfare	176,248	-	-	-	-
Highways and streets	2,339,648	-	-	-	-
Urban redevelopment and housing	92,328	465,494	-	515,987	-
Culture and recreation	614,140	-	785,954	-	-
<b>Debt service:</b>					
Principal retirement	-	-	-	-	160,000
Interest and fiscal fees	-	-	-	-	48,864
Capital Outlay	5,622	-	5,814	-	-
<b>Total Expenditures</b>	<b>11,318,480</b>	<b>465,494</b>	<b>791,768</b>	<b>515,987</b>	<b>210,379</b>
Excess (deficiency) of revenues over expenditures	280,465	261,809	(97,965)	2,122,097	51,915
<b>Other Financing Sources (Uses)</b>					
Improvement bonds issued	-	-	-	-	-
Premium on improvement bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Transfer in	-	2,127	86,920	-	-
Transfer out	(10,000)	-	-	(213,910)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(10,000)</b>	<b>2,127</b>	<b>86,920</b>	<b>(213,910)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>270,465</b>	<b>263,936</b>	<b>(11,045)</b>	<b>1,908,187</b>	<b>51,915</b>
Fund balance (deficit) - January 1	5,736,635	4,122,046	(1,171,911)	1,603,543	642,807
Fund balance (deficit) - December 31	\$ 6,007,100	\$ 4,385,982	\$ (1,182,956)	\$ 3,511,730	\$ 694,722

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2015

	2015D GO TI Revenue Bonds	Permanent Improvement Revolving	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ -	\$ 1,260	\$ 1,551,645	\$ 11,190,091
Tax increments	-	-	323,341	2,920,681
Special assessments	-	53,803	693,623	1,003,444
Intergovernmental	-	243,483	698,878	2,234,195
Fees, licenses and permits	-	-	-	489,373
Charges for services	-	-	194,187	848,775
Fines	-	-	16,778	258,924
Investment earnings	-	43,182	74,894	257,543
Other miscellaneous revenues	-	-	861,571	1,474,048
<b>Total Revenues</b>	<b>-</b>	<b>341,728</b>	<b>4,414,917</b>	<b>20,677,074</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	102,307	-	487,750	2,586,582
Public safety	-	-	157,940	6,253,424
Health and welfare	-	-	-	176,248
Highways and streets	-	130,041	710,334	3,180,023
Urban redevelopment and housing	-	-	145,717	1,219,526
Culture and recreation	-	-	451,647	1,851,741
<b>Debt service:</b>				
Principal retirement	-	-	8,410,000	8,570,000
Interest and fiscal fees	1,394	-	596,129	646,387
Capital Outlay	-	6,208,481	2,570,062	8,789,979
<b>Total Expenditures</b>	<b>103,701</b>	<b>6,338,522</b>	<b>13,529,579</b>	<b>33,273,910</b>
Excess (deficiency) of revenues over expenditures	(103,701)	(5,996,794)	(9,114,662)	(12,596,836)
<b>Other Financing Sources (Uses)</b>				
Improvement bonds issued	7,355,000	-	11,380,000	18,735,000
Premium on improvement bonds	203,257	-	221,872	425,129
Payment to bond escrow agent	-	-	(3,927,887)	(3,927,887)
Transfer in	-	5,361,851	3,062,737	8,513,635
Transfer out	-	(1,707,961)	(7,445,951)	(9,377,822)
<b>Total Other Financing Sources (Uses)</b>	<b>7,558,257</b>	<b>3,653,890</b>	<b>3,290,771</b>	<b>14,368,055</b>
<b>Net change in fund balances</b>	<b>7,454,556</b>	<b>(2,342,904)</b>	<b>(5,823,891)</b>	<b>1,771,219</b>
Fund balance (deficit) - January 1	-	2,785,317	11,409,054	25,127,491
Fund balance (deficit) - December 31	\$ 7,454,556	\$ 442,413	\$ 5,585,163	\$ 26,898,710

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities

For the Year Ended December 31, 2015

Net change in fund balances total governmental funds	\$ 1,771,219
Amounts reported for governmental activities in the statement of activities are different because:	
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. This is the amount by which capital outlays exceeded depreciation in the current period.	7,267,749
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is a decrease to net assets	(106,650)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	137,614
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded in the statement of net position and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items.	(10,600,303)
Some pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures	
Change in net pension asset/liability and related deferred outflows/inflows of resources	(149,398)
External revenues and expenditures of the internal service funds reported in the statement of activities are not reported as revenues and expenditures in governmental funds.	(115,716)
Change in net position of governmental activities	<u>\$ (1,795,485)</u>

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 General Fund  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Property taxes	\$ 9,307,729	\$ 9,307,729	\$ 9,114,016	\$ (193,713)
Intergovernmental	843,112	843,112	1,082,622	239,510
Fees, licenses and permits	390,375	390,375	489,373	98,998
Charges for services	209,300	209,300	285,136	75,836
Fines	179,600	179,600	242,146	62,546
Investment earnings	15,000	15,000	46,073	31,073
Other miscellaneous revenues	401,600	401,600	339,579	(62,021)
<b>Total Revenues</b>	<b>11,346,716</b>	<b>11,346,716</b>	<b>11,598,945</b>	<b>252,229</b>
<b>Expenditures</b>				
General government	1,987,245	1,947,829	1,995,010	(47,181)
Public safety	5,988,107	6,010,049	6,095,484	(85,435)
Health and welfare	176,419	177,315	176,248	1,067
Highways and streets	2,464,436	2,478,380	2,339,648	138,732
Urban redevelopment and housing	91,449	92,145	92,328	(183)
Culture and recreation	589,560	591,498	614,140	(22,642)
Capital Outlay	39,500	39,500	5,622	33,878
<b>Total Expenditures</b>	<b>11,336,716</b>	<b>11,336,716</b>	<b>11,318,480</b>	<b>18,236</b>
Excess (deficiency) of revenues over expenditures	10,000	10,000	280,465	270,465
<b>Other Financing Sources (Uses):</b>				
Transfer out	(10,000)	(10,000)	(10,000)	-
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>270,465</b>	<b>\$ 270,465</b>
Fund balance - January 1			5,736,635	
Fund balance - December 31			<u>\$ 6,007,100</u>	

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Major Special Revenue Funds  
 Economic Development  
 Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Property taxes	\$ 272,572	\$ 272,572	\$ 439,265	\$ 166,693
Intergovernmental	-	-	171,875	171,875
Investment earnings	4,000	4,000	46,374	42,374
Other miscellaneous revenues	11,500	11,500	69,789	58,289
<b>Total Revenues</b>	<u>288,072</u>	<u>288,072</u>	<u>727,303</u>	<u>439,231</u>
<b>Expenditures</b>				
<b>Current:</b>				
Urban redevelopment and housing	240,828	240,828	465,494	(224,666)
<b>Total Expenditures</b>	<u>240,828</u>	<u>240,828</u>	<u>465,494</u>	<u>(224,666)</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	2,127	2,127
<b>Net change in fund balance</b>	<u>\$ 47,244</u>	<u>\$ 47,244</u>	263,936	<u>\$ 216,692</u>
Fund balance - January 1, reported			<u>4,122,046</u>	
Fund balance - December 31			<u>\$ 4,385,982</u>	

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Major Special Revenue Funds  
 Arts Center  
 Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Property taxes	\$ 85,000	\$ 85,000	\$ 83,905	\$ (1,095)
Intergovernmental	58,000	58,000	37,337	(20,663)
Charges for services	383,901	383,901	369,452	(14,449)
Other miscellaneous revenues	173,300	173,300	203,109	29,809
<b>Total Revenues</b>	<u>700,201</u>	<u>700,201</u>	<u>693,803</u>	<u>(6,398)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Culture and recreation	803,967	803,967	785,954	18,013
Capital Outlay	195,310	195,310	5,814	189,496
<b>Total Expenditures</b>	<u>999,277</u>	<u>999,277</u>	<u>791,768</u>	<u>207,509</u>
<b>Other Financing Sources (Uses)</b>				
Transfer in	86,920	86,920	86,920	-
<b>Net change in fund balance</b>	<u>\$ (212,156)</u>	<u>\$ (212,156)</u>	(11,045)	<u>\$ 201,111</u>
Fund balance - January 1, reported			<u>(1,171,911)</u>	
Fund balance - December 31			<u>\$ (1,182,956)</u>	

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Major Special Revenue Funds  
 Tax Increment District Super Valu  
 Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Tax increments	\$ 2,400,000	\$ 2,400,000	\$ 2,597,340	\$ 197,340
Investment earnings	3,000	3,000	40,744	37,744
<b>Total Revenues</b>	<u>2,403,000</u>	<u>2,403,000</u>	<u>2,638,084</u>	<u>235,084</u>
<b>Expenditures</b>				
Urban redevelopment and housing	1,142,754	1,142,754	515,987	626,767
<b>Total Expenditures</b>	<u>1,142,754</u>	<u>1,142,754</u>	<u>515,987</u>	<u>626,767</u>
<b>Other Financing Sources (Uses)</b>				
Transfer out	(209,870)	(209,870)	(213,910)	(4,040)
<b>Net change in fund balance</b>	<u>\$ 1,050,376</u>	<u>\$ 1,050,376</u>	1,908,187	<u>\$ 857,811</u>
Fund balance - January 1, reported			<u>1,603,543</u>	
Fund balance - December 31			<u>\$ 3,511,730</u>	

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Net Position  
Proprietary Funds  
December 31, 2015

	Business-Type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer Utility	Nonmajor Proprietary Funds	Totals	
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ -	\$ 257,527	\$ 759,035	\$ 1,311,106	\$ 2,327,668	\$ 1,391,107
Taxes receivable	-	-	-	852	852	-
Accounts receivable	112,060	191,491	10,024	83,783	397,358	-
Accrued interest receivable	1,953	2,038	3,518	4,460	11,969	7,847
Due from other governments	-	-	-	19,596	19,596	-
Inventory	29,333	21,913	43	-	51,289	-
Prepaid expenses	-	-	-	15,606	15,606	-
<b>Total current assets</b>	<b>143,346</b>	<b>472,969</b>	<b>772,620</b>	<b>1,435,403</b>	<b>2,824,338</b>	<b>1,398,954</b>
<b>Noncurrent assets:</b>						
<b>Capital Assets, non depreciable:</b>						
Land	14,097	5,150	26,800	208,252	254,299	-
Construction in progress	482,886	109,710	800,073	56,710	1,449,379	-
<b>Capital Assets, depreciable</b>						
Building and structures	33,089	-	-	8,096,525	8,129,614	-
Distribution system	11,733,042	8,362,098	10,979,692	125,614	31,200,446	-
Machinery and equipment	318,685	396,870	9,000	1,175,475	1,900,030	8,381,336
Less accumulated depreciation	(6,326,723)	(4,409,859)	(3,999,430)	(5,496,268)	(20,232,280)	(4,603,723)
<b>Total noncurrent assets</b>	<b>6,255,076</b>	<b>4,463,969</b>	<b>7,816,135</b>	<b>4,166,308</b>	<b>22,701,488</b>	<b>3,777,613</b>
<b>Total Assets</b>	<b>6,398,422</b>	<b>4,936,938</b>	<b>8,588,755</b>	<b>5,601,711</b>	<b>25,525,826</b>	<b>5,176,567</b>
<b>Deferred outflows of resources:</b>						
Pensions	41,079	22,623	4,886	45,238	113,826	-
<b>Total Deferred Outflows</b>	<b>41,079</b>	<b>22,623</b>	<b>4,886</b>	<b>45,238</b>	<b>113,826</b>	<b>-</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	63,309	7,501	5,306	76,125	152,241	520,932
Salaries payable	4,110	2,938	538	6,451	14,037	-
Due to other funds	172,965	-	-	39,408	212,373	-
Due to other governments	5,330	21,473	265	10,919	37,987	-
Compensated absences	15,714	9,903	-	56,095	81,712	805,664
Unearned revenue	-	-	-	6,583	6,583	-
Accrued interest payable	21,624	16,638	11,295	1,164	50,721	1,369
Capital lease - current	-	-	-	-	-	23,458
Revenue bonds - current	145,000	105,000	110,000	20,000	380,000	-
<b>Total current liabilities</b>	<b>428,052</b>	<b>163,453</b>	<b>127,404</b>	<b>216,745</b>	<b>935,654</b>	<b>1,351,423</b>

City of Hopkins  
Statement of Net Position  
Proprietary Funds  
December 31, 2015

	Business-Type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer Utility	Nonmajor Proprietary Funds	Totals	
Noncurrent liabilities:						
Compensated absences	\$ -	\$ -	\$ -	\$ 2,125	\$ 2,125	\$ -
Net OPEB liability	7,320	7,320	-	19,094	33,734	-
Net pension liability	304,736	167,819	36,245	335,588	844,388	-
Capital lease payable	-	-	-	-	-	126,158
Revenue bonds payable (net of unamortized discounts and premium)	1,927,321	1,242,639	1,135,843	121,829	4,427,632	-
Total noncurrent liabilities	2,239,377	1,417,778	1,172,088	478,636	5,307,879	126,158
Total Liabilities	2,667,429	1,581,231	1,299,492	695,381	6,243,533	1,477,581
Deferred inflows of resources:						
Taxes and special assessments	-	-	-	609	609	-
Pensions	29,823	16,424	3,547	32,842	82,636	-
Total Deferred Inflows of Resources	29,823	16,424	3,547	33,451	83,245	-
Net Position						
Net investment in capital assets	4,182,755	3,116,330	6,570,292	4,024,479	17,893,856	3,627,997
Unrestricted	(440,506)	245,576	720,310	893,638	1,419,018	70,989
Total Net Position	\$ 3,742,249	\$ 3,361,906	\$ 7,290,602	\$ 4,918,117	\$ 19,312,874	\$ 3,698,986

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenses and Changes in Net Position  
 Proprietary Funds  
 For the Year Ended December 31, 2015

	Business-Type Activities-Enterprise Funds					
	Water Utility	Sewer Utility	Storm Sewer Utility	Nonmajor Proprietary Funds	Total	Governmental Activities Internal Service Funds
Operating revenues						
Charges for services	\$ 1,503,507	\$ 2,156,439	\$ 799,306	\$ 1,564,685	\$ 6,023,937	\$ 450,129
Other	10,729	15,988	6,236	39,289	72,242	-
Total operating revenues	<u>1,514,236</u>	<u>2,172,427</u>	<u>805,542</u>	<u>1,603,974</u>	<u>6,096,179</u>	<u>450,129</u>
Operating expenses						
Cost of sales and services	1,186,396	1,710,682	54,650	1,140,223	4,091,951	361,754
Administration	221,496	136,655	82,004	469,902	910,057	8,028
Depreciation	241,645	174,758	230,152	309,100	955,655	474,041
Total operating expenses	<u>1,649,537</u>	<u>2,022,095</u>	<u>366,806</u>	<u>1,919,225</u>	<u>5,957,663</u>	<u>843,823</u>
Operating income (loss)	<u>(135,301)</u>	<u>150,332</u>	<u>438,736</u>	<u>(315,251)</u>	<u>138,516</u>	<u>(393,694)</u>
Nonoperating revenues (expenses)						
Property taxes	-	-	-	64,161	64,161	-
Investment earnings	2,555	2,271	8,148	10,503	23,477	21,873
Interest/fiscal agent expense	(50,003)	(39,085)	(27,901)	(2,549)	(119,538)	(8,550)
Intergovernmental grants	-	-	-	231,491	231,491	237,120
Gain on sale of assets	-	-	-	-	-	27,535
Total nonoperating revenues (expenses)	<u>(47,448)</u>	<u>(36,814)</u>	<u>(19,753)</u>	<u>303,606</u>	<u>199,591</u>	<u>277,978</u>
Income (loss) before contributions and transfers	<u>(182,749)</u>	<u>113,518</u>	<u>418,983</u>	<u>(11,645)</u>	<u>338,107</u>	<u>(115,716)</u>
Transfers and contributions						
Transfers in	496,274	297,004	605,843	-	1,399,121	-
Transfers out	<u>(100,300)</u>	<u>(105,300)</u>	<u>(304,334)</u>	<u>(25,000)</u>	<u>(534,934)</u>	<u>-</u>
Change in net position	213,225	305,222	720,492	(36,645)	1,202,294	(115,716)
Net position - January 1, as previously stated	3,811,086	3,212,016	6,603,658	5,265,380	18,892,140	3,814,702
Prior period adjustment, as restated (see note 16)	<u>(282,062)</u>	<u>(155,332)</u>	<u>(33,548)</u>	<u>(310,618)</u>	<u>(781,560)</u>	<u>-</u>
Net position - January 1	<u>3,529,024</u>	<u>3,056,684</u>	<u>6,570,110</u>	<u>4,954,762</u>	<u>18,110,580</u>	<u>3,814,702</u>
Net position - December 31	<u>\$ 3,742,249</u>	<u>\$ 3,361,906</u>	<u>\$ 7,290,602</u>	<u>\$ 4,918,117</u>	<u>\$ 19,312,874</u>	<u>\$ 3,698,986</u>

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2015

	Business-type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer Utility	Nonmajor Proprietary Funds	Totals	
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 1,524,856	2,174,334	\$ 804,879	\$ 1,632,640	\$ 6,136,709	\$ 73,245
Receipts from interfund services provided	-	-	-	1,414	1,414	376,884
Internal activity-payments from other funds	-	-	-	(36,398)	(36,398)	-
Internal activity-payments to other funds	172,965	-	34,243	-	207,208	-
Payments to suppliers	(798,002)	(1,510,480)	(97,408)	(907,945)	(3,313,835)	89,598
Payments to employees	(245,666)	(131,246)	(34,753)	(279,205)	(690,870)	-
Payments for interfund services used	(221,496)	(136,655)	(82,004)	(126,395)	(566,550)	(38,805)
Net cash provided by (used in) by operating activities	<u>432,657</u>	<u>395,953</u>	<u>624,957</u>	<u>284,111</u>	<u>1,737,678</u>	<u>500,922</u>
Cash Flows from Noncapital Financing Activities						
Intergovernmental grants	-	-	-	228,180	228,180	-
Taxes	-	-	-	64,161	64,161	-
Transfers in (out)	<u>395,974</u>	<u>191,704</u>	<u>301,509</u>	<u>(25,000)</u>	<u>864,187</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>395,974</u>	<u>191,704</u>	<u>301,509</u>	<u>267,341</u>	<u>1,156,528</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:						
Purchases of capital assets	-	-	-	(232,515)	(232,515)	(1,201,924)
Construction of capital assets	(376,711)	(106,250)	-	(44,963)	(527,924)	-
Proceeds from sales of capital assets	-	-	-	-	-	27,535
Interest and other payments	(56,955)	(41,758)	(35,186)	(3,016)	(136,915)	(8,964)
Capital lease payments	-	-	-	-	-	(45,252)
Bond payments	(320,000)	(100,000)	(235,000)	(20,000)	(675,000)	-
Net cash provided by (used in) capital and related financing activities	<u>(753,666)</u>	<u>(248,008)</u>	<u>(270,186)</u>	<u>(300,494)</u>	<u>(1,572,354)</u>	<u>(1,228,605)</u>
Cash Flows From Investing Activities						
Interest received	<u>1,842</u>	<u>863</u>	<u>6,284</u>	<u>8,224</u>	<u>17,213</u>	<u>18,193</u>
Net increase (decrease) in cash and cash equivalents	76,807	340,512	662,564	259,182	1,339,065	(709,490)
Cash and cash equivalents - January 1	<u>(76,807)</u>	<u>(340,465)</u>	<u>(662,427)</u>	<u>170,079</u>	<u>(909,620)</u>	<u>709,740</u>
Cash and cash equivalents - December 31	<u>\$ -</u>	<u>\$ 47</u>	<u>\$ 137</u>	<u>\$ 429,261</u>	<u>\$ 429,445</u>	<u>\$ 250</u>

City of Hopkins  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2015

	Business-type Activities-Enterprise Funds					Governmental Activities Internal Service Funds
	Water Utility	Sewer Utility	Storm Sewer Utility	Nonmajor Proprietary Funds	Totals	
Reconciliation of Cash and Cash Equivalents at End of Year to Cash and Investments per Statement of Net Position						
Ending cash and cash equivalents per cash flow statement	\$ -	\$ 47	\$ 137	\$ 429,261	\$ 429,445	\$ 250
Investments	-	257,480	758,898	881,845	1,898,223	1,390,857
Cash and Investments per Statement of Net Position	<u>\$ -</u>	<u>\$ 257,527</u>	<u>\$ 759,035</u>	<u>\$ 1,311,106</u>	<u>\$ 2,327,668</u>	<u>\$ 1,391,107</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (135,301)	\$ 150,332	\$ 438,736	\$ (315,251)	\$ 138,516	\$ (392,859)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	241,645	174,758	230,152	309,100	955,655	474,041
(Increase) decrease in:						
Accounts receivable	10,620	1,907	(663)	30,391	42,255	-
Due from other funds	-	-	34,243	-	34,243	-
Inventory	(16,182)	(9,424)	-	631	(24,975)	-
Prepaid expense	-	-	(43)	968	925	-
Pensions (deferred outflows)	(41,079)	(22,623)	(22,623)		(86,325)	
Increase (decrease) in:				(45,238)	(45,238)	
Accounts, compensated absences and accrued interest payable	(138,620)	(87,614)	(94,902)	(31,801)	(352,937)	419,740
Due to other funds	172,965	-	-	(34,984)	137,981	-
Due to other governments	4,050	4,374	265	2,590	11,279	-
Unearned revenue	-	-	-	(1,725)	(1,725)	-
Net Pension	304,736	167,819	36,245	336,588	845,388	
Pensions (deferred inflows)	29,823	16,424	3,547	32,842	82,636	-
Net cash provided (used) by operating activities	<u>\$ 432,657</u>	<u>\$ 395,953</u>	<u>\$ 624,957</u>	<u>\$ 284,111</u>	<u>\$ 1,737,678</u>	<u>\$ 500,922</u>

The notes to the financial statements are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The City of Hopkins, Minnesota (the City) is a charter City, which was approved December 2, 1947. The City operates pursuant to applicable Minnesota laws and statutes. The governing body of the City is a Council – Manager form of government.

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

A. REPORTING ENTITY

In accordance with GASB pronouncements, the City's financial statements include all funds and departments of the City and its component units, for which the City is considered to be financially accountable. A blended component unit, although legally separate entity is, in substance, part of the City's operations and so data from this unit is combined with data of the primary government. The City's blended component unit has a March 31 year-end, however when blended with the City it is shown with a December 31 year-end.

Blended Component Unit

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

The HRA was created by the City to carry out certain redevelopment projects and low-income rental housing. The HRA's governing body is the same as the governing body of the primary government in that all members of the Hopkins City Council are also the Hopkins Housing and Redevelopment Authority Commissioners. The City of Hopkins in its capacity as the HRA Board of Directors, has operational responsibility for the HRA. Therefore there is a burden relationship between the primary government and the component unit. The housing activity is supported in part by federal subsidies. There is an extensive trust agreement between the HRA and HUD regarding the facility. The HRA is included in the City's enterprise funds. Separate financials are not prepared.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all activities of the primary government and its component units. The interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 have been met. Unbilled utility service receivables are recorded at year-end.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days thereafter to be used to pay liabilities of the current period.

Major revenues that are susceptible to accrual include property taxes, special assessments, intergovernmental revenues, charges for services, and investment earnings. Major revenues that are not susceptible to accrual include fees and miscellaneous revenues; such revenues are recorded only as received because they are not measurable until collected.

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

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *economic development special revenue fund* accounts for development opportunities of the city. Sources of funds are derived from the administration of loans and an annual tax levy.

The *arts center special revenue fund* accounts for the activities of the Hopkins Center for the Arts. Sources of funds are derived from leases, ticket sales, admission fees, grants and donations.

The *tax increment district super valu special revenue fund* accounts for the activities of the Super Valu tax increment development district. Sources of funds are a tax increment levy.

The *2009B taxable housing improvement bonds of 1999B refunding bond debt service fund* accounts for resources accumulated and payments made for principal and interest on long-term debt issued to pay for Westbrook Patio Home improvements. The owners of these town homes pay an annual fee, which in turn pays for the bond issue.

The *2015D general obligation tax increment revenue bonds debt service fund* accounts for resources accumulated and payments made for principal and interest on long-term debt issued for the Cargill development project.

The *permanent improvement revolving capital projects fund* accounts for resources and accumulated payments for street improvements funded with bonds and special assessments levied on benefited property.

The City reports the following major proprietary funds:

The *water utility fund* accounts for the operations of the City-owned water distribution system. The water bonds of 2009A, 2012B and 2013A are included as part of this fund since revenues of the water fund are pledged to pay principal and interest on this bond.

The *sewer utility fund* accounts for the operations of the City-owned sewer lift stations and disposal system. The sewer bonds of 2009A, 2012B and 2013A are included as part of this fund since revenues of the sewer fund are pledged to pay principal and interest on this bond.

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

The *storm sewer utility fund* accounts for the operations and improvements of the storm water drainage system. The storm water bond issues of 2009A, 2010B, 2012B and 2013A are included as part of this fund since revenues of the storm sewer fund are pledged to pay principal and interest on these bonds.

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed by Council to expenditures for specified purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure, other than those financed by proprietary funds or special revenue funds.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

Internal Service Funds – Internal service funds are used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis. Internal service funds are used for equipment replacement, insurance deductions and employee benefits.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in authorized investments pursuant to Minnesota Statutes (see note 4). Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments in certificates of deposit with a maturity date of less than one year at the date of purchase are reported at cost or amortized cost, which approximates fair value. Investments held longer than one year are reported at fair value, based on quoted market prices.

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

The City accounts for its cash, cash equivalents and investments in an entity-wide cash management pool, which is used essentially as a demand deposit account. For purposes of the statement of cash flows, the proprietary funds consider all investments to be cash equivalents. Restricted cash and investments are reported separately on the financial statement.

E. INTERFUND RECEIVABLES/PAYABLES

Activity between funds that is representative of lending/borrowing arrangements and transactions between funds that are outstanding at the end of the fiscal year are referred to “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.”

The non-current portion of due from other funds is offset by nonspendable fund balance in the general fund to indicate that this portion of fund balance is not available for appropriation and is not expendable available financial resources.

F. INVENTORIES AND PREPAID ITEMS

All inventories are accounted for using the consumption method and are valued at cost using the first-in/first-out (FIFO) method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

G. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Assets not being depreciated include land and construction in progress. Buildings, equipment, and infrastructure of the City and the HRA are depreciated using the straight-line method over the estimated useful lives as follows:

Buildings	30 - 40 years
Mains and Lines	40 - 50 years
Streets	20 - 25 years
Improvements	10 - 20 years
Vehicles	3 - 30 years
Equipment	3 - 20 years

H. 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 will not be recognized as an outflow of

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position and the deferred charge for pensions (see Pension section below for explanation). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. 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 will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. It is the deferred charge for pensions (see Pension section below for explanation). The City also has one type of item, which arises 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 funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, loans and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

I. COMPENSATED ABSENCES

The City compensates all employees upon termination for unused vacation or flex leave. Employees hired prior to August 1, 1998 may opt to have sick leave, at the rate of 8 hours for each calendar month of full-time service, instead of flex leave.

Employees hired prior to August 1, 1998, that have not opted for flex leave, shall be entitled to severance pay, after completion of five years of continuous City employment. Severance pay is calculated by multiplying the total number of continuous years in the City employ and/or accumulated sick leave by the daily wage rate prevailing at date of severance, at one day per year of such employment, to a maximum of 20 days. Such severance money shall be paid in case of separation caused by death, eligible retirements, or medically attested disability preventing an employee from performing the major duties of the position or separation for non-disciplinary reasons.

Accumulated vacation, flex and vested severance pay is reported as an expense and an accrued liability as the benefits accrue to employees in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements. The employee benefits internal service fund reports the governmental funds' liability for compensated absences on the accrual basis.

J. PENSIONS

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

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's requirement to contribute to the Hopkins Fire Relief Association, information about the Plan's fiduciary net position and additions to/deductions from the Hopkins Fire Relief Association Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

K. LONG-TERM OBLIGATIONS

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

In the governmental fund financial statements bond premiums and discounts, as well as bond issuance costs are recognized 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.

L. NET POSITION/FUND EQUITY

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position invested in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

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

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and land held for resale.

Restricted – funds are constrained by external parties (statute, grantors, bond agreements, etc.).

Committed – fund constraints are established and modified by a resolution approved by the City Council.

Assigned – consists of internally imposed constraints. These constraints are established by the City Council and/or management. The City Council also delegates the authority to assign fund balance to the Finance Director per City Legislative Policy 6-G, Fund Balance.

Unassigned – is the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the City's policy to use committed first, then assigned, and finally unassigned amounts.

The City formally adopted a fund balance policy for the General Fund. The policy establishes an unassigned fund of a minimum of 5 months or 42% of the previous year's budgeted expenditures.

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

M. INTERFUND TRANSACTIONS

Inter-fund services provided and used are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

N. PROPERTY TAXES

Property tax levies are set by the City Council in December of each year, and are certified to Hennepin County (the County) for collection in the following year. In the State of Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over assessable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date.

Real property taxes are payable by taxpayers in two equal installments, on May 15 and October 15. Personal property taxes are also payable by taxpayers in two equal installments, on February 28 and June 30. The County provides tax settlements to cities and other local governments three times a year, on or before January 25, July 5 and December 5.

In the governmental fund financial statements property taxes are accrued and recognized as revenue for collections within 60 days of year-end. Taxes that remain unpaid at the County on December 31 are classified as delinquent taxes receivable, and are fully offset by deferred inflows of resources because they are not available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

O. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Commercial Development Revenue Notes/Bonds in accordance with the Minnesota Municipal Industrial Development Act. These obligations are issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The obligations are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the obligations, ownership of the acquired facilities transfers from the bond holder to the private-sector entity served by the debt issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2015, there were 7 notes/bond issues outstanding, with an aggregate principal amount payable of approximately \$31 million.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. 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 expenses during the reporting period. Actual results could differ from those estimates.

## NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

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. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Details of this difference are as follows:

Bonds payable	\$ 39,914,855
Accrued interest payable	325,248
Net OPEB obligation	<u>144,904</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 40,385,007</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “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 outlay	\$ 8,789,979
Depreciation expense	<u>(1,522,232)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 7,267,747</u>

Another element of that reconciliation explains that, “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses financial resources of the governmental funds. Neither of these transactions has any effect on the net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of these differences are as follows:

Principal repayments	\$ (8,570,000)
Issuance of general obligation bonds	18,735,000
Add premium	425,129
Less deferred loss on refunding debt	(37,518)
OPEB expense	(39,636)
Amortization of deferred losses on refunding	40,778
Amortization of bond premium and discount	13,332
Prior year interest expense	(292,030)
Accrue interest expense for current year	<u>325,248</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>10,600,303</u>

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds except the Section 8 and Hennepin County CDBG special revenue funds, the debt service funds and the capital projects funds, which are not budgeted. A capital improvement plan is reviewed annually by the City Council for the capital projects funds and utility funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements. All annual appropriations lapse at fiscal year-end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements and set forth in Section 7.04 of the City Charter.

1. The City Manager shall, at the first regular council meeting in September, submit to the Council a proposed budget and an explanatory budget message in a form and manner as prescribed by the City Charter.
2. The Council shall determine the plan and time of the public hearings on the budget to obtain taxpayer comments.
3. The Council shall adopt the tax levy by resolution no later than a December date, which is annually established by law for the county auditor to levy taxes. The budget shall set forth the total for each budgeted fund with such segregation as to objects and purposes of expenditures as the Council deems necessary for purposes of budget control.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council and are limited to the amount revenues exceed the budgets or authorize the transfer of sums from unexpended balances to other purposes. Budgeted expenditure appropriations lapse at year-end. The level of legal control is at the fund level.
5. The Council made no supplemental budgetary appropriation throughout the year.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2015, actual expenditures exceeded the budgeted amounts in the following funds:

Economic Development	\$ 224,666
State Chemical Assessment Team	56,131
Real Estate Purchases and Sales	35
Parking	65,192
Depot Coffee House	29,485
Tax Increment District Entertainment District	10,427
5th Avenue Flats	2,209
Tax Increment Marketplace & Main	27,921

These over expenditures were funded by greater than anticipated revenues of the Economic Development, State Chemical Assessment Team, Parking, Depot Coffee House, and Tax Increment District Entertainment District funds, from fund balance in the State Chemical Assessment Team, and Real Estate Purchase & Sales funds, and by future revenues in the Arts Center, 5th Avenue Flats and Tax Increment District Marketplace & Main funds.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

Budgets are adopted for some special revenue fund types but not all. Excluded from the budget adoption process are funds that are completely reimbursable from the federal and state governments. The Community Development Block Grant Funds is a non-budgeted fund.

C. FUND BALANCE DEFICITS

At December 31, 2015, the following funds had deficit fund balances or net position. These deficits will be funded through future tax levies, contributions, grants, charges for services or developer payments:

Art Center	\$ 1,183,024
State Chemical Assessment	1,918
Depot Coffee House	10,780
Tax Increment District Entertainment District	22,002
Tax Increment District Sonoma	137,862
5th Avenue Flats	386,947
Tax Increment District Marketplace & Main	218,385

D. NET POSITION RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$4,217,494 in restricted net position for economic development, of which \$4,073,601 is restricted by enabling legislation.

4. DEPOSITS AND INVESTMENTS

As of December 31, 2015 the City had the following deposits and investments:

<u>Investment Type</u>	<u>Fair Value</u>
Government sponsored entities	\$ 495,152
Municipal obligations	5,498,980
Negotiable certificates of deposit	10,263,040
Money market	13,530,796
Deposits	434,480
Total fair value cash and investments	<u>\$ 30,222,448</u>

Interest rate risk – Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. In accordance with City of Hopkins Legislative Policy 6-B, Standards of Investments, the city manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

At December 31, 2015 the City had the following investment maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than One	1-5	6-10	No Maturity
Investment Type:					
Government sponsored entities					
FNMA	\$ 495,151	\$ -	\$ 495,151	\$ -	\$ -
Municipal obligations	5,498,981	1,306,859	3,600,458	591,664	-
Negotiable certificates of deposit	10,263,040	5,145,000	5,118,040	-	-
Repurchase agreement	13,530,796	-	-	-	13,530,796
Demand deposits	434,480	-	-	-	434,480
	<u>\$ 30,222,448</u>	<u>\$ 6,451,859</u>	<u>\$ 9,213,649</u>	<u>\$ 591,664</u>	<u>\$ 13,965,276</u>

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

Credit risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor’s and Moody’s. According to the City’s investment policy commercial paper shall be restricted to issues, which mature in 270 days or less with a rating of A-1 (Moody’s), P-1 (Standard & Poor’s) or F-1 (Fitch) among at least two of the three rating agencies.

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

- (a) Direct obligations or obligations guaranteed by the United States or its agencies
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above
- (c) General obligations in the State of Minnesota or any of its municipalities
- (d) Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturity in 270 days or less; and
- (f) Guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their subsidiaries
- (g) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. Government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

The following table lists the credit quality ratings per Moody’s and/or Standard and Poor’s and/or Fitch of the City’s investments at December 31, 2015.

Investment Type:	Fair Value	Quality Ratings		
		AAA	AA	Not Rated
Government securities				
FNMA	\$ 495,152	\$ -	\$ 495,152	\$ -
Municipal obligations	5,498,980	1,754,867	3,744,113	-
Negotiable certificates of deposit	10,263,040	-	-	10,263,040
Repurchase agreement	13,530,796	-	-	13,530,796
Demand deposits	434,480	-	-	434,480
	<u>\$ 30,222,448</u>	<u>\$ 1,754,867</u>	<u>\$ 4,239,265</u>	<u>\$ 24,228,316</u>

Custodial credit risk

Deposits – For deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes the legal investments described above, 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. At December 31, 2014 the City had no deposits that were uninsured or uncollateralized. The deposits were insured or collateralized by securities held by the City’s agent in the City’s name.

Investments – For an investment, this 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. All investments held by the City are insured or registered or are held by the City or its agent in the City’s name. The City has no investments that are uninsured or unregistered nor are any investments held by a counterparty or a counterparty’s trust department or agent that is not in the city’s name.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

Concentration of credit risk – This is the risk associated with investing a significant portion of the City’s investments (considered 5% or more) in the securities of a single issuer, excluding U.S. explicitly guaranteed investments (Treasuries), investment pools, and mutual funds. As of December 31, 2015, the city had no investments exceeding 5% or more for a single issuer.

5. CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2015 were as follows:

	Beginning Balance	Increase	Decreases	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 6,157,677	\$ -	\$ -	\$ -	\$ 6,157,677
Construction in progress	3,897,070	8,602,064	(106,650)	(3,974,368)	8,418,116
Total not being depreciated	<u>10,054,747</u>	<u>8,602,064</u>	<u>(106,650)</u>	<u>(3,974,368)</u>	<u>14,575,793</u>
Capital assets, being depreciated					
Buildings	20,006,594	176,478	-	64,706	20,247,778
Other Improvements	38,341,781	-	-	3,517,776	41,859,557
Vehicles	3,988,628	219,564	(174,944)	-	4,033,248
Machinery & equipment	5,170,046	935,880	(86,632)	391,886	6,411,180
Total being depreciated	<u>67,507,049</u>	<u>1,331,922</u>	<u>(261,576)</u>	<u>3,974,368</u>	<u>72,551,763</u>
Less accumulated depreciation					
Buildings	(6,168,019)	(491,615)	-	-	(6,659,634)
Other Improvements	(16,174,355)	(975,008)	-	-	(17,149,363)
Vehicles	(2,119,550)	(247,932)	174,944	-	(2,192,538)
Machinery & equipment	(3,785,371)	(281,716)	86,632	-	(3,980,455)
Total accumulated depreciation	<u>(28,247,295)</u>	<u>(1,996,271)</u>	<u>261,576</u>	<u>-</u>	<u>(29,981,990)</u>
Total capital assets, being depreciated, net	<u>39,259,754</u>	<u>(664,349)</u>	<u>-</u>	<u>3,974,368</u>	<u>42,569,773</u>
Governmental activities capital assets, net	<u>\$ 49,314,501</u>	<u>\$ 7,937,715</u>	<u>\$ (106,650)</u>	<u>\$ -</u>	<u>\$ 57,145,566</u>

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City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets, not being depreciated					
Land	\$ 254,299	\$ -	\$ -	\$ -	\$ 254,299
Construction in progress	2,785,338	1,235,851	(282,118)	(2,289,692)	1,449,379
Total not being depreciated	<u>3,039,637</u>	<u>1,235,851</u>	<u>(282,118)</u>	<u>(2,289,692)</u>	<u>1,703,678</u>
Capital assets, being depreciated					
Buildings	8,019,452	44,965	-	65,198	8,129,615
Infrastructure	19,141,910	-	-	-	19,141,910
Other Improvements	9,834,041	-	-	2,224,494	12,058,535
Vehicles	754,107	232,515	-	36,739	1,023,361
Machinery & equipment	913,408	-	-	(36,739)	876,669
Total being depreciated	<u>38,662,918</u>	<u>277,480</u>	<u>-</u>	<u>2,289,692</u>	<u>41,230,090</u>
Less accumulated depreciation					
Buildings	(4,606,537)	(238,126)	-	-	(4,844,663)
Infrastructure	(11,809,724)	(401,334)	-	-	(12,211,058)
Other Improvements	(1,834,604)	(217,967)	-	-	(2,052,571)
Vehicles	(493,357)	(62,545)	-	-	(555,902)
Machinery & equipment	(532,403)	(35,683)	-	-	(568,086)
Total accumulated depreciation	<u>(19,276,625)</u>	<u>(955,655)</u>	<u>-</u>	<u>-</u>	<u>(20,232,280)</u>
Total capital assets, being depreciated, net	<u>19,386,293</u>	<u>(678,175)</u>	<u>-</u>	<u>2,289,692</u>	<u>20,997,810</u>
Business-type activities capital assets, net	\$ <u>22,425,930</u>	\$ <u>557,676</u>	\$ <u>(282,118)</u>	\$ <u>-</u>	\$ <u>22,701,488</u>

Depreciation expense was charged to City functions as follows:

Governmental activities:

General government	\$ 57,156
Public safety	207,345
Highways and streets	1,121,942
Urban redevelopment and housing	-
Culture and recreation	135,787
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	474,041
Total depreciation expense - governmental activities	<u>\$ 1,996,271</u>

Business-type activities:

Water	\$ 241,645
Sewer	174,758
Storm Sewer	230,152
Refuse	52,214
Pavilion/Ice arena	80,857
Housing and Redevelopment Authority	176,029
Total depreciation expense - business-type activities	<u>\$ 955,655</u>

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

Construction commitments

The City has active construction projects as of December 31, 2014. The projects include street improvements. The City's commitment with contractors related to these projects is \$198,932.

On October 15, 2013 the City Council entered into a 14 year maintenance agreement with SEH Design/Build, Inc. for inspection, maintenance, cleaning and painting of the city's two water towers. The contract commitment totals \$1,529,400 and will be paid in annual installments beginning in 2014.

6. INTERFUND RECEIVABLES AND PAYABLES

The following funds had amounts receivable from other funds, and the respective funds had equal amounts payable to other funds at December 31, 2015:

	Due from Other Funds		
	General	Economic Development	Total
Due to other funds:			
Non-major governmental	\$ 403,721	\$ 555,090	\$ 958,811
Arts Center	852,597	300,000	1,152,597
Permanent Improvement Revolving	-	-	-
Water	172,965	-	172,965
Non-major proprietary	39,408	-	39,408
Total due to other funds	\$ 1,468,691	\$ 855,090	\$ 2,323,781

The interfund receivables and payables are to eliminate negative cash between funds and to allow for development loans or to facilitate a project or operations of another fund.

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City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

7. INTERFUND TRANSFERS

The following is a summary of transfers between funds as of December 31, 2015:

	Transfers in								Total
	Art Center	Economic Development	Permanent Improvement Revolving	Non-major Governmental	Water	Sewer	Storm Sewer		
Transfers out:									
General	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Economic Development	-	-	-	-	-	-	-	-	-
Tax Increment District Super Valu	-	-	-	231,910	-	-	-	-	231,910
Permanent Improvement Revolving	-	-	-	308,840	496,274	297,004	605,843	-	1,707,961
Water	-	-	-	100,300	-	-	-	-	100,300
Sewer	-	-	-	105,300	-	-	-	-	105,300
Storm Sewer	-	-	-	304,334	-	-	-	-	304,334
Non-major governmental	86,920	2,127	5,361,851	1,977,053	-	-	-	-	7,427,951
Non-major business-type	-	-	-	25,000	-	-	-	-	25,000
Total transfers in	\$ 86,920	\$ 2,127	\$ 5,361,851	\$ 3,062,737	\$ 496,274	\$ 297,004	\$ 605,843	\$ -	\$ 9,912,756

Interfund transfers allow the City to allocate financial resources to debt service funds that are paying the general obligation debt.

Non-routine transfers include the following:

- 1) Annual transfers from water, sewer, storm sewer and refuse funds for lease payments on new public works facility.
- 2) An annual transfer, from the non-major governmental Communication funds to the Art Center Fund totaling \$86,920 to pay the original debt for building the facility.
- 3) Annual transfers from Tax Increment Special Revenue funds to Debt Service funds for debt payments.
- 4) Transfers from non-major governmental funds to Permanent Improvement Revolving for bond proceeds.
- 5) Transfer from the water, sewer and storm sewer funds to a non-major governmental Park Dedication fund of \$340,000 for Cottageville Park improvements.
- 6) Transfer from the Permanent Improvement Revolving to a non-major governmental Park Dedication fund of \$225,000 for Cottageville Park improvements.
- 7) Transfers from water, sewer and storm sewer to non-major governmental debt funds for bond payment contributions.

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

8. LEASES

The city has entered into a lease agreement as a lessee for financing the acquisition of an aerial lift fire truck with a down payment of \$445,427. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 870,427
Less: Accumulated depreciation	<u>(311,848)</u>
Total	<u>\$ 558,579</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014 are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2016	\$ 54,217
2017	54,217
2018	<u>54,217</u>
Total minimum lease payments	162,651
Less: amount representing interest	<u>(13,035)</u>
Present value of minimum lease payments	<u>\$ 149,616</u>

9. LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities.

General Obligation Bonds are backed by the full faith, credit and taxing power of the City, and are serviced by General and Tax Increment levies and also by fees assessed against benefited properties. These bonds generally are issued as 20-year serial bonds.

Refunding

On November 20, 2014 the City issued \$6,345,000 General Obligation Refunding Bonds, Series 2014B for a refunding of \$5,700,000 General Obligation Capital Improvement Bonds, Series 2007A and \$645,000 of General Obligation Permanent Improvement Revolving Bonds, Series 2007B. Future combined debt service payments will be reduced by \$691,761 with a present value savings of \$651,072. The refunded bonds were called and paid on February 1, 2015.

On November 24, 2015 the City issued \$4,340,000 General Obligation Tax Increment Revenue Refunding Bonds, Series 2015C to refinance the 2008 HRA Tax Increment Bonds. Future debt service payments will be reduced by \$1,512,822 with a present value savings of \$1,653,200. The refunded bonds were paid on February 1, 2016.

On December 22, 2015 the City issued \$7,355,000 General Obligation Tax Increment Revenue Refunding Bonds, Series 2015D to refinance the 2007 HRA Tax Increment Bonds. Future debt service payments will be reduced by \$2,286,264 with a present value savings of \$2,684,264. The refunded bonds were paid on February 1, 2016.

The 2007 and 2008 HRA Tax Increment Bonds were originally issued as Pay-As-You-Go Bonds by the developer which were backed by tax increment revenues received by the City. These developer issued bonds were not an obligation of the City and therefore were not recognized in the City's financials. Therefore there is no economic gain or loss by the City.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

General Obligation Bonds

On May 28, 2015 the City issued \$4,100,000 General Obligation Street Reconstruction Bonds, series 2015A for the 2015 street reconstruction project and \$2,940,000 General Obligation Tax Abatement Bonds, Series 2015B for park projects and parking lot improvements.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Current Amount</u>
Governmental activities	0.35 – 5.00%	9,740,000	\$ 9,055,000
Governmental activities – refunding	0.50 – 5.15%	24,215,000	21,550,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 2,480,000	\$ 619,496
2017	2,480,000	630,899
2018	2,540,000	577,323
2019	2,400,000	422,884
2020	2,465,000	467,793
2021-2025	9,725,000	1,587,958
2026-2030	7,145,000	671,114
2031-2035	1,180,000	104,080
2036	190,000	3,040
	<u>\$ 30,605,000</u>	<u>\$ 5,084,587</u>

The City also has special assessment bonds, which are backed by the full faith, credit and taxing power of the City, and repayment monies are generated by the collection of special assessments and general levies.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Current Amount</u>
Street Improvements	0.50 – 4.25%	9,810,000	\$ 8,660,000

Annual debt service requirements to maturity for special assessment bonds are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 595,000	\$ 194,703
2017	600,000	183,409
2018	620,000	171,428
2019	635,000	158,646
2020	645,000	145,188
2021-2025	3,350,000	492,110
2026-2030	2,215,000	110,405
	<u>\$ 8,660,000</u>	<u>\$ 1,455,889</u>

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

Revenue Bonds

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service.

Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Amount</u>	<u>Current Amount</u>
Water construction & replacement	2.0 – 4.0%	820,000	585,000
Water construction & replacement	2.0 – 2.2%	760,000	640,000
Water construction & replacement	2.0 - 2.5%	860,000	810,000
Sanitary sewer construction & replacement	2.0 – 4.0%	1,020,000	730,000
Sanitary sewer construction & replacement	2.0 – 2.2%	170,000	140,000
Sanitary sewer construction & replacement	2.0 - 2.5%	490,000	460,000
Storm sewer – refunding	0.5 – 2.9%	875,000	610,000
Storm sewer construction & replacement	2.0 – 2.2%	320,000	270,000
Storm sewer construction & replacement	2.0 - 2.5%	380,000	360,000
Pavilion equipment certificates	2.0 – 2.0%	175,000	140,000

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 380,000	\$ 117,794
2017	385,000	108,969
2018	395,000	99,494
2019	405,000	89,563
2020	410,000	78,951
2021-2025	1,980,000	222,463
2026-2029	790,000	34,385
	<u>\$ 4,745,000</u>	<u>\$ 751,619</u>

The City is subject to a statutory limit of bonded indebtedness equaling 3.0 percent of taxable market value. At December 31, 2015, the debt limit for the City is \$48,167,756. Of the total debt, \$15,400,000 of general obligation and revenue bonds is applicable to the limit. The legal debt margin is \$32,767,756.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable:					
G.O. tax increment bonds	\$ 4,120,000	\$ 11,695,000	\$ 610,000	\$ 15,205,000	\$ 1,370,000
General obligation bonds	14,965,000	7,040,000	6,605,000	15,400,000	1,110,000
Total general obligation bonds	<u>19,085,000</u>	<u>18,735,000</u>	<u>7,215,000</u>	<u>30,605,000</u>	<u>2,480,000</u>
Special assessment bonds	10,015,000	-	1,355,000	8,660,000	595,000
Less deferred amounts					
For issuance discounts	(95,338)	-	46,910	(48,428)	-
For issuance premiums	<u>306,732</u>	<u>425,128</u>	<u>33,577</u>	<u>698,283</u>	<u>-</u>
Total bonds payable	<u>29,311,394</u>	<u>19,160,128</u>	<u>8,650,487</u>	<u>39,914,855</u>	<u>3,075,000</u>
Compensated absences	836,441	905,264	936,041	805,664	805,664
Net OPEB liability	184,540	163,184	202,820	144,904	-
Net pension liability	<u>-</u>	<u>6,518,754</u>	<u>-</u>	<u>6,518,754</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 30,332,375</u>	<u>\$ 26,747,330</u>	<u>\$ 9,789,348</u>	<u>\$ 47,384,177</u>	<u>\$ 3,880,664</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds	\$ 5,420,000	\$ -	\$ 675,000	\$ 4,745,000	\$ 380,000
Less deferred amounts					
For issuance discounts	(5,793)	-	717	(5,076)	-
For issuance premiums	<u>73,795</u>	<u>-</u>	<u>(6,087)</u>	<u>67,708</u>	<u>-</u>
Total bonds payable	<u>5,488,002</u>	<u>-</u>	<u>669,630</u>	<u>4,807,632</u>	<u>380,000</u>
Compensated absences	172,861	9,071	97,995	83,937	81,713
Net OPEB liability	38,115	37,979	42,360	33,734	-
Net pension liability	<u>-</u>	<u>844,388</u>	<u>-</u>	<u>844,388</u>	<u>22,458</u>
Capital lease payable	<u>194,868</u>	<u>-</u>	<u>45,252</u>	<u>149,616</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 5,893,846</u>	<u>\$ 891,438</u>	<u>\$ 855,237</u>	<u>\$ 5,919,307</u>	<u>\$ 484,171</u>

For the governmental activities, compensated absences and the net OPEB liability are generally liquidated by the general and special revenue funds.

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City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

10. FUND BALANCES

At December 31, 2015, the City had various fund balances through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2015 are shown on the various balance sheets as segregations of the fund balance. The fund balances are as follows:

	Total	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund	\$ 5,439,799	\$ -	\$ -	\$ -	\$ -	\$ 5,439,799
Inventories	102,124	102,124	-	-	-	-
Prepaid items	124,988	124,988	-	-	-	-
Community development	340,189	-	-	-	340,189	-
Total General Fund	<u>6,007,100</u>	<u>227,112</u>	<u>-</u>	<u>-</u>	<u>340,189</u>	<u>5,439,799</u>
Economic Development						
Facade Grant	100,000	-	100,000	-	-	-
Economic Development	4,285,982	-	-	4,285,982	-	-
Total Economic Development Fund	<u>4,385,982</u>	<u>-</u>	<u>100,000</u>	<u>4,285,982</u>	<u>-</u>	<u>-</u>
Arts Center						
Prepaid items	68	68	-	-	-	-
Deficit Fund Balance	(1,183,024)	-	-	-	-	(1,183,024)
Total Arts Center Fund	<u>(1,182,956)</u>	<u>68</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,183,024)</u>
Tax Increment District Super Valu						
Property held for resale	321,719	-	321,719	-	-	-
Tax Increment	3,190,011	-	3,190,011	-	-	-
Total Tax Increment District Super Valu	<u>3,511,730</u>	<u>-</u>	<u>3,511,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
Housing Improvement Bonds of 1999B						
Refunding Bonds of 2009B						
Debt service	694,722	-	694,722	-	-	-
2015D G.O. TI Revenue Bonds						
Debt service	7,454,556	-	7,454,556	-	-	-
Permanent Improvement Revolving						
Capital asset replacement	442,413	-	-	-	442,413	-
Nonmajor Governmental Funds						
Prepaid items	136	136	-	-	-	-
Rehab loans	43,893	-	43,893	-	-	-
Debt service	4,095,157	-	4,095,157	-	-	-
Tax increment	561,871	-	561,871	-	-	-
Park improvements	258,547	-	258,547	-	-	-
Economic development	-	-	-	-	-	-
Parking improvements	63,744	-	-	63,744	-	-
Communications	532,883	-	-	532,883	-	-
Capital asset replacement	806,826	-	-	-	806,826	-
Deficit fund balance	(777,894)	-	-	-	-	(777,894)
Total Nonmajor Funds	<u>5,585,163</u>	<u>136</u>	<u>4,959,468</u>	<u>596,627</u>	<u>806,826</u>	<u>(777,894)</u>
Total Fund Balances	<u>\$ 26,898,710</u>	<u>\$ 227,316</u>	<u>\$ 16,720,476</u>	<u>\$ 4,882,609</u>	<u>\$ 1,589,428</u>	<u>\$ 3,478,881</u>

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

11. PENSION PLAN OBLIGATIONS

1. Defined Benefit Pension Plans - Statewide

A. Plan Description

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

Benefits Provided

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

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

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

1.GERF Benefits

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

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

2. PEPFF Benefits

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

B. Contributions

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

1. GERS Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City's contributions to the GERS for the year ended December 31, 2015, were \$343,161. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City's contributions to the PEPFF for the year ended December 31, 2015, were \$423,942. The City's contributions were equal to the required contributions as set by state statute.

C. Pension Costs

1. GERS Pension Costs

At December 31, 2015, the City reported a liability of \$4,306,673 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .0831%, which was a decrease of .0058% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$505,955 for its proportionate share of the GERS's pension expense.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2015

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 217,130
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	407,693	-
Changes in proportion and differences between city contributions and proportionate share of contributions	-	204,341
City contributions subsequent to the measurement date	172,861	-
Total	<u>\$ 580,554</u>	<u>\$ 421,471</u>

A total of \$172,861 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2016	(38,567)
2017	(38,567)
2018	(38,567)
2019	101,923
2020	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$3,056,469 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .269%, which was a decrease of .001% from its proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$524,902 for its proportionate share of the PEPFF's pension expense. The City also recognized \$24,210 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)  
December 31, 2015

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

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 495,659
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	532,539	-
Changes in proportion and differences between city contributions and proportionate share of contributions	-	9,000
City contributions subsequent to the measurement date	217,542	-
Total	<u>\$ 750,081</u>	<u>\$ 504,659</u>

A total of \$217,542 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2016	32,203
2017	32,203
2018	32,203
2019	32,203
2020	(100,932)
Thereafter	-

D. Actuarial Assumptions

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

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2026 and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

E. Discount Rate

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

F. Pension Liability Sensitivity

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

Description	1% Decrease in Discount Rate (6.9%)	Discount Rate (7.9%)	1% Increase in Discount Rate (8.9%)
City's Proportionate Share of the GERF Net Pension Liability:	\$ 6,771,621	\$ 4,306,673	\$ 2,271,005
City's Proportionate Share of the PEPFF Net Pension Liability:	5,957,091	3,056,469	660,051

G. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org); by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

2. Hopkins Fire Relief Association (HFRA)

A. Plan Description

Firefighters of the City of Hopkins are members of the Hopkins Fire Department Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan was established in 1909 and is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. It is governed by a Board of Trustees made up of six members elected by the members of the Association for three year terms, and the Mayor, City Clerk and Fire Chief, who serve as ex-officio voting members of the Board of Trustees. As of December 31, 2014, membership includes 40 active participants and 18 vested terminated employees entitled to benefit but not yet receiving them.

The Association issues a publically available financial report that includes financial statements and required supplementary information of the Hopkins Fire Relief Association. That report may be obtained by writing to the Hopkins Fire Relief Association, 1010 First St S, Hopkins, MN 55343.

For financial reporting purposes, the Association's financial statements are not included with the City financial statements because the Association is not a component unit of the City. The Association does not have any component units.

B. Benefits Provided

The Association operates under a defined benefit plan. The pension liability is calculated by the number of active service years multiplied by a set benefit level. The Association's current level is at \$6,100 per active year. According to the bylaws of the Association and pursuant to Minnesota statute 424A.02, subdivisions 2 and 4, members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least ten years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable non-forfeitable percentage of pension. The defined retirement benefits are based on members' years of service. Vesting begins after the 10th year of service with a 60% benefit increasing by 4% per year to 100% after the 20th year of service.

If a member of the Association shall become totally and permanently disabled, with a service related disability (injured in the line of duty) to the extent that a physician or surgeon acceptable to the Board shall certify that such disability will permanently prevent said member from performing said member's duties in the Department, the Association shall pay to such member the sum of the current pension amount for each year and fractions of a year that the member has served as an active member of the Department, without regard to minimum or partial vesting requirements. If a member who has received such a disability pension should subsequently recover and return to active duty in the Department, any amount paid to said member as a disability pension shall be deducted from said member's service pension.

Upon the death of any member of the Association who is in good standing at the time of said member's death, the Association shall pay to the surviving spouse, if any, and if there is no surviving spouse, to child or children, if any, and if no child or children survive, to the estate of such deceased member, the credited sum of said member's pension.

C. Contributions

Minnesota Statutes Chapter 424A.093 specifies minimum support rates required on an annual basis. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). The minimum contribution from the City of Hopkins and state aid is determined as follows:

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

	Normal Cost for the Next Year
+	Amortization of Unfunded Actuarial Liability as Reported in the Latest Actuarial Valuation
+	Administrative Expenses for the Prior Year Multiplied by a Factor of 1.035
-	Anticipated State Aid (Not to Exceed the Fire Aid Received in the Prior Year Multiplied by a Factor of 1.035)
-	Anticipated Contributions Required by the Association Bylaws from Active Members of the Association
=	Minimum Municipal Obligation

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$94,308 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2014. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2014 was \$32,166.

D. Pension Costs

At December 31, 2015, the City reported an asset of \$688,067 for the Association's net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

As a result of its requirement to contribute to the Relief Association, the City reduced expense by \$43,568 for the year ended December 31, 2015. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ -
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	102,277	-
City contributions subsequent to the measurement date	36,889	-
Total	<u>\$ 139,166</u>	<u>\$ -</u>

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

The City contributions to the Association subsequent to the measurement date of \$36,889, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to the Association’s pension will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2016	25,569
2017	25,569
2018	25,569
2019	25,570
2020	-
Thereafter	-

E. Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

**ASSUMPTIONS FROM ACTUARIAL REPORT**

Valuation Date	12/31/14
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Closed
Actuarial Assumptions:	
Discount Rate	7.50%
Investment Rate of Return	7.50%
20-Year Municipal Bond Yield	4.00%
Age of Service Retirement	Age 50
Mortality	N/A
Disability	None
Withdrawal	None
Percent Married	N/A
Age Difference	N/A
Form of Payment	Lump Sum

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)  
December 31, 2015

with forward-looking expectations available in market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of December 31, 2015 are summarized in the following table:

Asset Class	Allocation at December 31, 2014	Expected Portfolio Weight	Long-Term Expected Nominal Rate of Return
Cash	48.38%	43.00%	8.00%
Fixed Income	49.81%	42.00%	4.00%
Domestic Equity	0.00%	5.00%	6.50%
International Equity	1.81%	10.00%	6.00%
Total Portfolio	100.00%	100.00%	6.00%

F. Discount Rate

The discount rate used to measure the total pension liability was 7.50%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

G. Pension Liability Sensitivity

The following presents the City of Eden Prairies proportionate share of the net pension liability of the Association, calculated using the discount rate of 7.50%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease	Selected Discount Rate	1% Increase
Net Pension Liability (Asset)	\$ (591,685)	\$ (688,067)	\$ (773,359)
Discount Rate	6.50%	7.50%	8.50%

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City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

H. Plan's Fiduciary Net Position

Detailed information about the Plan's fiduciary's net position is available in a separately-issued report. That report may be obtained by writing to the Hopkins Fire Relief Association, 1010 First St S, Hopkins, MN 55343.

	<u>2014</u>
Total Pension Asset	
Service Cost	\$ 77,831
Interest	139,957
Benefit Payments	<u>(13,923)</u>
Net Change in Total Pension Liability	203,865
Total Pension Liability - Beginning	<u>1,967,431</u>
Total Pension Liability - Ending (a)	<u>2,171,296</u>
Plan Fiduciary Net Position	
Municipal Contributions	32,166
State Contributions	94,308
Net Investment Income	77,066
Benefit Payments	(13,923)
Administrative Expenses	<u>(12,295)</u>
Net Change in Fiduciary Net Position	177,322
Fiduciary Net Position - Beginning	<u>2,682,041</u>
Fiduciary Net Position - Ending (b)	<u>2,859,363</u>
Association's Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>\$ (688,067)</u></u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	131.69%
Covered-Employee Payroll	N/A
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

12. OTHER POST EMPLOYMENT BENEFIT PLAN

At December 31, 2008, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2013, for this single employer defined benefit OPEB plan.

1. Plan Description

The City, a single-employer postemployment benefit plan, provides benefits for retirees as required by *Minnesota Statute* §471.61 subdivision 2b. Active employees, who were hired prior to July 1, 1993 and have been with the City for at least ten years and are either (1) age 60 years or older or (2) eligible for full PERA retirement benefits. Employees retiring by June 30, 2007 will receive full single health and life insurance coverage until age 65; employees retiring between July 1, 2007 and December 31, 2009 will receive \$500 per month towards the cost of single health and life insurance until age 65; and employees retiring after December 31, 2009 will receive \$15 per month times years of service (maximum of \$500 per month) towards the cost of single health and life insurance until age 65. Currently 16 employees meet those eligibility requirements. As of December 31, 2015 there were approximately 91 active participants and 17 retired participants receiving benefits from the City's health plans.

2. Funding Policy

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2015, the City contributed \$245,180 to the plan. The City's OPEB pension obligation is funded by the General and Enterprise Funds.

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 204,517
Interest on Net OPEB Obligation	10,019
Adjustment to Annual Required Contribution	<u>(13,372)</u>
Annual OPEB Cost (Expense)	201,164
Contributions Made	<u>(245,180)</u>
Increase in Net OPEB Obligation	(44,016)
Net OPEB Obligation - Beginning of Year	<u>222,655</u>
Net OPEB Obligation - End of Year	<u><u>\$ 178,639</u></u>

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

The City’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 201,090	85.1 %	\$ 229,026
12/31/2014	200,416	103.2 %	222,653
12/31/2015	201,164	121.9 %	178,639

4. Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the City’s unfunded actuarial accrued liability (UAAL) was \$2,029,907. The annual payroll for active employees covered by the plan in the actuarial valuation was \$6,583,173 for a ratio of UAAL to covered payroll of 30.83%.

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

5. Actuarial Methods and Assumptions

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

In the January 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 7.5%, reduced by decrements to an ultimate rate of 5% after six years. Both rates include a 2.5% inflation assumption. The UAAL is being amortized over 30 years (2013 - 2037) as a level percentage of projected payrolls on an closed basis.

13. REHABILITATION LOANS RECEIVABLE

The City makes rehabilitation loans to residential and commercial entities within the City. Residential loans are made for 20 year periods at 3% interest. A mortgage against the property improved is required and City staff is responsible to follow-up any delinquent accounts. Loan repayments are made to Matrix Financial Services, a loan service bureau, which charges a fee of \$5.95 per month per loan. Principal and interest are forwarded to the City monthly with loan collection and loan status reports. Rehabilitation loan activity is a function of the Economic Development Fund, and the Hennepin County CDBG Funds. Loans become due in full upon sale of property. Rehabilitation loans receivable amounted to \$ 43,893 at December 31, 2015 and are recorded in the Hennepin County CDBG non-major special revenue funds.

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

14. CLAIMS AND LITIGATION

The City had the usual and customary types of miscellaneous claims pending at year-end, which are of a minor nature and usually all covered by insurance carried for that purpose. The City carries a \$1,000,000 Public Official Liability Insurance policy with public entity and employee endorsement.

15. 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. The City participates in a public entity risk pool to mitigate its exposure to these risks. Workers compensation and property and liability coverage are provided through a pooled self-insurance plan with other cities. Settled claims have not exceeded insurance coverage in any of the past three fiscal years and no significant reductions in coverage from the prior year. The City pays an annual premium based on prior claims history for its workers compensation coverage. The public entity risk pool is responsible for the payment of all associated claims. The City has a \$20,000 deductible per occurrence with a maximum per year out of pocket of \$40,000, for its property and liability coverage. The public entity risk pool is responsible for all losses in excess of \$20,000 per occurrence and all losses occurring after the \$40,000 maximum City out of pocket costs.

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City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)  
December 31, 2015

16. PRIOR PERIOD ADJUSTMENT

During the fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions and the related Statement No. 71. As a result, the City's net position as of December 31, 2014 has been restated to reflect the recognition of the City's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund (GERF) and Public Employees' Police and Fire Fund's (PEPFF) net pension liability and related deferred inflows and outflows of resources as well as the Hopkins Fire Relief Association's net pension asset and related deferred inflows and outflows of resources.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Water</u>	<u>Sewer</u>
Net Position, December 31, 2014, as Previously Reported	\$ 50,142,412	\$ 18,892,140	\$ 3,811,086	\$ 3,212,016
Cumulative Affect of Application of GASB 68, Net Pension Liability	(6,273,405)	(818,783)	(295,496)	(162,730)
Cumulative Affect of Application of GASB 68, Net Pension Asset	714,610	-	-	-
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for City Contributions Made to the Plan During Fiscal Year Ending December 31, 2014	389,985	37,223	13,434	7,398
Net Position, December 31, 2014, as Restated	<u>\$ 44,973,602</u>	<u>\$ 18,110,580</u>	<u>\$ 3,529,024</u>	<u>\$ 3,056,684</u>

	<u>Storm Sewer</u>	<u>Non-major Funds</u>		<u>Total</u>
		<u>Refuse</u>	<u>Pavilion</u>	
Net Position, December 31, 2014, as Previously Reported	\$ 6,603,658	\$ 1,325,440	\$ 2,054,142	\$ 69,034,552
Cumulative Affect of Application of GASB 68, Net Pension Liability	(35,146)	(166,325)	(159,086)	(7,092,188)
Cumulative Affect of Application of GASB 68, Net Pension Asset	-	-	-	714,610
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for City Contributions Made to the Plan During Fiscal Year Ending December 31, 2014	1,598	7,561	7,232	427,208
Net Position, December 31, 2014, as Restated	<u>\$ 6,570,110</u>	<u>\$ 1,166,676</u>	<u>\$ 1,902,288</u>	<u>\$ 63,084,182</u>

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS (CONT.)

December 31, 2015

17. SUBSEQUENT EVENT

At the May 17, 2016 meeting, the City Council approved issuance and sale of \$4,480,000 General Obligation Improvement Bonds, Series 2016A and \$1,630,000 General Obligation Tax Abatement Bonds, Series 2016B. Proceeds from the 2016A bonds will be used for the City's 2016 road construction project and proceeds from the 2016B bonds will be used for various park improvements and improvements to the City owned parking ramp. Both issuances were offered for sale on June 21, 2016.

# REQUIRED SUPPLEMENTARY INFORMATION

City of Hopkins, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2015

1. OTHER POSTEMPLOYMENT BENEFITS PLAN

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/07	\$ -	\$ 2,297,909	\$ 2,297,909	-	\$ 5,621,587	41 %
01/01/10	-	2,145,617	2,145,617	-	6,244,081	34 %
01/01/13	-	2,029,907	2,029,907	-	6,583,173	31 %

2. SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND

Last Ten Years\*

PERA - General Employees Retirement Fund

Fiscal Year Ending	Employer's Proportionate (Percentage) of the Net Pension	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Coverage
June 30, 2015	0.0831%	\$4,306,673	\$4,802,000	89.68%	78.20%

PERA - Public Employees Police and Fire Fund

Fiscal Year Ending	Employer's Proportionate (Percentage) of the Net Pension	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Coverage
June 30, 2015	-	\$3,056,469	\$2,540,691	120.30%	86.60%

Notes to schedules

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\* For purposes of this schedule, covered payroll is defined as "pensionable wages".

City of Hopkins, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2015

3. SCHEDULES OF THE CITY'S CONTRIBUTIONS

Last Ten Years\*

PERA - General Employees Retirement Fund

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll ** (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$360,150	(\$360,150)	-	\$4,802,000	7.50%

PERA - Public Employees Police and Fire Fund

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll ** (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2015	\$411,592	(\$411,592)	-	\$2,540,691	16.20%

Notes to schedules

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\* For purposes of this schedule, covered payroll is defined as "pensionable wages".

City of Hopkins, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2015

4. SCHEDULE OF THE CITY'S CONTRIBUTION TO THE HOPKINS FIRE RELIEF FUND

Last Ten Years

Fiscal Year Ending December 31	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)
2015	\$ 36,889	\$ (36,889)	\$ -
2014	32,166	(32,166)	-
2013	32,166	(32,166)	-
2012	32,166	(32,166)	-
2011	32,166	(32,166)	-
2010	189,825	(189,825)	-
2009	32,166	(32,166)	-
2008	32,166	(32,166)	-
2007	32,166	(32,166)	-
2006	32,166	(32,166)	-

City of Hopkins, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2015

5. SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –  
HOPKINS FIRE RELIEF

	<u>2014</u>
Total Pension Asset	
Service Cost	\$ 77,831
Interest	139,957
Benefit Payments	<u>(13,923)</u>
Net Change in Total Pension Liability	203,865
Total Pension Liability - Beginning	<u>1,967,431</u>
Total Pension Liability - Ending (a)	<u>2,171,296</u>
Plan Fiduciary Net Position	
Municipal Contributions	32,166
State Contributions	94,308
Net Investment Income	77,066
Benefit Payments	(13,923)
Administrative Expenses	<u>(12,295)</u>
Net Change in Fiduciary Net Position	177,322
Fiduciary Net Position - Beginning	<u>2,682,041</u>
Fiduciary Net Position - Ending (b)	<u>2,859,363</u>
Association's Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ (688,067)</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	131.69%
Covered-Employee Payroll	N/A
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A

# CITY OF HOPKINS, MINNESOTA

## NONMAJOR GOVERNMENTAL FUNDS STATEMENTS

### SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. Expenditures are restricted by law or administrative regulation for specified purposes.

**State Chemical Assessment Fund** – This fund is entirely supported by state aid for the purpose of chemical assessment training and activity for the State of Minnesota.

**Real Estate Purchases and Sales Fund** - This fund records the acquisition and disposition of various properties with the proceeds used to improve city buildings.

**Hennepin County CDBG** - This fund accounts for receipt for Community Development Block Grant funds and the issuance of loans and grants for housing rehabilitation.

**Parking Fund** - This fund acquired land, improves and maintains parking lots and a parking ramp and collects monthly maintenance fees from users.

**Communications Fund** - This fund records the City's share of a five-city joint venture cable TV franchise administered under the Southwest Suburban Cable Commission.

**Depot Coffee House Fund** – This fund accounts for the operations of the coffee house business and the teen center operations that are supported through grant funds.

**Tax Increment Funds** - These funds were established to record the use of tax increment receipts and bond proceeds as applied in various Tax Increment Districts.

**5th Avenue Flats Fund** - This fund was established to account for the project costs of the 5th Avenue Flats project. Originally shown as a tax increment fund the project changed scope and is no longer in a tax increment district.

## **DEBT SERVICE FUNDS**

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt other than debt issued for and serviced by a governmental enterprise. Provisions are made in the City's general property tax levy for money sufficient to meet the general obligation debt.

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are established to account for the resources expended to acquire assets of a relatively permanent nature. (Special revenue and enterprise fund resources are not included in this category.) These funds evolve from the needs for special accounting for bond proceeds, grants and contributions for the acquisition of capital assets.

**Park Improvements Fund** - This fund was established to record construction and improvement costs for park facilities.

**Capital Improvement Fund** - This fund accounts for funds set aside for the construction and improvement of City facility and infrastructure.

**Street Improvement Franchise Fees Fund** - This fund accounts for funds set aside for street improvements from the 2012 increase in gas and electric franchise fees. Funds will be used to decrease the annual debt levy for street improvement bonds.

City of Hopkins

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

	Special Revenue Funds				
	State Chemical Assessment	Real Estate Purchases & Sales	Hennepin County CDBG	Parking	Communications
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 118,705	\$ 475,164
Accounts receivable	-	-	-	-	67,952
Rehabilitation loans receivable	-	-	43,893	-	-
Due from other governments	11,022	-	-	1,010	-
Interest receivable	-	-	-	992	2,413
Prepaid items	-	-	-	-	68
<b>Total Assets</b>	<u>\$ 11,022</u>	<u>\$ -</u>	<u>\$ 43,893</u>	<u>\$ 120,707</u>	<u>\$ 545,597</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,506	\$ -	\$ -	\$ 1,182	\$ 10,969
Salaries payable	1,917	-	-	647	1,104
Due to other funds	9,517	-	-	-	-
Due to other governments	-	-	-	473	573
Unearned revenue	-	-	-	54,661	-
<b>Total Liabilities</b>	<u>12,940</u>	<u>-</u>	<u>-</u>	<u>56,963</u>	<u>12,646</u>
<b>Fund balances:</b>					
Non-spendable	-	-	-	-	68
Restricted	-	-	43,893	-	-
Committed	-	-	-	63,744	532,883
Unassigned	(1,918)	-	-	-	-
<b>Total Fund Balances</b>	<u>(1,918)</u>	<u>-</u>	<u>43,893</u>	<u>63,744</u>	<u>532,951</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 11,022</u>	<u>\$ -</u>	<u>\$ 43,893</u>	<u>\$ 120,707</u>	<u>\$ 545,597</u>

City of Hopkins

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015

	Special Revenue Funds				
	Depot Coffee House	Tax Increment District Entertainment District	Tax Increment District Sonoma	Tax Increment District Oaks of Mainstreet	5th Ave Flats
<b>Assets</b>					
Cash and cash equivalents	\$ 2,857	\$ 184,493	\$ -	\$ 559,848	\$ -
Accounts receivable	481	-	6,437	-	-
Rehabilitation loans receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interest receivable	93	762	33	2,436	884
Prepaid items	68	-	-	-	-
<b>Total Assets</b>	<u>\$ 3,499</u>	<u>\$ 185,255</u>	<u>\$ 6,470</u>	<u>\$ 562,284</u>	<u>\$ 884</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 7,443	\$ 126	\$ -	\$ 413	\$ -
Salaries payable	3,466	-	-	-	-
Due to other funds	-	207,131	144,332	-	387,831
Due to other governments	2,752	-	-	-	-
Unearned revenue	550	-	-	-	-
<b>Total Liabilities</b>	<u>14,211</u>	<u>207,257</u>	<u>144,332</u>	<u>413</u>	<u>387,831</u>
<b>Fund balances:</b>					
Non-spendable	68	-	-	-	-
Restricted	-	-	-	561,871	-
Committed	-	-	-	-	-
Unassigned	(10,780)	(22,002)	(137,862)	-	(386,947)
<b>Total Fund Balances</b>	<u>(10,712)</u>	<u>(22,002)</u>	<u>(137,862)</u>	<u>561,871</u>	<u>(386,947)</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,499</u>	<u>\$ 185,255</u>	<u>\$ 6,470</u>	<u>\$ 562,284</u>	<u>\$ 884</u>

City of Hopkins

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

	Special Revenue Funds		
	Tax Increment District Markeplace & Main	Total	
<b>Assets</b>			
Cash and cash equivalents	\$ 46,575	\$ 1,387,642	
Accounts receivable	-	74,870	
Rehabilitation loans receivable	-	43,893	
Due from other governments	-	12,032	
Interest receivable	114	7,727	
Prepaid items	-	136	
<b>Total Assets</b>	<u>\$ 46,689</u>	<u>\$ 1,526,300</u>	
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 55,074	\$ 76,713	
Salaries payable	-	7,134	
Due to other funds	210,000	958,811	
Due to other governments	-	3,798	
Unearned revenue	-	55,211	
<b>Total Liabilities</b>	<u>265,074</u>	<u>1,101,667</u>	
<b>Fund balances:</b>			
Non-spendable	-	136	
Restricted	-	605,764	
Committed	-	596,627	
Unassigned	(218,385)	(777,894)	
<b>Total Fund Balances</b>	<u>(218,385)</u>	<u>424,633</u>	
<b>Total Liabilities and Fund Balances</b>	<u>\$ 46,689</u>	<u>\$ 1,526,300</u>	

City of Hopkins

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

Debt Service Funds

	Tax Increment Bonds of 1996C Refunding Bonds of 2005A	Taxable Tax Increment Bonds of 1997 Refunding Bonds of 2005B	Capital Improvement Bonds of 2007A	Improvement Revolving Bonds of 2007B	Housing Improvement Bonds of 1999A Refunding Bonds of 2009B
<b>Assets</b>					
Cash and cash equivalents	\$ 111,158	\$ 492,136	\$ -	\$ -	\$ 363,270
Taxes receivable	-	-	-	-	-
Special assessments receivable	-	364,799	-	-	586,957
Interest receivable	668	2,178	-	-	1,582
<b>Total Assets</b>	<b>\$ 111,826</b>	<b>\$ 859,113</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 951,809</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 81	\$ 330	\$ -	\$ -	\$ 238
Due to other governments	-	-	-	-	-
<b>Total Liabilities</b>	<b>81</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>238</b>
<b>Deferred inflows of resources:</b>					
Taxes and special assessments	-	361,987	-	-	583,464
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>361,987</b>	<b>-</b>	<b>-</b>	<b>583,464</b>
<b>Fund balances:</b>					
Restricted	111,745	496,796	-	-	368,107
<b>Total Fund Balances</b>	<b>111,745</b>	<b>496,796</b>	<b>-</b>	<b>-</b>	<b>368,107</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 111,826</b>	<b>\$ 859,113</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 951,809</b>

City of Hopkins

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015

Debt Service Funds

	Improvement Revolving Bonds of 2010A	Tax Increment Bonds of 2002 Refunding Bonds of 2010B	Capital Improvement Bonds of 2012A	Equipment Certificates of 2012B	Improvement Bonds of 2012B
<b>Assets</b>					
Cash and cash equivalents	\$ 248,562	\$ 247,763	\$ 194,955	\$ 9,002	\$ 532,854
Taxes receivable	566	-	1,485	197	204
Special assessments receivable	435,941	-	-	-	639,804
Interest receivable	889	956	622	17	2,304
Total Assets	<u>\$ 685,958</u>	<u>\$ 248,719</u>	<u>\$ 197,062</u>	<u>\$ 9,216</u>	<u>\$ 1,175,166</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 99	\$ 112	\$ 56	\$ -	\$ 361
Due to other governments	212	-	635	103	111
Total Liabilities	<u>311</u>	<u>112</u>	<u>691</u>	<u>103</u>	<u>472</u>
<b>Deferred inflows of resources:</b>					
Taxes and special assessments	<u>436,478</u>	<u>-</u>	<u>1,485</u>	<u>197</u>	<u>639,157</u>
Total Deferred Inflows of Resources	<u>436,478</u>	<u>-</u>	<u>1,485</u>	<u>197</u>	<u>639,157</u>
<b>Fund balances:</b>					
Restricted	<u>249,169</u>	<u>248,607</u>	<u>194,886</u>	<u>8,916</u>	<u>535,537</u>
Total Fund Balances	<u>249,169</u>	<u>248,607</u>	<u>194,886</u>	<u>8,916</u>	<u>535,537</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 685,958</u>	<u>\$ 248,719</u>	<u>\$ 197,062</u>	<u>\$ 9,216</u>	<u>\$ 1,175,166</u>

City of Hopkins

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

Debt Service Funds

	Improvement Bonds of 2013A	Improvement Bonds of 2014A	Refunding Bonds of 2014B	SROP Bonds of 2015A	Tax Abatement Bonds of 2015B
<b>Assets</b>					
Cash and cash equivalents	\$ 431,878	\$ 191,402	\$ 628,184	\$ 81,348	\$ 50,460
Taxes receivable	247	337	6,208	-	-
Special assessments receivable	409,087	102,798	42,163	-	-
Interest receivable	1,845	331	16,710	168	135
Total Assets	<u>\$ 843,057</u>	<u>\$ 294,868</u>	<u>\$ 693,265</u>	<u>\$ 81,516</u>	<u>\$ 50,595</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 291	\$ 58	\$ 351	\$ -	\$ -
Due to other governments	-	-	3,025	-	-
Total Liabilities	<u>291</u>	<u>58</u>	<u>3,376</u>	<u>-</u>	<u>-</u>
<b>Deferred inflows of resources:</b>					
Taxes and special assessments	408,837	102,732	48,371	-	-
Total Deferred Inflows of Resources	<u>408,837</u>	<u>102,732</u>	<u>48,371</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>					
Restricted	433,929	192,078	641,518	81,516	50,595
Total Fund Balances	<u>433,929</u>	<u>192,078</u>	<u>641,518</u>	<u>81,516</u>	<u>50,595</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 843,057</u>	<u>\$ 294,868</u>	<u>\$ 693,265</u>	<u>\$ 81,516</u>	<u>\$ 50,595</u>

City of Hopkins

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 December 31, 2015

	Debt Service Funds		Tax Increment Revenue Bonds of 2015C	Total
Assets				
Cash and cash equivalents	\$ 470,317	\$		4,053,289
Taxes receivable	-			9,244
Special assessments receivable	-			2,581,549
Interest receivable	11,441			39,846
Total Assets	<u>\$ 481,758</u>	<u>\$</u>		<u>6,683,928</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$		1,977
Due to other governments	-			4,086
Total Liabilities	<u>-</u>			<u>6,063</u>
Deferred inflows of resources:				
Taxes and special assessments	-			2,582,708
Total Deferred Inflows of Resources	<u>-</u>			<u>2,582,708</u>
Fund balances:				
Restricted	<u>481,758</u>			<u>4,095,157</u>
Total Fund Balances	<u>481,758</u>			<u>4,095,157</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 481,758</u>	<u>\$</u>		<u>6,683,928</u>

City of Hopkins

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015

Capital Project Funds

	Park Improvements	Capital Improvement	Municipal State Aid Construction Fund	Street Improvement Franchise Fees	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 190,549	\$ 80,101	\$ 182,613	\$ 315,400	\$ 768,663
Taxes receivable	-	1,510	-	-	1,510
Accounts receivable	73,987	-	-	-	73,987
Due from other governments	180,000	-	319,071	-	499,071
Interest receivable	4,040	763	7,065	1,570	13,438
<b>Total Assets</b>	<b>\$ 448,576</b>	<b>\$ 82,374</b>	<b>\$ 508,749</b>	<b>\$ 316,970</b>	<b>\$ 1,356,669</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 10,029	\$ 13,441	\$ 31,488	\$ -	\$ 54,958
<b>Total Liabilities</b>	<b>10,029</b>	<b>13,441</b>	<b>31,488</b>	<b>-</b>	<b>54,958</b>
<b>Deferred inflows of resources:</b>					
Due to other governments	-	-	55,026	-	55,026
Taxes and special assessments	180,000	1,312	-	-	181,312
<b>Total Deferred Inflows of Resources</b>	<b>180,000</b>	<b>1,312</b>	<b>55,026</b>	<b>-</b>	<b>236,338</b>
<b>Fund balances:</b>					
Restricted	258,547	-	-	-	258,547
Assigned	-	67,621	422,235	316,970	806,826
<b>Total Fund Balances</b>	<b>258,547</b>	<b>67,621</b>	<b>422,235</b>	<b>316,970</b>	<b>1,065,373</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 448,576</b>	<b>\$ 82,374</b>	<b>\$ 508,749</b>	<b>\$ 316,970</b>	<b>\$ 1,356,669</b>

City of Hopkins

Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2015

	Special Revenue	Debt Service	Capital Projects	Total Non-major Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 1,387,642	\$ 4,053,289	\$ 768,663	\$ 6,209,594
Taxes receivable	-	9,244	1,510	10,754
Special assessments receivable	-	2,581,549	-	2,581,549
Accounts receivable	74,870	-	73,987	148,857
Rehabilitation loans receivable	43,893	-	-	43,893
Due from other governments	12,032	-	499,071	511,103
Interest receivable	7,727	39,846	13,438	61,011
Prepaid items	136	-	-	136
<b>Total Assets</b>	<b>\$ 1,526,300</b>	<b>\$ 6,683,928</b>	<b>\$ 1,356,669</b>	<b>\$ 9,566,897</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 76,713	\$ 1,977	\$ 54,958	\$ 133,648
Salaries payable	7,134	-	-	7,134
Due to other funds	958,811	-	-	958,811
Due to other governments	3,798	4,086	55,026	62,910
Unearned revenue	55,211	-	-	55,211
<b>Total Liabilities</b>	<b>1,101,667</b>	<b>6,063</b>	<b>109,984</b>	<b>1,217,714</b>
<b>Deferred inflows of resources:</b>				
Taxes and special assessments	-	2,582,708	181,312	2,764,020
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>2,582,708</b>	<b>181,312</b>	<b>2,764,020</b>
<b>Fund balances:</b>				
Non-spendable	136	-	-	136
Restricted	605,764	4,095,157	258,547	4,959,468
Committed	596,627	-	-	596,627
Assigned	-	-	806,826	806,826
Unassigned	(777,894)	-	-	(777,894)
<b>Total Fund Balances</b>	<b>424,633</b>	<b>4,095,157</b>	<b>1,065,373</b>	<b>5,585,163</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,526,300</b>	<b>\$ 6,683,928</b>	<b>\$ 1,356,669</b>	<b>\$ 9,566,897</b>

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Special Revenue Funds				
	State Chemical Assessment	Real Estate Purchases & Sales	Hennepin County CDBG	Parking	Communications
Revenues					
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	83,112	-	-	-	-
Charges for services	-	-	-	119,577	-
Fines	-	-	-	16,778	-
Investment earnings	-	2,755	-	2,406	6,046
Other miscellaneous revenues	16,101	-	-	-	267,726
Total Revenues	<u>99,213</u>	<u>2,755</u>	<u>-</u>	<u>138,761</u>	<u>273,772</u>
Expenditures					
Current:					
General government	-	-	-	-	143,972
Public safety	101,131	35	-	56,774	-
Highways and streets	-	-	-	51,947	-
Urban redevelopment and housing	-	-	3,956	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Interest and fiscal fees	-	-	-	-	-
Capital Outlay	-	-	-	95,875	-
Total Expenditures	<u>101,131</u>	<u>35</u>	<u>3,956</u>	<u>204,596</u>	<u>143,972</u>
Excess (deficiency) of revenues over expenditures	<u>(1,918)</u>	<u>2,720</u>	<u>(3,956)</u>	<u>(65,835)</u>	<u>129,800</u>
Other Financing Sources (Uses)					
Transfer in	-	-	-	-	-
Transfer out	-	(130,824)	-	-	(86,920)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(130,824)</u>	<u>-</u>	<u>-</u>	<u>(86,920)</u>
Net change in fund balances	<u>(1,918)</u>	<u>(128,104)</u>	<u>(3,956)</u>	<u>(65,835)</u>	<u>42,880</u>
Fund balance (deficit) - January 1	<u>-</u>	<u>128,104</u>	<u>47,849</u>	<u>129,579</u>	<u>490,071</u>
Fund balance (deficit) - December 31	<u>\$ (1,918)</u>	<u>\$ -</u>	<u>\$ 43,893</u>	<u>\$ 63,744</u>	<u>\$ 532,951</u>

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Special Revenue Funds				
	Depot Coffee House	Tax Increment District Entertainment District	Tax Increment District Sonoma	Tax Increment District Oaks of Mainstreet	5th Ave Flats
<b>Revenues</b>					
Tax increments	\$ -	\$ 58,173	\$ 12,587	\$ 133,405	\$ -
Intergovernmental	15,000	-	-	-	-
Charges for services	74,610	-	-	-	-
Fines	-	-	-	-	-
Investment earnings	-	1,687	15	6,108	-
Other miscellaneous revenues	276,943	-	6,437	-	-
<b>Total Revenues</b>	<u>366,553</u>	<u>59,860</u>	<u>19,039</u>	<u>139,513</u>	<u>-</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Highways and streets	-	-	-	-	-
Urban redevelopment and housing	-	2,722	2,028	3,331	4,209
Culture and recreation	362,844	-	-	-	-
<b>Debt service:</b>					
Interest and fiscal fees	-	10,705	6,910	-	-
Capital Outlay	-	-	-	-	-
<b>Total Expenditures</b>	<u>362,844</u>	<u>13,427</u>	<u>8,938</u>	<u>3,331</u>	<u>4,209</u>
Excess (deficiency) of revenues over expenditures	<u>3,709</u>	<u>46,433</u>	<u>10,101</u>	<u>136,182</u>	<u>(4,209)</u>
<b>Other Financing Sources (Uses)</b>					
Transfer in	10,000	-	25,910	-	-
Transfer out	-	-	-	(37,000)	-
<b>Total Other Financing Sources (Uses)</b>	<u>10,000</u>	<u>-</u>	<u>25,910</u>	<u>(37,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>13,709</u>	<u>46,433</u>	<u>36,011</u>	<u>99,182</u>	<u>(4,209)</u>
Fund balance (deficit) - January 1	<u>(24,421)</u>	<u>(68,435)</u>	<u>(173,873)</u>	<u>462,689</u>	<u>(382,738)</u>
Fund balance (deficit) - December 31	<u>\$ (10,712)</u>	<u>\$ (22,002)</u>	<u>\$ (137,862)</u>	<u>\$ 561,871</u>	<u>\$ (386,947)</u>

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Special Revenue Funds	
	Tax Increment District Marketplace & Main	Total
Revenues		
Tax increments	\$ 119,176	\$ 323,341
Intergovernmental	-	98,112
Charges for services	-	194,187
Fines	-	16,778
Investment earnings	17	19,034
Other miscellaneous revenues	-	567,207
Total Revenues	<u>119,193</u>	<u>1,218,659</u>
Expenditures		
Current:		
General government	-	143,972
Public safety	-	157,940
Highways and streets	-	51,947
Urban redevelopment and housing	129,471	145,717
Culture and recreation	-	362,844
Debt service:		
Interest and fiscal fees	-	17,615
Capital Outlay	-	95,875
Total Expenditures	<u>129,471</u>	<u>975,910</u>
Excess (deficiency) of revenues over expenditures	<u>(10,278)</u>	<u>242,749</u>
Other Financing Sources (Uses)		
Transfer in	-	35,910
Transfer out	-	(254,744)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(218,834)</u>
Net change in fund balances	<u>(10,278)</u>	<u>23,915</u>
Fund balance (deficit) - January 1	<u>(208,107)</u>	<u>400,718</u>
Fund balance (deficit) - December 31	<u>\$ (218,385)</u>	<u>\$ 424,633</u>

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Debt Service Funds				
	Tax Increment Bonds of 1996C Refunding Bonds of 2005A	Taxable Tax Increment Bonds of 1997 Refunding Bonds of 2005B	Capital Improvement Bonds of 2007A	Improvement Revolving Bonds of 2007B	Housing Improvement Bonds of 1999A Refunding Bonds of 2009B
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	174,517	-	-	145,339
Investment earnings	1,125	4,575	-	549	3,258
Total Revenues	1,125	179,092	-	549	148,597
<b>Expenditures</b>					
Current:					
General government	728	1,542	3,000	3,000	1,163
Debt Service:					
Principal retirement	100,000	120,000	-	885,000	90,000
Interest and fiscal fees	6,513	24,597	138,251	19,056	27,352
Total Expenditures	107,241	146,139	141,251	907,056	118,515
Excess (deficiency) of revenues over expenditures	(106,116)	32,953	(141,251)	(906,507)	30,082
<b>Other Financing Sources (Uses)</b>					
Improvement bonds issued	-	-	-	-	-
Premium on improvement bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	(6,360,000)	-	-
Transfer in	37,000	-	390,240	7,234	-
Transfer out	-	-	(72,500)	-	-
Total Other Financing Sources (Uses)	37,000	-	(6,042,260)	7,234	-
Net change in fund balances	(69,116)	32,953	(6,183,511)	(899,273)	30,082
Fund balance (deficit) - January 1	180,861	463,843	6,183,511	899,273	338,025
Fund balance (deficit) - December 31	\$ 111,745	\$ 496,796	\$ -	\$ -	\$ 368,107

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Debt Service Funds				
	Improvement Revolving Bonds of 2010A	Tax Increment Bonds of 2002 Refunding Bonds of 2010B	Capital Improvement Bonds of 2012A	Equipment Certificates of 2012B	Improvement Bonds of 2012B
<b>Revenues</b>					
Property taxes	\$ 81,330	\$ -	\$ 217,619	\$ 95,428	\$ 69,339
Special assessments	85,181	-	-	-	121,472
Investment earnings	1,092	1,188	190	-	4,647
Total Revenues	<u>167,603</u>	<u>1,188</u>	<u>217,809</u>	<u>95,428</u>	<u>195,458</u>
<b>Expenditures</b>					
Current:					
General government	747	761	704	648	1,009
Debt Service:					
Principal retirement	170,000	140,000	165,000	80,000	190,000
Interest and fiscal fees	54,221	31,515	18,626	13,240	60,744
Total Expenditures	<u>224,968</u>	<u>172,276</u>	<u>184,330</u>	<u>93,888</u>	<u>251,753</u>
Excess (deficiency) of revenues over expenditures	<u>(57,365)</u>	<u>(171,088)</u>	<u>33,479</u>	<u>1,540</u>	<u>(56,295)</u>
<b>Other Financing Sources (Uses)</b>					
Improvement bonds issued	-	-	-	-	-
Premium on improvement bonds	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-
Transfer in	61,358	188,000	-	-	-
Transfer out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>61,358</u>	<u>188,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>3,993</u>	<u>16,912</u>	<u>33,479</u>	<u>1,540</u>	<u>(56,295)</u>
Fund balance (deficit) - January 1	245,176	231,695	161,407	7,376	591,832
Fund balance (deficit) - December 31	<u>\$ 249,169</u>	<u>\$ 248,607</u>	<u>\$ 194,886</u>	<u>\$ 8,916</u>	<u>\$ 535,537</u>

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Debt Service Funds				
	Improvement Bonds of 2013A	Improvement Bonds of 2014A	Refunding Bonds of 2014B	SROP Bonds of 2015A	Tax Abatement Bonds of 2015B
<b>Revenues</b>					
Property taxes	\$ 74,646	\$ 88,139	\$ 872,833	\$ -	\$ -
Special assessments	73,289	37,408	37,834	18,583	-
Investment earnings	3,897	402	793	311	249
Total Revenues	<u>151,832</u>	<u>125,949</u>	<u>911,460</u>	<u>18,894</u>	<u>249</u>
<b>Expenditures</b>					
<b>Current:</b>					
General government	939	706	999	75,312	74,255
<b>Debt Service:</b>					
Principal retirement	110,000	-	-	-	-
Interest and fiscal fees	39,400	54,943	89,221	490	345
Total Expenditures	<u>150,339</u>	<u>55,649</u>	<u>90,220</u>	<u>75,802</u>	<u>74,600</u>
Excess (deficiency) of revenues over expenditures	<u>1,493</u>	<u>70,300</u>	<u>821,240</u>	<u>(56,908)</u>	<u>(74,351)</u>
<b>Other Financing Sources (Uses)</b>					
Improvement bonds issued	-	-	-	4,100,000	2,940,000
Premium on improvement bonds	-	-	-	60,472	29,131
Payment to bond escrow agent	-	-	-	-	-
Transfer in	-	72,416	72,500	-	-
Transfer out	-	-	(252,474)	(4,022,048)	(2,844,185)
Total Other Financing Sources (Uses)	<u>-</u>	<u>72,416</u>	<u>(179,974)</u>	<u>138,424</u>	<u>124,946</u>
Net change in fund balances	<u>1,493</u>	<u>142,716</u>	<u>641,266</u>	<u>81,516</u>	<u>50,595</u>
Fund balance (deficit) - January 1	<u>432,436</u>	<u>49,362</u>	<u>252</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - December 31	<u>\$ 433,929</u>	<u>\$ 192,078</u>	<u>\$ 641,518</u>	<u>\$ 81,516</u>	<u>\$ 50,595</u>

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Debt Service Funds	
	Tax Increment Revenue Bonds of 2015C	Total
Revenues		
Property taxes	\$ -	\$ 1,499,334
Special assessments	-	693,623
Investment earnings	182	22,458
Total Revenues	<u>182</u>	<u>2,215,415</u>
Expenditures		
Current:		
General government	62,806	228,319
Debt Service:		
Principal retirement	-	2,050,000
Interest and fiscal fees	-	578,514
Total Expenditures	<u>62,806</u>	<u>2,856,833</u>
Excess (deficiency) of revenues over expenditures	<u>(62,624)</u>	<u>(641,418)</u>
Other Financing Sources (Uses)		
Improvement bonds issued	4,340,000	11,380,000
Premium on improvement bonds	132,269	221,872
Payment to bond escrow agent	(3,927,887)	(10,287,887)
Transfer in	-	828,748
Transfer out	-	(7,191,207)
Total Other Financing Sources (Uses)	<u>544,382</u>	<u>(5,048,474)</u>
Net change in fund balances	<u>481,758</u>	<u>(5,689,892)</u>
Fund balance (deficit) - January 1	-	9,785,049
Fund balance (deficit) - December 31	<u>\$ 481,758</u>	<u>\$ 4,095,157</u>

City of Hopkins

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Capital Projects Funds				
	Park Improvements	Capital Improvement	Municipal State Aid Construction Fund	Street Improvement Franchise Fees	Total
<b>Revenues</b>					
Property taxes	\$ -	\$ 52,311	\$ -	\$ -	\$ 52,311
Intergovernmental	-	-	600,766	-	600,766
Investment earnings	8,743	1,993	18,630	4,036	33,402
Other miscellaneous revenues	294,364	-	-	-	294,364
<b>Total Revenues</b>	<b>303,107</b>	<b>54,304</b>	<b>619,396</b>	<b>4,036</b>	<b>980,843</b>
<b>Expenditures</b>					
Current:					
General government	-	115,459	-	-	115,459
Highways and streets	58,087	-	600,300	-	658,387
Culture and recreation	-	88,803	-	-	88,803
Capital outlay	2,197,160	167,092	109,935	-	2,474,187
<b>Total Expenditures</b>	<b>2,255,247</b>	<b>371,354</b>	<b>710,235</b>	<b>-</b>	<b>3,336,836</b>
Excess (deficiency) of revenues over expenditures	(1,952,140)	(317,050)	(90,839)	4,036	(2,355,993)
<b>Other Financing Sources (Uses)</b>					
Transfer in	2,069,382	128,697	-	-	2,198,079
<b>Total Other Financing Sources (Uses)</b>	<b>2,069,382</b>	<b>128,697</b>	<b>-</b>	<b>-</b>	<b>2,198,079</b>
<b>Net change in fund balances</b>	<b>117,242</b>	<b>(188,353)</b>	<b>(90,839)</b>	<b>4,036</b>	<b>(157,914)</b>
Fund balance (deficit) - January 1	141,305	255,974	513,074	312,934	1,223,287
Fund balance (deficit) - December 31	\$ 258,547	\$ 67,621	\$ 422,235	\$ 316,970	\$ 1,065,373

City of Hopkins

Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2015

	Special Revenue	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Property taxes	\$ -	\$ 1,499,334	\$ 52,311	\$ 1,551,645
Tax increments	323,341	-	-	323,341
Special assessments	-	693,623	-	693,623
Intergovernmental	98,112	-	600,766	698,878
Charges for services	194,187	-	-	194,187
Fines	16,778	-	-	16,778
Investment earnings	19,034	22,458	33,402	74,894
Other miscellaneous revenues	567,207	-	294,364	861,571
<b>Total Revenues</b>	<b>1,218,659</b>	<b>2,215,415</b>	<b>980,843</b>	<b>4,414,917</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	143,972	228,319	115,459	487,750
Public safety	157,940	-	-	157,940
Highways and streets	51,947	-	658,387	710,334
Urban redevelopment and housing	145,717	-	-	145,717
Culture and recreation	362,844	-	88,803	451,647
<b>Debt service:</b>				
Principal retirement	-	2,050,000	-	2,050,000
Interest and fiscal fees	17,615	578,514	-	596,129
<b>Capital outlay</b>	<b>95,875</b>	<b>-</b>	<b>2,474,187</b>	<b>2,570,062</b>
<b>Total Expenditures</b>	<b>975,910</b>	<b>2,856,833</b>	<b>3,336,836</b>	<b>7,169,579</b>
Excess (deficiency) of revenues over expenditures	242,749	(641,418)	(2,355,993)	(2,754,662)
<b>Other Financing Sources (Uses)</b>				
Improvement bonds issued	-	11,380,000	-	11,380,000
Premium on improvement bonds	-	221,872	-	221,872
Payment to bond escrow agent	-	(10,287,887)	-	(10,287,887)
Transfer in	35,910	828,748	2,198,079	3,062,737
Transfer out	(254,744)	(7,191,207)	-	(7,445,951)
<b>Total Other Financing Sources (Uses)</b>	<b>(218,834)</b>	<b>(5,048,474)</b>	<b>2,198,079</b>	<b>(3,069,229)</b>
<b>Net change in fund balances</b>	<b>23,915</b>	<b>(5,689,892)</b>	<b>(157,914)</b>	<b>(5,823,891)</b>
<b>Fund balance (deficit) - January 31</b>	<b>400,718</b>	<b>9,785,049</b>	<b>1,223,287</b>	<b>11,409,054</b>
<b>Fund balance (deficit) - December 31</b>	<b>\$ 424,633</b>	<b>\$ 4,095,157</b>	<b>\$ 1,065,373</b>	<b>\$ 5,585,163</b>

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 State Chemical Assessment  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
Revenues				
Intergovernmental	\$ 45,000	\$ 45,000	\$ 83,112	\$ 38,112
Other miscellaneous revenues	-	-	16,101	16,101
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>99,213</u>	<u>54,213</u>
Expenditures				
Current:				
Public safety	45,000	45,000	101,131	(56,131)
Total Expenditures	<u>45,000</u>	<u>45,000</u>	<u>101,131</u>	<u>(56,131)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(1,918)	<u>\$ (1,918)</u>
Fund balance (deficit) - January 1			<u>-</u>	
Fund balance (deficit) - December 31			<u>\$ (1,918)</u>	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Real Estate Purchases & Sales  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
Revenues				
Investment earnings	\$ -	\$ -	\$ 2,755	\$ 2,755
Total Revenues	-	-	2,755	2,755
Expenditures				
Public safety	-	-	35	(35)
Total Expenditures	-	-	35	(35)
Excess (deficiency) of revenues over expenditures	-	-	2,720	2,720
Other Financing Sources (Uses)				
Transfer out	(124,500)	(124,500)	(130,824)	(6,324)
Total Other Financing Sources (Uses)	(124,500)	(124,500)	(130,824)	(6,324)
Net change in fund balance	<u>\$ (124,500)</u>	<u>\$ (124,500)</u>	(128,104)	<u>\$ (3,604)</u>
Fund balance (deficit) - January 1			<u>128,104</u>	
Fund balance (deficit) - December 31			<u>\$ -</u>	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Parking  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Charges for services	\$ 74,000	\$ 74,000	\$ 119,577	\$ 45,577
Fines	22,000	22,000	16,778	(5,222)
Investment earnings	500	500	2,406	1,906
<b>Total Revenues</b>	<b>96,500</b>	<b>96,500</b>	<b>138,761</b>	<b>42,261</b>
<b>Expenditures</b>				
<b>Current:</b>				
Public safety	62,550	62,550	56,774	5,776
Highways and streets	31,854	31,854	51,947	(20,093)
Capital Outlay	45,000	45,000	95,875	(50,875)
<b>Total Expenditures</b>	<b>139,404</b>	<b>139,404</b>	<b>204,596</b>	<b>(65,192)</b>
Net change in fund balance	\$ <u>(42,904)</u>	\$ <u>(42,904)</u>	(65,835)	\$ <u>(22,931)</u>
Fund balance (deficit) - January 1			<u>129,579</u>	
Fund balance (deficit) - December 31			\$ <u>63,744</u>	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Communications  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Investment earnings	\$ 1,500	\$ 1,500	\$ 6,046	\$ 4,546
Other miscellaneous revenues	235,000	235,000	267,726	32,726
<b>Total Revenues</b>	<b>236,500</b>	<b>236,500</b>	<b>273,772</b>	<b>37,272</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	122,344	122,344	143,972	(21,628)
Capital Outlay	35,000	35,000	-	35,000
<b>Total Expenditures</b>	<b>157,344</b>	<b>157,344</b>	<b>143,972</b>	<b>13,372</b>
Excess (deficiency) of revenues over expenditures	79,156	79,156	129,800	50,644
<b>Other Financing Sources (Uses)</b>				
Transfer out	(86,920)	(86,920)	(86,920)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(86,920)</b>	<b>(86,920)</b>	<b>(86,920)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (7,764)</b>	<b>\$ (7,764)</b>	<b>42,880</b>	<b>\$ 50,644</b>
Fund balance (deficit) - January 1			490,071	
Fund balance (deficit) - December 31			\$ 532,951	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Depot Coffee House  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
Revenues				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Charges for services	70,000	70,000	74,610	4,610
Other miscellaneous revenues	248,000	248,000	276,943	28,943
Total Revenues	333,000	333,000	366,553	33,553
Expenditures				
Current:				
Culture and recreation	333,359	333,359	362,844	(29,485)
Total Expenditures	333,359	333,359	362,844	(29,485)
Excess (deficiency) of revenues over expenditures	(359)	(359)	3,709	4,068
Other Financing Sources (Uses)				
Transfer in	10,000	10,000	10,000	-
Total Other Financing Sources (Uses)	10,000	10,000	10,000	-
Net change in fund balance	\$ 9,641	\$ 9,641	13,709	\$ 4,068
Fund balance (deficit) - January 1			(24,421)	
Fund balance (deficit) - December 31			\$ (10,712)	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Tax Increment District Entertainment District  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Tax increments	\$ 58,000	\$ 58,000	\$ 58,173	\$ 173
Investment earnings	100	100	1,687	1,587
<b>Total Revenues</b>	<u>58,100</u>	<u>58,100</u>	<u>59,860</u>	<u>1,760</u>
<b>Expenditures</b>				
<b>Current:</b>				
Urban redevelopment and housing	3,000	3,000	2,722	278
<b>Debt Service:</b>				
Interest and fiscal fees	-	-	10,705	(10,705)
<b>Total Expenditures</b>	<u>3,000</u>	<u>3,000</u>	<u>13,427</u>	<u>(10,427)</u>
Net change in fund balance	<u>\$ 55,100</u>	<u>\$ 55,100</u>	46,433	<u>\$ (8,667)</u>
Fund balance (deficit) - January 1			<u>(68,435)</u>	
Fund balance (deficit) - December 31			<u>\$ (22,002)</u>	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Tax Increment District Sonoma  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
Revenues				
Tax increments	\$ 12,000	\$ 12,000	\$ 12,587	\$ 587
Investment earnings	100	100	15	(85)
Other miscellaneous revenues	7,024	7,024	6,437	(587)
Total Revenues	19,124	19,124	19,039	(85)
Expenditures				
Urban redevelopment and housing	2,050	2,050	2,028	22
Debt service:				
Interest and fiscal fees	6,910	6,910	6,910	-
Total Expenditures	8,960	8,960	8,938	22
Excess (deficiency) of revenues over expenditures	10,164	10,164	10,101	(63)
Other Financing Sources (Uses)				
Transfer in	21,870	21,870	25,910	4,040
Total Other Financing Sources (Uses)	21,870	21,870	25,910	4,040
Net change in fund balance	<u>\$ 32,034</u>	<u>\$ 32,034</u>	36,011	<u>\$ 3,977</u>
Fund balance (deficit) - January 1			<u>(173,873)</u>	
Fund balance (deficit) - December 31			<u>\$ (137,862)</u>	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Tax Increment District Oaks of Mainstreet  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
<b>Revenues</b>				
Tax increments	\$ 120,000	\$ 120,000	\$ 133,405	\$ 13,405
Investment earnings	1,200	1,200	6,108	4,908
<b>Total Revenues</b>	<u>121,200</u>	<u>121,200</u>	<u>139,513</u>	<u>18,313</u>
<b>Expenditures</b>				
<b>Current:</b>				
Urban redevelopment and housing	3,821	3,821	3,331	490
<b>Total Expenditures</b>	<u>3,821</u>	<u>3,821</u>	<u>3,331</u>	<u>490</u>
Excess (deficiency) of revenues over expenditures	117,379	117,379	136,182	18,803
<b>Other Financing Sources (Uses)</b>				
Transfer out	(36,000)	(36,000)	(37,000)	(1,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(36,000)</u>	<u>(36,000)</u>	<u>(37,000)</u>	<u>(1,000)</u>
Net change in fund balance	<u>\$ 81,379</u>	<u>\$ 81,379</u>	99,182	<u>\$ 17,803</u>
Fund balance (deficit) - January 1			<u>462,689</u>	
Fund balance (deficit) - December 31			<u>\$ 561,871</u>	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 5th Ave Flats  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
Expenditures				
Urban redevelopment and housing	\$ 2,000	\$ 2,000	\$ 4,209	\$ (2,209)
Debt service:				
Total Expenditures	<u>2,000</u>	<u>2,000</u>	<u>4,209</u>	<u>(2,209)</u>
Net change in fund balance	<u>\$ (2,000)</u>	<u>\$ (2,000)</u>	(4,209)	<u>\$ (2,209)</u>
Fund balance (deficit) - January 1			<u>(382,738)</u>	
Fund balance (deficit) - December 31			<u>\$ (386,947)</u>	

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 Nonmajor Special Revenue Funds  
 Tax Increment District Marketplace & Main  
 For the Year Ended December 31, 2015

	Original Budget	Final Approved Budget	Actual	Variance with Final Budget Over/Under
Revenues				
Tax increments	\$ 105,000	\$ 105,000	\$ 119,176	\$ 14,176
Investment earnings	100	100	17	(83)
Total Revenues	<u>105,100</u>	<u>105,100</u>	<u>119,193</u>	<u>14,093</u>
Expenditures				
Current:				
Urban redevelopment and housing	101,550	101,550	129,471	(27,921)
Debt service:				
Total Expenditures	<u>101,550</u>	<u>101,550</u>	<u>129,471</u>	<u>(27,921)</u>
Net change in fund balance	<u>\$ 3,550</u>	<u>\$ 3,550</u>	(10,278)	<u>\$ (13,828)</u>
Fund balance (deficit) - January 1			<u>(208,107)</u>	
Fund balance (deficit) - December 31			<u>\$ (218,385)</u>	

# CITY OF HOPKINS, MINNESOTA

## NONMAJOR PROPRIETARY FUNDS

Enterprise Funds are established to account for the financing of self-supporting activities of governmental units, which render services to the general public on a user charge basis. Records are maintained on the accrual basis of accounting.

The Authority for these types of funds is derived from Section 11.01 of the City Charter, which allows for utility or other public service enterprise funds.

The City has six Enterprise Funds, three of which are considered to be nonmajor, they are:

**Refuse Utility Fund** – This fund accounts for the operations of the city owned refuse service.

**Pavilion/Ice Arena** – This fund accounts for the operations of the city owned ice arena.

**Housing Authority Fund** – This fund accounts for the operations of the city owned federally subsidized apartment building.

City of Hopkins

Combining Statement of Net Position  
Nonmajor Enterprise Funds  
December 31, 2015

	Nonmajor Business-type Activities-Enterprise Funds			
	Refuse Utility	Pavilion	Housing Authority	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 861,562	\$ 20,443	\$ 429,101	\$ 1,311,106
Taxes receivable	-	852	-	852
Accounts receivable	35,142	48,540	101	83,783
Accrued interest receivable	4,460	-	-	4,460
Due from other governments	-	-	19,596	19,596
Prepaid expenses	-	68	15,538	15,606
Total current assets	<u>901,164</u>	<u>69,903</u>	<u>464,336</u>	<u>1,435,403</u>
<b>Noncurrent assets:</b>				
<b>Capital assets, nondepreciable:</b>				
Land	-	-	208,252	208,252
Construction in progress	-	-	56,710	56,710
<b>Capital assets, depreciable:</b>				
Building and structures	302,727	3,272,851	4,520,947	8,096,525
Distribution system	-	125,614	-	125,614
Machinery and equipment	870,398	253,396	51,681	1,175,475
Less accumulated depreciation	(591,973)	(1,470,853)	(3,433,442)	(5,496,268)
Total noncurrent assets	<u>581,152</u>	<u>2,181,008</u>	<u>1,404,148</u>	<u>4,166,308</u>
Total Assets	<u>1,482,316</u>	<u>2,250,911</u>	<u>1,868,484</u>	<u>5,601,711</u>
<b>Deferred outflows of resources:</b>				
Pensions	23,122	22,116	-	45,238
Total Deferred Outflows of Resources	<u>23,122</u>	<u>22,116</u>	<u>-</u>	<u>45,238</u>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	27,945	14,738	33,442	76,125
Salaries payable	3,405	3,046	-	6,451
Due to other funds	-	-	39,408	39,408
Due to other governments	7,970	2,949	-	10,919
Compensated absences	16,373	20,082	19,640	56,095
Unearned revenue	-	6,583	-	6,583
Accrued interest payable	-	1,164	-	1,164
Revenue bonds - current	-	20,000	-	20,000
Total current liabilities	<u>55,693</u>	<u>68,562</u>	<u>92,490</u>	<u>216,745</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	2,125	-	-	2,125
Net OPEB liability	-	-	19,094	19,094
Net pension liability	171,527	164,061	-	335,588
Revenue bonds payable (net of unamortized discounts)	-	121,829	-	121,829
Total noncurrent liabilities	<u>173,652</u>	<u>285,890</u>	<u>19,094</u>	<u>478,636</u>
Total Liabilities	<u>229,345</u>	<u>354,452</u>	<u>111,584</u>	<u>695,381</u>
<b>Deferred inflows of resources:</b>				
Taxes and special assessments	-	609	-	609
Pensions	16,786	16,056	-	32,842
Total Deferred Inflows of Resources	<u>16,786</u>	<u>16,665</u>	<u>-</u>	<u>33,451</u>
<b>Net Position</b>				
Net investment in capital assets	581,152	2,039,179	1,404,148	4,024,479
Unrestricted	678,155	(137,269)	352,752	893,638
Total Net Position	<u>\$ 1,259,307</u>	<u>\$ 1,901,910</u>	<u>\$ 1,756,900</u>	<u>\$ 4,918,117</u>

City of Hopkins

Combining Statement of Revenues, Expenses and Changes in Net Position  
 Nonmajor Enterprise Activities  
 For the Year Ended December 31, 2015

	Nonmajor Business-type Activities-Enterprise Funds			Nonmajor Enterprise Funds Total
	Refuse Utility	Pavilion	Housing Authority	
Operating revenues				
Charges for services	\$ 915,743	\$ 392,306	\$ 256,636	\$ 1,564,685
Other	12,114	5,926	21,249	39,289
Total operating revenues	<u>927,857</u>	<u>398,232</u>	<u>277,885</u>	<u>1,603,974</u>
Operating expenses				
Cost of sales and services	678,482	370,959	90,782	1,140,223
Administration	117,989	8,406	343,507	469,902
Depreciation	52,214	80,857	176,029	309,100
Total operating expenses	<u>848,685</u>	<u>460,222</u>	<u>610,318</u>	<u>1,919,225</u>
Operating income (loss)	<u>79,172</u>	<u>(61,990)</u>	<u>(332,433)</u>	<u>(315,251)</u>
Nonoperating revenues (expenses)				
Property taxes	-	64,161	-	64,161
Investment earnings	10,503	-	-	10,503
Interest/fiscal agent expense	-	(2,549)	-	(2,549)
Intergovernmental grants	27,956	-	203,535	231,491
Total nonoperating revenues (expenses)	<u>38,459</u>	<u>61,612</u>	<u>203,535</u>	<u>303,606</u>
Income (loss) before contributions and transfers	117,631	(378)	(128,898)	(11,645)
Capital contributions				
Transfers	(25,000)	-	-	(25,000)
Change in net position	92,631	(378)	(128,898)	(36,645)
Net position - January 1, as previously reported	1,325,440	2,054,142	1,885,798	5,265,380
Prior period adjustment, as restated (see note 16)	(158,764)	(151,854)	-	(310,618)
Net position - January 1	<u>1,166,676</u>	<u>1,902,288</u>	<u>1,885,798</u>	<u>4,954,762</u>
Net position - December 31	<u>\$ 1,259,307</u>	<u>\$ 1,901,910</u>	<u>\$ 1,756,900</u>	<u>\$ 4,918,117</u>

City of Hopkins

Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2015

	<u>Nonmajor Business-type Activities-Enterprise Funds</u>			Nonmajor Enterprise Funds Total
	Refuse Utility	Pavilion/ Ice Arena	Housing Authority	
<b>Cash Flows from Operating Activities</b>				
Receipts from customers and users	\$ 933,525	\$ 383,118	\$ 315,997	\$ 1,632,640
Receipts from interfund services provided	-	-	1,414	1,414
Internal activity - payments to other funds	-	(36,398)	-	(36,398)
Payments to suppliers	(413,915)	(124,979)	(369,051)	(907,945)
Payments to employees	(108,161)	(84,002)	(87,042)	(279,205)
Payments for interfund services used	(117,989)	(8,406)	-	(126,395)
Net cash used by operating activities	<u>293,460</u>	<u>129,333</u>	<u>(138,682)</u>	<u>284,111</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Intergovernmental grants	24,645	-	203,535	228,180
Taxes	-	64,161	-	64,161
Transfers (to) from other funds	(25,000)	-	-	(25,000)
Net cash provided (used) by noncapital and related financing activities	<u>(355)</u>	<u>64,161</u>	<u>203,535</u>	<u>267,341</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchases of capital assets	(232,515)	-	-	(232,515)
Construction of capital assets	-	-	(44,963)	(44,963)
Interest and other payments	-	(3,016)	-	(3,016)
Bond payments	-	(20,000)	-	(20,000)
Net cash provided (used) by capital and related financing activities	<u>(232,515)</u>	<u>(23,016)</u>	<u>(44,963)</u>	<u>(300,494)</u>
<b>Cash Flows From Investing Activities</b>				
Interest received	8,224	-	-	8,224
Net increase (decrease) in cash and cash equivalents	68,814	170,478	19,890	259,182
Cash and cash equivalents - January 1	<u>(68,658)</u>	<u>(170,474)</u>	<u>409,211</u>	<u>170,079</u>
Cash and cash equivalents - December 31	<u>\$ 156</u>	<u>\$ 4</u>	<u>\$ 429,101</u>	<u>\$ 429,261</u>
<b>Reconciliation of Cash and Cash Equivalents at End of Year to Cash and Investments per Statement of Net Position</b>				
Ending cash and cash equivalents per cash flow statement	\$ 156	\$ 4	\$ 429,101	\$ 429,261
Investments	861,406	20,439	-	881,845
Cash and Investments per Statement of Net Position	<u>\$ 861,562</u>	<u>\$ 20,443</u>	<u>\$ 429,101</u>	<u>\$ 1,311,106</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>				
Operating income (loss)	79,172	(61,990)	(332,433)	(315,251)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation expense	52,214	80,857	176,029	309,100
(Increase) decrease in:				
Accounts receivable	5,668	(13,389)	38,112	30,391
Inventory	631	-	-	631
Prepaid expense	-	(2)	970	968
Pensions (deferred outflows)	(23,122)	(22,116)	-	(45,238)
Increase (decrease) in:				
Accounts, compensated absences and accrued interest payable	(10,755)	1,728	(22,774)	(31,801)
Due to other funds	-	(36,398)	1,414	(34,984)
Due to other governments	339	2,251	-	2,590
Unearned revenue	-	(1,725)	-	(1,725)
Net pension	172,527	164,061	-	336,588
Pension (deferred inflows)	16,786	16,056	-	32,842
Net cash used by operating activities	<u>\$ 293,460</u>	<u>\$ 129,333</u>	<u>\$ (138,682)</u>	<u>- 284,111</u>

# CITY OF HOPKINS, MINNESOTA

## INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government, on a cost reimbursement basis. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become objectively measurable; expenses are recognized in the period incurred, if objectively measurable.

**Equipment Replacement Fund** – This fund accounts for the acquisition of machinery and equipment. User charges are billed to the various City departments.

**Insurance Risk Fund** – This fund accounts for the dividends and deductibles relating to property and casualty insurance coverage. Deductibles are paid from past dividends. Users are charged only if the fund has a shortfall.

**Employee Benefits Fund** – This fund accounts for accrued employee benefits within the governmental funds. User charges are billed to the various departments.

City of Hopkins

Combining Statement of Net Position  
Internal Service Funds  
December 31, 2015

	Equipment Replacement	Employee Benefits	Insurance Risk	Total
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	146,050	965,479	279,578	1,391,107
Accrued interest receivable	1,731	4,924	1,192	7,847
Total current assets	147,781	970,403	280,770	1,398,954
<b>Property and equipment:</b>				
Machinery and equipment	8,381,336	-	-	8,381,336
Less accumulated depreciation	(4,603,723)	-	-	(4,603,723)
Net property and equipment	3,777,613	-	-	3,777,613
Total Assets	3,925,394	970,403	280,770	5,176,567
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Accounts payable	519,916	835	181	520,932
Compensated absences	-	805,664	-	805,664
Accrued interest payable	1,369	-	-	1,369
Capital lease - current	23,458	-	-	23,458
Total current liabilities	544,743	806,499	181	1,351,423
<b>Noncurrent liabilities:</b>				
Capital lease payable	126,158	-	-	126,158
Total noncurrent liabilities	126,158	-	-	126,158
Total Liabilities	670,901	806,499	181	1,477,581
<b>Net Position</b>				
Net investment in capital assets	3,627,997	-	-	3,627,997
Unrestricted	(373,504)	163,904	280,589	70,989
Total Net Position	\$ 3,254,493	\$ 163,904	\$ 280,589	\$ 3,698,986

City of Hopkins

Combining Statement of Revenues, Expenses and Changes in Net Position  
Internal Service Funds  
Year Ended December 31, 2015

	Equipment Replacement	Employee Benefits	Insurance Risk	Total
Operating revenues				
Charges for services	\$ 376,884	\$ -	\$ 73,245	\$ 450,129
Operating expenses				
Materials, supplies and services	354,372	835	6,547	361,754
Administration	7,357	-	671	8,028
Depreciation expense	474,041	-	-	474,041
Total operating expenses	835,770	835	7,218	843,823
Operating income (loss)	(458,886)	(835)	66,027	(393,694)
Nonoperating revenues (expenses)				
Investment earnings	5,980	12,702	3,191	21,873
Interest/fiscal agent expense	(8,550)	-	-	(8,550)
Intergovernmental grants	237,120	-	-	237,120
Gain on sale of assets	27,535	-	-	27,535
Total nonoperating revenues (expenses)	262,085	12,702	3,191	277,978
Change in net position	(196,801)	11,867	69,218	(115,716)
Total net position - January 1	3,451,294	152,037	211,371	3,814,702
Net position - December 31	\$ 3,254,493	\$ 163,904	\$ 280,589	\$ 3,698,986

City of Hopkins  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2015

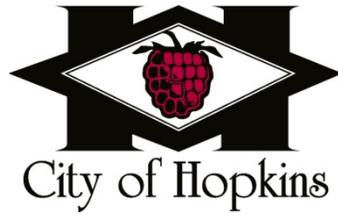
	Equipment Replacement	Employee Benefits	Insurance Risk	Totals
Cash Flows from Operating Activities				
Receipts from customers and users	\$ -	\$ -	\$ 73,245	\$ 73,245
Receipts from interfund services provided	376,884	-	-	376,884
Payments to suppliers	151,054	835	(62,291)	89,598
Payments for interfund services used	(7,357)	(30,777)	(671)	(38,805)
Net cash provided (used) by operating activities	<u>520,581</u>	<u>(29,942)</u>	<u>10,283</u>	<u>500,922</u>
Cash Flows from Capital and Related Financing Activities:				
Purchases of capital assets	(1,201,924)	-	-	(1,201,924)
Proceeds from sales of capital assets	27,535	-	-	27,535
Interest and other payments	(8,964)	-	-	(8,964)
Capital lease payments	(45,252)	-	-	(45,252)
Net cash used by capital and related financing activities	<u>(1,228,605)</u>	<u>-</u>	<u>-</u>	<u>(1,228,605)</u>
Cash Flows From Investing Activities	<u>5,536</u>	<u>10,035</u>	<u>2,622</u>	<u>18,193</u>
Net increase (decrease) in cash and cash equivalents	(702,488)	(19,907)	12,905	(709,490)
Cash and Cash Equivalents - January 1	<u>702,514</u>	<u>20,081</u>	<u>(12,855)</u>	<u>709,740</u>
Cash and Cash Equivalents - December 31	<u>\$ 26</u>	<u>\$ 174</u>	<u>\$ 50</u>	<u>\$ 250</u>
Reconciliation of Cash and Cash Equivalents at End of Year to Cash and Investments per Statement of Net Position				
Ending cash and cash equivalents per cash flow statement	\$ 26	\$ 174	\$ 50	\$ 250
Investments	<u>146,024</u>	<u>965,305</u>	<u>279,528</u>	<u>1,390,857</u>
Cash and Investments per Statement of Net Position	<u>\$ 146,050</u>	<u>\$ 965,479</u>	<u>\$ 279,578</u>	<u>\$ 1,391,107</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (458,886)	\$ -	\$ 66,027	\$ (392,859)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	474,041	-	-	474,041
(Increase) decrease in:				
Accounts receivable	-	-	-	-
Due from other funds	-	-	-	-
Increase (decrease) in:				
Accounts, compensated absences and accrued interest payable	505,426	(29,942)	(55,744)	419,740
Net Cash Provided (Used) by Operating Activities	<u>\$ 520,581</u>	<u>\$ (29,942)</u>	<u>\$ 10,283</u>	<u>\$ 500,922</u>

# **CITY OF HOPKINS, MINNESOTA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2013

## **SECTION III**

### **STATISTICAL SECTION**



# CITY OF HOPKINS, MINNESOTA

## STATISTICAL SECTION

This part of the City of Hopkins' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and the required supplementary information says about the city's overall financial health.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	<b>130</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	<b>134</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	<b>138</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	<b>143</b>
<b>Operating Information</b> These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	<b>145</b>

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

City of Hopkins  
Net Position by Component,  
Last Ten Fiscal Years  
*(accrual basis of accounting)*

	<b>Fiscal Year</b>			
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 25,315,084	\$ 28,941,120	\$ 30,769,922	\$ 32,759,480
Restricted	6,189,025	13,879,837	10,074,674	11,952,783
Unrestricted	10,849,585	2,006,418	3,663,772	10,022
Total governmental activities net position	<u>\$ 42,353,694</u>	<u>\$ 44,827,375</u>	<u>\$ 44,508,368</u>	<u>\$ 44,722,285</u>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 14,612,000	\$ 15,688,414	\$ 16,081,209	\$ 14,994,311
Restricted	-	-	-	-
Unrestricted	1,917,071	733,298	280,214	1,655,927
Total business-type activities net position	<u>\$ 16,529,071</u>	<u>\$ 16,421,712</u>	<u>\$ 16,361,423</u>	<u>\$ 16,650,238</u>
<b>Primary Government</b>				
Net investment in capital assets	\$ 39,927,084	\$ 44,629,534	\$ 46,851,131	\$ 47,753,791
Restricted	6,189,025	13,879,837	10,074,674	11,952,783
Unrestricted	12,766,656	2,739,716	3,943,986	1,665,949
Total primary government net position	<u>\$ 58,882,765</u>	<u>\$ 61,249,087</u>	<u>\$ 60,869,791</u>	<u>\$ 61,372,523</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 32,823,582	\$ 31,666,432	\$ 31,891,229	\$ 30,666,268	\$ 31,272,253	\$ 32,609,356
8,613,114	8,250,360	8,684,347	10,014,203	16,967,889	20,016,574
3,590,101	6,348,703	7,854,941	9,575,287	1,902,270	(9,447,813)
<u>\$ 45,026,797</u>	<u>\$ 46,265,495</u>	<u>\$ 48,430,517</u>	<u>\$ 50,255,758</u>	<u>\$ 50,142,412</u>	<u>\$ 43,178,117</u>
\$ 16,279,028	\$ 17,075,284	\$ 16,405,495	\$ 16,621,198	\$ 16,937,928	\$ 17,893,856
-	-	-	-	-	-
1,073,329	731,674	2,262,236	2,469,397	1,954,212	1,419,018
<u>\$ 17,352,357</u>	<u>\$ 17,806,958</u>	<u>\$ 18,667,731</u>	<u>\$ 19,090,595</u>	<u>\$ 18,892,140</u>	<u>\$ 19,312,874</u>
\$ 49,102,610	\$ 48,741,716	\$ 48,296,724	\$ 47,287,466	\$ 48,210,181	\$ 50,503,212
8,613,114	8,250,360	8,684,347	10,014,203	16,967,889	20,016,574
4,663,430	7,080,377	10,117,177	12,044,684	3,856,482	(8,028,795)
<u>\$ 62,379,154</u>	<u>\$ 64,072,453</u>	<u>\$ 67,098,248</u>	<u>\$ 69,346,353</u>	<u>\$ 69,034,552</u>	<u>\$ 62,490,991</u>

City of Hopkins

Changes in Net Position,  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year					
	2006	2007	2008	2009	2010	2011
<b>Expenses</b>						
Governmental activities:						
General Government	\$ 1,402,448	\$ 1,679,630	\$ 1,721,624	\$ 1,679,040	\$ 1,693,275	\$ 1,719,970
Public Safety	5,039,235	5,665,419	6,171,249	6,249,519	6,243,813	6,213,995
Health and Welfare	176,275	188,483	236,858	278,002	180,895	170,018
Highways and Streets	2,380,252	2,870,426	3,154,762	3,069,078	3,062,507	3,332,067
Urban Development and Housing	1,022,476	1,903,295	1,037,927	1,690,861	1,914,779	2,859,900
Culture and Recreation	1,123,334	1,277,539	1,565,184	1,482,349	1,505,513	1,644,834
Interest on long-term debt	1,282,328	1,069,863	1,090,341	1,025,771	895,873	871,902
Total governmental activities expenses	12,426,348	14,654,655	14,977,945	15,474,620	15,496,655	16,812,686
Business-type activities:						
Water	1,117,037	1,240,760	1,356,448	1,209,508	1,196,947	1,263,835
Sewer	1,608,116	1,784,001	1,756,489	1,741,115	1,844,309	1,800,126
Storm Sewer	408,252	416,479	417,595	403,231	420,619	407,057
Refuse	714,389	732,239	771,107	786,522	738,398	778,044
Pavilion/Ice Arena	371,845	385,062	411,134	401,598	398,354	416,166
Housing and Redevelopment Authority	525,588	483,944	573,070	528,542	542,324	607,090
Total business-type activities	4,745,227	5,042,485	5,285,843	5,070,516	5,140,951	5,272,318
Total primary government expenses	\$ 17,171,575	\$ 19,697,140	\$ 20,263,788	\$ 20,545,136	\$ 20,637,606	\$ 22,085,004
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General Government	\$ 19,727	\$ 38,595	\$ 19,239	\$ 30,797	\$ 17,169	\$ 42,112
Public Safety	70,604	219,121	262,194	284,160	124,338	186,611
Health and Welfare	15,817	13,866	16,560	9,265	32,135	41,815
Highways and Streets	60,698	59,791	59,803	42,150	56,902	73,519
Urban Development and Housing	90,727	30,363	-	-	-	206,916
Culture and Recreation	401,860	397,992	514,592	509,098	560,702	623,147
Operating grants and contributions	1,422,575	2,123,438	1,949,375	2,441,622	1,894,777	2,325,158
Capital grants and contributions	687,552	1,677,841	170,393	745,505	567,370	1,751,464
Total governmental activities program revenues	2,769,560	4,561,007	2,992,156	4,062,597	3,253,393	5,250,742
Business-type activities:						
Charges for services:						
Water	1,063,361	1,133,248	1,188,610	1,339,390	1,343,153	1,395,306
Sewer	1,645,661	1,427,675	1,474,474	1,598,717	1,812,585	1,838,949
Storm Sewer	735,183	724,778	725,029	800,843	803,889	803,417
Refuse	687,127	692,222	713,270	821,628	852,215	939,421
Pavilion/Ice Arena	672,739	459,003	358,645	368,228	363,591	385,748
Housing and Redevelopment Authority	265,277	256,104	348,938	279,860	258,388	255,188
Operating grants and contributions	209,533	299,126	251,885	150,814	216,596	190,442
Capital grants and contributions	1,850	-	394,913	142,691	328,515	28,250
Total business-type activities program revenues	5,280,731	4,992,156	5,455,764	5,502,171	5,978,932	5,836,721
Total primary government program revenues	\$ 8,050,291	\$ 9,553,163	\$ 8,447,920	\$ 9,564,768	\$ 9,232,325	\$ 11,087,463
<b>Net (Expense)/Revenue</b>						
Governmental activities	\$ (9,656,788)	\$ (10,093,648)	\$ (11,985,789)	\$ (11,412,023)	\$ (12,243,262)	\$ (11,561,944)
Business-type activities	535,504	(50,329)	169,921	431,655	837,981	564,403
Total primary government net expense	\$ (9,121,284)	\$ (10,143,977)	\$ (11,815,868)	\$ (10,980,368)	\$ (11,405,281)	\$ (10,997,541)
<b>General Revenues and Other Changes in Net Position</b>						
Governmental activities:						
Property taxes	\$ 8,200,725	\$ 8,732,711	\$ 9,497,650	\$ 9,353,966	\$ 9,827,813	\$ 9,952,156
Tax Increments	990,776	1,050,601	1,186,395	1,636,609	2,147,517	2,239,668
Unrestricted grants and contributions	579,440	564,396	434,163	309,609	306,215	312,519
Unrestricted investment earnings	790,079	754,338	387,424	170,960	121,229	108,956
Gain on sale of capital assets	8,460	9,456	16,150	9,796	-	42,343
Transfers	145,000	145,000	145,000	145,000	145,000	145,000
Total governmental activities	10,714,480	11,256,502	11,666,782	11,625,940	12,547,774	12,800,642
Business-type activities:						
Property taxes	-	-	-	-	-	-
Unrestricted investment earnings	102,488	84,670	21,714	12,841	9,138	8,319
Gain on sale of capital assets	-	3,300	-	367	-	26,879
Loss on disposal of capital assets	-	-	(106,924)	(12,048)	-	-
Transfers	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)	(145,000)
Total business-type activities	(42,512)	(57,030)	(230,210)	(143,840)	(135,862)	(109,802)
Total primary government	\$ 10,671,968	\$ 11,199,472	\$ 11,436,572	\$ 11,482,100	\$ 12,411,912	\$ 12,690,840
<b>Change in Net Position</b>						
Governmental activities	1,057,692	1,162,854	(319,007)	213,917	304,512	1,238,698
Business-type activities	492,992	(107,359)	(60,289)	287,815	702,119	454,601
Total primary government	\$ 1,550,684	\$ 1,055,495	\$ (379,296)	\$ 501,732	\$ 1,006,631	\$ 1,693,299

		Fiscal Year					
		2012	2013	2014	2015		
\$	2,056,756	\$	2,108,141	\$	2,276,155	\$	6,656,991
	6,382,270		6,357,722		6,526,230		6,665,974
	136,528		165,649		171,187		185,248
	3,226,807		5,845,437		5,709,009		4,542,014
	2,362,030		2,000,868		2,247,553		1,249,457
	1,726,812		1,857,743		1,941,912		2,068,887
	811,914		908,264		711,697		688,155
	<u>16,703,117</u>		<u>19,243,824</u>		<u>19,583,743</u>		<u>22,056,726</u>
	1,365,542		1,387,807		1,540,940		1,699,540
	1,816,058		1,995,886		2,042,106		2,061,180
	451,659		448,170		508,686		394,707
	862,286		825,329		834,113		848,685
	430,082		426,634		460,246		462,771
	563,863		615,043		625,667		610,318
	<u>5,489,490</u>		<u>5,698,869</u>		<u>6,011,758</u>		<u>6,077,201</u>
\$	<u>22,192,607</u>	\$	<u>24,942,693</u>	\$	<u>25,595,501</u>	\$	<u>28,133,927</u>
\$	40,360	\$	76,477	\$	56,635	\$	82,686
	159,642		180,548		118,248		79,415
	55,331		57,032		57,235		47,085
	78,226		75,840		96,573		127,221
	3,444		228		242		220,027
	684,018		756,011		740,147		810,762
	3,499,465		5,273,474		2,943,889		4,970,313
	1,350,147		1,775,717		2,728,416		501,029
	<u>5,870,633</u>		<u>8,195,327</u>		<u>6,741,385</u>		<u>6,838,538</u>
	1,534,071		1,483,133		1,497,699		1,514,086
	2,015,166		1,999,333		2,025,763		2,172,277
	801,345		799,603		802,898		805,542
	894,534		901,670		906,387		910,672
	70,976		65,055		31,914		24,876
	255,921		272,109		256,884		277,885
	698,769		561,111		795,199		622,332
	206,681		144,076		-		-
	<u>6,477,463</u>		<u>6,226,090</u>		<u>6,316,744</u>		<u>6,327,670</u>
\$	<u>12,348,096</u>	\$	<u>14,421,417</u>	\$	<u>13,058,129</u>	\$	<u>13,166,208</u>
\$	(10,832,484)	\$	(11,048,497)	\$	(12,842,358)	\$	(15,218,188)
	987,973		527,221		304,986		250,469
\$	<u>(9,844,511)</u>	\$	<u>(10,521,276)</u>	\$	<u>(12,537,372)</u>	\$	<u>(14,967,719)</u>
\$	10,354,188	\$	10,565,115	\$	11,207,914	\$	11,038,746
	2,332,863		2,002,607		2,700,110		2,920,681
	20,724		21,152		20,510		20,510
	106,304		105,213		193,546		279,418
	38,427		34,651		27,235		27,535
	145,000		145,000		493,093		(864,187)
	<u>12,997,506</u>		<u>12,873,738</u>		<u>14,642,408</u>		<u>13,422,703</u>
	-		-		-		64,161
	9,800		18,788		24,503		23,477
	8,000		21,855		-		-
	-		-		-		-
	(145,000)		(145,000)		(493,093)		864,187
	(127,200)		(104,357)		(468,590)		951,825
\$	<u>12,870,306</u>	\$	<u>12,769,381</u>	\$	<u>14,173,818</u>	\$	<u>14,374,528</u>
	2,165,022		1,825,241		1,800,050		(1,795,485)
	860,773		422,864		(163,604)		1,202,294
\$	<u>3,025,795</u>	\$	<u>2,248,105</u>	\$	<u>1,636,446</u>	\$	<u>(593,191)</u>

City of Hopkins

Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>General Fund</b>				
Reserved	\$ 971,517	\$ 1,157,142	\$ 111,806	\$ 196,790
Unreserved	3,345,606	3,304,729	3,884,309	3,930,996
Nonspendable	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 4,317,123</u>	<u>\$ 4,461,871</u>	<u>\$ 3,996,115</u>	<u>\$ 4,127,786</u>
<b>All other Governmental Funds</b>				
Reserved reported in:				
Special Revenue Funds	\$ 5,625,355	\$ 3,137,313	\$ 3,189,829	\$ 3,528,529
Capital Projects Funds	-	-	-	-
Debt Service Funds	2,852,655	12,982,623	3,250,202	6,021,748
Unreserved reported in:				
Special Revenue Funds	1,539,404	1,070,230	955,772	(24,957)
Capital Projects Funds	1,718,021	1,808,708	1,381,657	1,264,405
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 11,735,435</u>	<u>\$ 18,998,874</u>	<u>\$ 8,777,460</u>	<u>\$ 10,789,725</u>
Total all funds	<u>\$ 16,052,558</u>	<u>\$ 23,460,745</u>	<u>\$ 12,773,575</u>	<u>\$ 14,917,511</u>

Note: The City began to use new categories of fund balance when it implemented GASB 54 in 2011.  
Prior years were not retroactively reclassified.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 182,211	\$ -	\$ -	\$ -	\$ -	\$ -
4,071,049	-	-	-	-	-
-	174,487	196,500	231,608	213,499	227,113
-	591,676	508,767	426,768	339,055	340,189
-	4,266,048	4,488,876	4,823,141	5,184,081	5,439,798
<u>\$ 4,253,260</u>	<u>\$ 5,032,211</u>	<u>\$ 5,194,143</u>	<u>\$ 5,481,517</u>	<u>\$ 5,736,635</u>	<u>\$ 6,007,100</u>
\$ 2,844,901	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
4,850,159	-	-	-	-	-
590,281	-	-	-	-	-
3,572,002	-	-	-	-	-
-	2,674,342	1,718,341	1,495	201	204
-	5,823,862	6,312,043	5,199,415	12,683,242	16,720,476
-	926,349	2,679,389	4,509,026	4,574,733	4,882,609
-	2,502,336	4,785,717	3,313,086	4,162,299	1,249,239
-	(1,916,865)	(2,090,788)	(2,011,214)	(2,029,619)	(1,960,918)
<u>\$ 11,857,343</u>	<u>\$ 10,010,024</u>	<u>\$ 13,404,702</u>	<u>\$ 11,011,808</u>	<u>\$ 19,390,856</u>	<u>\$ 20,891,610</u>
<u>\$ 16,110,603</u>	<u>\$ 15,042,235</u>	<u>\$ 18,598,845</u>	<u>\$ 16,493,325</u>	<u>\$ 25,127,491</u>	<u>\$ 26,898,710</u>

City of Hopkins

Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
<b>Revenues</b>				
Property Taxes	\$ 8,134,915	\$ 8,473,516	\$ 8,844,113	\$ 9,377,127
Tax Increments	990,776	1,050,601	1,186,395	1,636,535
Special Assessments	1,288,437	1,172,977	1,120,741	1,071,406
Intergovernmental	1,036,645	2,115,670	1,053,405	1,220,766
Licenses and Permits	540,120	880,443	744,502	820,031
Charges for Services	631,655	729,365	872,388	875,470
Fines and Forfeits	203,830	215,051	188,003	148,172
Investment Earnings	705,591	638,796	318,074	135,569
Miscellaneous	692,649	851,203	709,915	1,024,879
Total revenues	<u>14,224,618</u>	<u>16,127,622</u>	<u>15,037,536</u>	<u>16,309,955</u>
<b>Expenditures</b>				
Current:				
General Government	1,366,246	1,597,503	1,590,347	1,552,712
Public Safety	4,994,273	5,290,802	5,779,047	5,888,481
Health and Welfare	176,502	184,541	232,163	273,760
Highways and Streets	1,824,658	2,091,043	2,224,338	2,139,351
Urban Redevelopment and Housing	944,577	1,787,131	935,402	1,586,083
Culture and Recreation	997,987	1,122,891	1,289,323	1,278,108
Capital outlay	3,055,815	5,830,516	1,228,755	1,556,121
Debt Service				
Principal	4,926,284	1,610,000	1,705,000	1,805,000
Interest and fiscal charges	1,418,311	1,131,514	1,100,211	1,037,372
Bond Issuance Costs	-	81,109	-	34,972
Total expenditures	<u>19,704,653</u>	<u>20,727,050</u>	<u>16,084,586</u>	<u>17,151,960</u>
Excess (deficiency) of revenues over expenditures	<u>(5,480,035)</u>	<u>(4,599,428)</u>	<u>(1,047,050)</u>	<u>(842,005)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Property	-	-	-	341
Proceeds from Issuance of Debt	-	11,875,000	-	2,865,000
Discount on Debt	-	(72,905)	-	(24,400)
Premium on Debt	-	7,520	-	-
Refunded bond payment	-	-	-	-
Transfer In	5,273,592	14,940,055	1,043,155	1,088,875
Transfer Out	(5,278,592)	(14,745,055)	(898,155)	(943,875)
Total other financing sources (uses)	<u>(5,000)</u>	<u>12,004,615</u>	<u>145,000</u>	<u>2,985,941</u>
Net change in fund balances	<u>\$ (5,485,035)</u>	<u>\$ 7,405,187</u>	<u>\$ (902,050)</u>	<u>\$ 2,143,936</u>
Debt service as a percentage of noncapital expenditures	38.1 %	18.4 %	18.9 %	18.2 %

Note: Capital outlay has been adjusted for items not shown as capital expenditures on the entity wide statements and reclassified to their respective expenditure category.

		Fiscal Year									
		2010	2011	2012	2013	2014	2015				
\$	9,795,318	\$	10,038,514	\$	10,403,945	\$	10,600,854	\$	11,212,334	\$	11,190,091
	2,147,517		2,239,668		2,332,863		2,002,607		2,700,110		2,920,681
	1,128,467		1,446,922		1,307,949		1,634,903		1,202,401		1,003,444
	1,215,163		1,931,333		1,549,464		3,775,172		3,272,977		2,234,195
	623,492		691,962		476,296		649,672		569,585		489,373
	800,115		908,106		787,724		884,354		835,960		848,775
	138,894		174,303		253,530		251,170		229,807		258,924
	106,128		94,409		94,235		94,024		172,012		257,543
	589,604		701,683		1,881,347		1,343,592		1,148,505		1,474,048
	<u>16,544,698</u>		<u>18,226,900</u>		<u>19,087,353</u>		<u>21,236,348</u>		<u>21,343,691</u>		<u>20,677,074</u>
	1,576,676		1,598,885		4,038,893		2,019,932		2,126,004		2,586,582
	5,881,633		5,895,640		6,144,206		6,089,431		6,154,320		6,253,424
	177,732		168,202		136,169		164,237		167,088		176,248
	2,082,853		2,337,018		2,193,209		4,709,377		4,495,659		3,180,023
	1,881,610		2,826,172		2,348,694		1,979,001		2,192,453		1,219,526
	1,339,695		1,510,024		1,581,886		1,688,876		1,747,614		1,851,741
	1,358,792		1,972,143		2,470,049		4,272,737		2,144,714		8,789,979
	4,665,000		2,065,000		1,635,000		3,265,000		1,970,000		8,570,000
	953,232		852,184		819,238		853,433		709,367		646,387
	49,233		-		-		-		-		-
	<u>19,966,456</u>		<u>19,225,268</u>		<u>21,367,344</u>		<u>25,042,024</u>		<u>21,707,219</u>		<u>33,273,910</u>
	<u>(3,421,758)</u>		<u>(998,368)</u>		<u>(2,279,991)</u>		<u>(3,805,676)</u>		<u>(363,528)</u>		<u>(12,596,836)</u>
	-		-		-		-		-		-
	4,515,000		-		5,985,000		1,920,000		8,240,000		18,735,000
	(45,150)		-		(12,830)		-		-		-
	-		-		65,705		42,010		214,606		425,129
	-		(215,000)		-		-		-		(3,927,887)
	7,808,068		1,504,822		4,788,179		2,948,556		9,351,659		8,513,635
	<u>(7,663,068)</u>		<u>(1,359,822)</u>		<u>(4,989,453)</u>		<u>(3,210,410)</u>		<u>(8,858,566)</u>		<u>(9,377,822)</u>
	<u>4,614,850</u>		<u>(70,000)</u>		<u>5,836,601</u>		<u>1,700,156</u>		<u>8,947,699</u>		<u>14,368,055</u>
\$	<u>1,193,092</u>	\$	<u>(1,068,368)</u>	\$	<u>3,556,610</u>	\$	<u>(2,105,520)</u>	\$	<u>8,584,171</u>	\$	<u>1,771,219</u>
	30.20 %		16.90 %		13.00 %		19.80 %		13.70 %		37.60 %

## City of Hopkins

Assessed and Actual Value of Taxable Property  
Last Ten Fiscal Years  
(in thousands of dollars)

<u>Payable Year</u>	<u>Residential Property</u>	<u>Apartment Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Other Property</u>	<u>Less: Tax-Exempt Property</u>	<u>Total Taxable Market Value</u>	<u>Total Direct Tax Rate</u>
2006	\$ 1,062,213	\$ 256,559	\$ 305,233	\$ 176,812	\$ 288	\$ 182,899	\$ 1,618,206	48.262
2007	1,080,591	257,658	329,601	188,941	306	182,899	1,674,198	45.862
2008	1,061,645	257,275	352,028	198,808	306	182,899	1,687,163	45.570
2009	1,017,790	266,458	395,842	192,138	1,815	182,899	1,691,144	47.574
2010	922,267	251,418	404,674	168,803	1,503	177,975	1,570,690	49.377
2011	883,348	251,141	397,506	173,349	1,272	179,699	1,526,917	56.463
2012	816,431	252,968	422,769	174,254	1,492	179,699	1,488,215	59.718
2013	867,012	269,812	405,840	174,255	1,492	179,699	1,538,712	63.819
2014	838,714	277,435	419,190	177,413	1,492	179,699	1,534,545	64.290
2015	917,367	313,183	430,897	181,538	1,506	179,699	1,664,792	62.503

**Notes:**

- (1) The direct tax rate is applied to the tax capacity of the property which is calculate by applying a statutory formula to the estimated market value of the property. The tax capacity is then multiplied by the direct tax rate to determine the city taxes payable on a specific parcel.
- (2) Tax exempt property is revalued on a six-year cycle. All other property is revalued on a three year cycle.

## City of Hopkins

Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
*(rate per \$1,000 of assessed value)*

Fiscal Year	City Direct Rate			Overlapping Rates				Total Direct and Overlapping Tax Rate	
	Basic Rate	General Obligation Debt Service	Total Direct	School District	Hennepin County	Metro Council	Other		Total Overlapping
2006	41.300	6.962	48.262	21.565	41.016	2.924	5.180	70.685	118.947
2007	39.574	6.288	45.862	19.019	39.110	2.671	5.746	66.546	112.408
2008	39.237	6.333	45.570	19.218	38.571	2.562	5.984	66.335	111.905
2009	41.346	6.228	47.574	20.080	40.413	2.579	5.834	68.906	116.480
2010	43.121	6.256	49.377	22.944	42.561	2.612	6.825	74.942	124.319
2011	49.638	6.825	56.463	26.456	45.840	2.949	7.540	82.785	139.248
2012	52.238	7.480	59.718	29.270	48.231	3.084	7.827	88.412	148.130
2013	55.902	7.917	63.819	29.730	49.461	3.242	8.241	90.674	154.493
2014	55.743	8.547	64.290	32.358	49.959	3.335	8.716	94.368	158.658
2015	53.884	8.619	62.503	30.340	46.398	3.006	8.094	87.838	150.341

Source: Hennepin County, Minnesota Taxpayer Services Department

Notes: The City's basic rate is determined by the city's annual budget requirements as set by the City Council. Rates for debt service are based on each year's requirements.



## City of Hopkins

Property Tax Levies and Collections,  
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year			Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date			
	Operating Tax Levy	Debt Tax Levy	Total Tax Levy	Amount	Percentage of Levy		Amount	Percentage of Levy	Outstanding Delinquent Taxes	Percentage of Levy Outstanding
2006	\$ 7,221,078	\$ 1,217,000	\$ 8,438,078	\$ 8,282,797	98.2 %	\$ 121,084	\$ 8,403,881	99.6 %	\$ 34,197	0.4 %
2007	7,598,758	1,207,000	8,805,758	8,620,427	97.9 %	141,204	8,761,631	99.5 %	44,127	0.5 %
2008	7,942,380	1,282,000	9,224,380	8,831,737	95.7 %	133,369	8,965,106	97.2 %	259,274	2.8 % (1)
2009	8,346,114	1,257,000	9,603,114	9,101,458	94.8 %	188,029	9,289,487	96.8 %	313,627	3.2 % (2)
2010	8,733,685	1,267,000	10,000,685	9,533,671	95.3 %	101,357	9,635,028	96.1 %	365,657	3.9 % (3)
2011	9,022,414	1,241,000	10,263,414	9,828,089	95.8 %	196,620	10,024,709	97.4 %	238,705	2.6 % (4)
2012	9,119,591	1,306,400	10,425,991	10,181,764	97.7 %	106,885	10,288,649	99.0 %	137,342	1.0 %
2013	9,219,774	1,306,400	10,526,174	10,319,805	98.0 %	54,142	10,373,947	98.6 %	152,227	1.4 %
2014	9,268,754	1,421,461	10,690,215	10,506,537	98.3 %	23,091	10,529,628	98.5 %	160,587	1.5 %
2014	9,735,801	1,514,844	11,250,645	10,738,982	95.5 %	-	10,738,982	95.5 %	511,663	4.5 %

**Notes:**

- (1) In December 2008 the State of MN unallotted \$126,391 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$132,883 and the percentage of levy outstanding would be 1.4%.
- (2) For the year 2009 State of MN unallotted \$246,865 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$91,797 and the percentage of levy outstanding would be 0.9%.
- (3) For the year 2010 State of MN unallotted \$241,193 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$182,339 and the percentage of levy outstanding would be 1.8%.
- (4) For the year 2011 State of MN unallotted \$257,696 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$153,757 and the percentage of levy outstanding would be 1.5%.
- (5) During the years 2010-2012 there were a significant number of tax court challenges that resulted in taxes being rebated to taxpayers resulting in higher delinquent taxes for the years 2008-2012.

## City of Hopkins

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	HRA Lease Revenue Bonds	Tax Increment Bonds	Special Assessments Bonds	Capital Lease	Revenue Bonds			
2006	\$ 675,000	\$ 12,770,000	\$ 9,420,000	\$ 1,370,000	\$ -	\$ 4,380,000	\$ 28,615,000	18.20 %	1,658
2007	10,450,000	12,235,000	8,805,000	3,010,000	-	3,905,000	38,405,000	22.99 %	2,211
2008	9,855,000	2,565,000	8,135,000	2,690,000	425,000	3,410,000	27,080,000	15.32 %	1,545
2009	9,182,508	2,404,246	10,263,615	2,335,972	391,115	6,262,966	30,840,422	16.79 %	1,764
2010	8,566,973	2,281,799	8,290,713	4,861,298	355,556	5,133,954	29,490,293	16.84 %	1,676
2011	7,951,437	2,154,353	7,265,336	4,362,694	318,241	3,843,183	25,895,244	14.21 %	1,472
2012	10,130,650	-	6,733,274	7,262,674	279,083	4,832,960	29,238,641	15.02 %	1,652
2013	9,388,707	-	4,691,998	8,745,591	237,990	6,054,706	29,118,992	14.23 %	1,623
2014	15,092,501	-	4,095,716	10,123,177	194,868	5,488,002	34,994,264	16.94 %	1,901
2015	15,637,818	-	15,519,181	8,757,855	149,616	4,807,632	44,872,102	20.75 %	2,334

**Notes:** Details regarding the District's outstanding debt can be found in note 9 of the notes to the financial statements. See the Demographic and Economic Statistics schedule on schedule 14 for personal income and population data.

## City of Hopkins

Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds					Less Debt Service Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Improvement Bonds	Revenue Bonds	Tax Increment Bonds	Total				
2006	\$ 13,445,000	\$ 1,370,000	\$ 17,150,000	\$ 9,420,000	\$ 41,385,000	\$ 2,852,655	\$ 38,532,345	2.381 %	2,232
2007	13,135,000	3,010,000	16,140,000	8,805,000	41,090,000	12,982,623	28,107,377	1.679 %	1,618
2008	12,420,000	2,690,000	5,975,000	8,135,000	29,220,000	3,250,202	25,969,798	1.539 %	1,482
2009	11,586,754	2,335,972	8,667,212	10,263,615	32,853,553	6,021,748	26,831,805	1.587 %	1,535
2010	10,848,772	4,861,298	7,415,753	8,290,713	31,416,536	4,850,159	26,566,377	1.691 %	1,510
2011	10,105,790	4,362,694	5,997,536	7,265,336	27,731,356	4,275,717	23,455,639	1.536 %	1,333
2012	10,130,650	7,262,674	4,832,960	6,733,274	28,959,558	4,618,138	24,341,420	1.636 %	1,375
2013	9,388,707	8,745,591	6,054,706	4,691,998	28,881,002	3,470,747	25,410,255	1.651 %	1,416
2014	15,092,501	10,123,177	5,488,002	4,095,716	34,799,396	10,427,856	24,371,540	1.584 %	1,324
2015	15,637,818	8,757,855	4,807,632	15,519,181	44,722,486	12,244,435	32,478,051	1.951 %	1,689

**Notes:**

Details regarding the city's outstanding debt can be found in note 9 of the notes to the financial statements

See the *Assessed and Actual Value of Taxable Property* schedule 5 for taxable market value of property data

See the *Demographic and Economic Statistics* schedule 14 for population data

G.O Improvement bonds are included as they are backed by a general tax levy and special assessments levied against benefitted properties

G.O. Revenue bonds are included as they are backed by the full taxing authority of the City should revenues fall short of debt requirements

G.O. Tax Increment bonds are included as they are backed by property taxes levied against the properties benefitting from specific development for which the bonds were issued.

## City of Hopkins

Direct and Overlapping Governmental Activities Debt  
As of December 31, 2015

	<u>Net Debt Outstanding</u>	<u>Estimated Percentage Applicable (a)</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes:</b>			
School Districts:			
Hopkins ISD 270	\$ 167,575,000	15.90 %	\$ 26,644,425
St. Louis Park ISD 283	46,420,000	0.39 %	181,038
Other Debt:			
Hennepin County	1,037,450,000	1.14 %	11,826,930
Hennepin Suburban Park District	72,145,000	1.56 %	1,125,462
Hennepin Regional RR Authority	34,695,000	1.56 %	541,242
Metropolitan Council	1,485,891,649	0.59 %	8,766,761
Subtotal - overlapping debt			<u>49,085,858</u>
City of Hopkins Direct Debt (b,c)	39,414,616	100 %	<u>39,414,616</u>
Total Direct and Overlapping Debt:			<u><u>\$ 88,500,474</u></u>

**Source:** Hennepin County, Minnesota Taxpayer Services

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule shows the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) The percentage of overlapping debt applicable is estimated using the taxable market values. Applicable percentages were estimated by determining the portion of the county's and school district's taxable market value that is within the City's boundaries.

(b) City of Hopkins direct debt includes long-term debt instruments of the City which are bonds and capital leases of the government.

(c) Net Debt Outstanding excludes revenue bonds.

City of Hopkins

Legal Debt Margin Information  
 Last Ten Fiscal Years  
 (dollars in thousands)

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

Market value	\$ 1,605,592
Debt limit (3% of market value)	48,168
Debt applicable to limit:	
General Obligation Bonds	15,638
Less: Amount set aside for repayment of general obligation debt	(977)
Total net debt applicable to limit	14,661
Legal debt margin	\$ 33,507

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 31,603	\$ 33,252	\$ 50,615	\$ 50,734	\$ 47,121	\$ 43,806	\$ 42,189	\$ 46,161	\$ 46,036	\$ 48,168
Total net debt applicable to limit	495	9,768	9,263	8,772	10,144	9,549	9,402	8,903	8,736	14,661
Legal debt margin	\$ 31,108	\$ 23,484	\$ 41,352	\$ 41,962	\$ 36,977	\$ 34,257	\$ 32,787	\$ 37,258	\$ 37,300	\$ 33,507
Total net debt applicable to the limit as a percentage of debt limit	1.57%	29.38%	18.30%	17.29%	21.53%	21.80%	22.29%	19.29%	18.98%	30.44%

City of Hopkins

Pledged Revenue Coverage  
Last Ten Fiscal Years

Fiscal Year	Water Revenue Bonds				Sewer Revenue Bonds				Storm Sewer Revenue Bonds			
	Revenue	Debt Service		Coverage	Revenue	Debt Service		Coverage	Revenue	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
2006	\$ 1,083,675	\$ 120,000	\$ 75,733	5.54	\$ -	\$ -	\$ -	-	\$ 775,261	\$ 330,000	\$ 119,445	1.72
2007	1,133,248	125,000	69,699	5.82	-	-	-	-	724,778	350,000	111,605	1.57
2008	1,188,610	130,000	69,699	5.95	-	-	-	-	725,029	365,000	98,846	1.56
2009	1,339,390	140,000	53,440	6.92	-	-	-	-	800,843	365,000	79,437	1.80
2010	1,342,073	1,000,000	56,211	1.27	1,812,585	-	21,501	84.30	803,889	280,000	46,791	2.46
2011	1,395,306	200,000	45,225	5.69	1,838,949	50,000	33,750	21.96	803,417	1,025,000	41,050	0.75
2012	1,534,221	210,000	41,125	6.11	2,150,594	60,000	32,650	23.21	799,938	180,000	26,823	3.87
2013	1,483,283	260,000	50,010	4.78	1,999,483	70,000	34,396	19.15	799,603	205,000	29,585	3.41
2014	1,497,699	265,000	68,704	4.49	2,025,763	70,000	46,193	17.43	802,898	205,000	36,745	3.32
2015	1,514,086	320,000	56,360	4.02	2,172,277	100,000	41,318	15.37	805,542	235,000	29,879	3.04

Notes: Details regarding the City's outstanding debt can be found in Note 9 of the notes to the financial statements.

## City of Hopkins

Demographic and Economic Statistics  
Last Ten Calendar Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b> <i>(thousands of dollars)</i>	<b>Per Capita Personal Income (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2006	17,263	\$ 156,551	\$ 40,267	9,376	3.9
2007	17,367	166,143	42,299	9,318	4.5
2008	17,526	176,035	44,364	9,308	6.4
2009	17,481	182,075	45,459	9,333	6.7
2010	17,591	174,808	43,265	9,241	6.5
2011	17,591	180,988	44,489	9,107	5.5
2012	17,701	193,488	47,136	8,556	5.1
2013	17,939	203,498	49,147	8,555	4.3
2014	18,413	206,789	49,460	8,489	3.8
2015	19,227	216,218	51,244	8,495	3.1

**Sources:** (1) Metropolitan Council, except for 2010 and 2011 which is per the U.S. Census.

(2) U.S. Department of Commerce Bureau of Economic Analysis data for Minnesota Metropolitan Area

(3) Minnesota Department of Education and is for public and non-public schools in Hopkins School District #270

(4) Minnesota Department of Employment and Economic Development, based on December rates

City of Hopkins  
Principal Employers,  
Current Year and Ten Years Ago

Taxpayer	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Cargil	4,000	1	26.274 %	-	-	- %
SuperValu	707	2	4.644	1,558	1	13.457
ISD 270 Hopkins (1)	425	3	2.792	501	3	4.327
Thermotech	400	4	2.627	281	4	2.427
U.S. Post Office	314	5	2.063	-	-	-
Oak Ridge Country Club	212	6	1.393	230	5	1.987
Augustana Chapel View Homes	210	7	1.379	180	6	1.555
US Bank	185	8	1.215	-	-	-
City of Hopkins	132	9	0.867	160	7	1.382
Walser Chrysler Jeep	100	10	0.657	-	-	-
NAPCA International, Inc.	-	-	-	900	2	7.773
Rudy Luther's Hopkins Honda	-	-	-	155	8	1.339
Hopkins Care Center	-	-	-	120	9	1.036
EDCO Products	-	-	-	120	9	1.036
Sungard Financial Systems	-	-	-	112	10	0.967
Total	<u>6,685</u>		<u>43.911 %</u>	<u>4,085</u>		<u>37.286 %</u>

**Source:** Minnesota Department of Employment and Economic Development, Metropolitan Council and Minnesota State Business Directory

**Notes:**

(1) Includes total number of employees located in facilities throughout Independent School District 270, Hopkins.

## City of Hopkins

Full-Time Equivalent City Employees by Type  
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Government</b>										
Administrative Services	5.55	5.15	5.05	4.95	4.80	4.80	4.95	5.00	5.00	5.00
Finance	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Municipal Building	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45
Community Services	8.90	9.48	9.85	9.95	9.95	9.95	9.80	9.80	9.70	9.70
Public Safety										
Police	38.50	39.40	39.45	40.00	39.00	40.00	39.50	36.45	34.50	36.50
Fire	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.25	1.25	1.25
Public Works	18.60	18.59	18.60	18.70	17.77	17.25	17.69	17.69	17.09	18.09
Recreation										
Activity Center	4.10	4.00	3.30	3.30	3.30	3.30	3.20	3.20	3.20	3.20
Skate Park	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Planning & Zoning	1.20	1.20	1.15	1.15	1.35	1.35	1.35	1.35	1.35	1.35
Community Development	-	-	-	-	-	-	0.85	0.85	0.85	0.85
Total General Government	<u>84.15</u>	<u>85.12</u>	<u>84.70</u>	<u>85.35</u>	<u>83.47</u>	<u>83.95</u>	<u>84.64</u>	<u>81.69</u>	<u>79.04</u>	<u>82.04</u>
<b>Special Revenue Funds</b>										
Economic Development	1.60	1.60	1.78	1.75	1.75	1.60	1.60	1.15	1.60	1.60
Paratransit	0.20	0.20	0.20	0.20	-	-	-	-	-	-
Housing Rehabilitation	0.70	0.70	0.85	0.85	0.85	0.85	-	-	-	-
Parking	2.00	1.00	1.00	1.00	1.00	1.00	0.72	0.72	0.72	1.00
Section 8	1.40	1.35	-	-	-	-	-	-	-	-
Communication	0.05	0.10	0.10	0.10	0.40	0.25	0.25	0.25	0.25	0.25
Depot Coffee House	-	0.05	1.00	1.00	1.00	1.50	1.50	2.50	2.50	2.50
Art Center	4.05	4.05	4.05	4.05	4.05	4.55	4.30	3.80	3.80	4.30
Total Special Revenue Funds	<u>10.00</u>	<u>9.05</u>	<u>8.98</u>	<u>8.95</u>	<u>9.05</u>	<u>9.75</u>	<u>8.37</u>	<u>8.42</u>	<u>8.87</u>	<u>9.65</u>
<b>Enterprise Funds</b>										
Water	3.25	3.25	3.76	3.67	3.11	3.11	3.13	3.13	3.13	3.43
Sanitary Sewer	3.56	3.56	4.07	4.08	3.44	3.44	3.46	3.46	3.46	3.76
Refuse	4.08	4.08	4.09	4.12	3.40	3.58	3.89	3.89	3.89	3.89
Storm Sewer	0.46	0.46	0.46	0.46	0.42	0.42	0.63	0.63	0.63	0.63
Pavilion/Ice Arena	2.90	2.72	3.80	3.80	3.05	2.45	2.40	2.40	2.40	2.90
Housing and Redevelopment	2.40	2.45	2.05	2.05	2.05	2.20	2.20	2.20	2.20	2.20
Total Enterprise Funds	<u>16.65</u>	<u>16.52</u>	<u>18.23</u>	<u>18.18</u>	<u>15.47</u>	<u>15.20</u>	<u>15.71</u>	<u>15.71</u>	<u>15.71</u>	<u>16.81</u>
<b>Total</b>	<u><b>110.80</b></u>	<u><b>110.69</b></u>	<u><b>111.91</b></u>	<u><b>112.48</b></u>	<u><b>107.99</b></u>	<u><b>108.90</b></u>	<u><b>108.72</b></u>	<u><b>105.82</b></u>	<u><b>103.62</b></u>	<u><b>108.50</b></u>

Source: City Finance Office

City of Hopkins

Operating Indicators by Function/Program  
Last Ten Years

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
<b>General Government</b>					
Elections	2	1	2	1	2
Registered voters	10,621	8,330	11,233	9,548	9,393
Number of votes cast	6,279	1,146	8,835	861	5,761
Voter participation (registered)	59.10%	3.80%	78.70%	9%	61.30%
<b>Public Safety</b>					
Police					
Total Calls for Service	18,567	19,137	19,440	19,238	19,141
Sworn Officers	26	26	26	26	26
Traffic Stops	3,321	4,287	3,042	2,698	2,597
Parking Citations	841	747	647	925	914
Fire					
Fires	59	70	45	38	58
False Alarm	101	70	101	107	98
Fire Runs	297	350	291	220	370
Medical Runs	68	59	67	56	66
Average Response Time (minutes)	5.3	4.3	4.0	4.2	4.0
Inspections					
Building Permits	494	377	897	381	4
Value of Building Permits	\$ 14,272,117	\$ 50,544,210	\$ 45,074,024	\$ 54,688,290	\$ 10,968,955
<b>Public Works</b>					
Miles of seal coating	4	3.2	2.60	0.55	0.95
Miles of crack sealing	3.25	2.88	4.97	3.71	1.99
Sidewalk repairs in square feet	2,875	4,279	4,930	6,228	5,252
Alley repairs in square yards	130	253	238	142	170
<b>Culture and Recreation</b>					
Art Center					
Bookings	5,570	6,054	5,593	5,392	4,913
Reserved Hours	35,710	39,060	34,760	33,780	30,414
Customer Visits for Events/Activities	202,000	203,000	212,000	203,100	205,319
<b>Water</b>					
Gallons of water pumped (in millions)	786.0	794.7	774	813	794
Number of well house inspections	2,488	2,488	2,488	2,484	2,501
Number of hydrants flushed	100+	100+	100+	130	144
Water Rate	\$ 1.40	\$ 1.40	\$ 1.65	\$ 1.86	\$ 1.90
<b>Sanitary Sewer</b>					
Sanitary sewage flow (in millions of gallons)	638.0	641.3	626.2	580.2	567.8
Miles of sewer lines jettied	14.6	17.3	14.6	14.2	15.4
Number of manholes checked/cleaned	262	441	344	1,290	1,301
Lift Station Maintenance checks	4,374	4,374	3,855	4,312	4,310
Sewer Rate	\$ 2.50	\$ 2.50	\$ 2.70	\$ 3.10	\$ 3.40
<b>Refuse</b>					
Number of refuse accounts	2,766	2,670	2,678	2,689	2,695
Tons of refuse collected	2,549	2,448	2,393	2,335	2,298
Tons of recycled material (residential)	1,118	1,138	1,080	1,194	1,148
Refuse rate	\$ 12.50-15.90	\$ 12.50-15.90	\$ 13.20 - 17.25	\$ 15.85-21.85	\$ 15.85-21.85
Recycling rate	\$ 2.75	\$ 2.75	\$ 3.25	\$ 3.50	\$ 3.75
<b>Pavilion/Ice Arena</b>					
Ice time rental hours	1,443	1,458	1,469	1,456	1,455
Turf use hours	407	442	479	624	624
Mezzanine rental use	339	345	400	495	776

Source: Various City Departments

Notes:

- (1) Information not available is labeled N/A..
- (2) In 2009 the Sewer Department began checking manholes on a monthly basis.

<b>Fiscal Year</b>					
<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	
1	2	1	2	1	
9,691	10,912	9,917	109,123	9,647	
961	9,130	1,674	9,130	1,058	
9.90%	83.70%	16.90%	83.70%	11.0%	
21,257	25,379	25,286	26,140	23,535	
26	26	26	26	28	
5,231	7,602	6,333	5,741	6,055	
865	958	979	820	725	
40	36	38	51	18	
95	91	101	100	103	
331	382	382	428	467	
77	141	178	195	177	
4.0	4.0	4.2	4.2	4.4	
631	501	509	455	501	
\$ 19,211,258	\$ 9,804,196	\$ 44,183,445	\$ 16,453,935	\$ 12,631,596	
0.85	5.36	5.49	5.26	1.81	
7.26	4.13	3.75	5.85	5.26	
5,831	5,770	5,172	4,482	6,800	
200	201	190	41	182	
4,307	4,307	4,440	4,747	5,013	
26,406	26,406	27,442	29,440	31,759	
219,975	219,975	213,487	215,371	216,450	
744	781	817	812	751	
2,446	2,480	2,465	2,510	2,190	
151	142	138	150	120	
\$ 1.90	\$ 1.96	\$ 2.02	\$ 2.10	\$ 2.18	
606.5	601.9	579.0	628.6	615	
14.6	14.7	16.2	14.6	12	
1,421	1,337	1,413	1,400	274	
4,321	4,314	4,307	4,401	4,350	
\$ 3.60	\$ 3.75	\$ 3.90	\$ 4.10	\$ 4.30	
2,687	2,681	2,706	2,709	2,735	
2,265	2,470	2,136	2,393	2,368	
1,222	1,182	757	1,114	1,106	
\$ 16.85 - 23.15	\$ 16.85 - 24.30	\$ 16.85 - 24.30	\$ 16.85 - 24.30	\$ 16.85 - 24.30	
\$ 3.75	\$ 4.00	\$ 4.25	\$ 4.25	\$ 4.50	
1,407	1,429	1,401	1,370	1,365	
758	869	865	810	818	
1,150	1,260	1,386	2,147	2,822	

## City of Hopkins

Capital Asset Statistics by Function/Program  
Last Ten Years

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Public Safety</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	10	10	10	11	11	11	11	11	11
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Highways (miles)	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57	3.57
County Highways	5.69	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32	5.32
City Streets (miles)	47.13	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50	47.50
Alleys (miles)	9.52	9.52	9.52	9.52	9.52	9.52	9.52	9.52	9.52	9.52
Streetlights	350	360	360	398	398	398	398	398	398	398
Traffic Signals	44	44	44	44	44	44	44	44	44	44
Refuse collection trucks	3	3	3	3	3	3	3	3	3	3
<b>Culture &amp; Recreation</b>										
Parks										
Parks	16	16	16	16	16	16	16	16	16	16
Park Trails	3	3	4	4	4	4	4	4	4	4
Park Acres	102	102	104	104	104	104	104	104	104	104
Park Shelters	10	10	10	10	10	11	11	11	11	11
Playgrounds	11	11	11	11	11	11	11	11	11	11
Skateboard Park/Inline Skating	1	1	1	1	1	1	1	1	1	1
Skating Rinks	7	7	7	7	7	7	7	7	7	7
Hockey Rinks	6	6	6	6	5	5	5	5	5	5
Basketball Courts	6	6	6	6	6	6	6	6	6	6
Softball Fields	4	4	4	4	4	4	4	4	4	4
Swimming Beach	1	1	1	1	1	1	1	1	1	1
Tennis Courts	12	12	8	8	8	8	8	8	8	8
Volleyball Courts	2	2	2	2	2	2	2	2	2	2
<b>Watermains</b>										
Distribution System (miles)	52.60	52.60	52.60	52.60	52.60	52.60	52.60	52.60	52.60	52.60
Fire Hydrants	560	560	560	560	560	560	560	560	560	560
Storage Capacity (gallons in thous)	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200	3,200
Water Connections	3,144	3,157	3,163	3,163	3,168	3,168	3,168	3,168	3,168	3,168
<b>Sanitary Sewer</b>										
Collection System (miles)	45.46	45.46	45.46	45.46	45.46	45.46	45.46	45.46	45.46	45.46
Sewer Connections	3,064	3,077	3,081	3,081	3,086	3,086	3,086	3,086	3,086	3,086
<b>Storm Sewer</b>										
Pipe (miles)	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40	21.40
<b>Parking</b>										
Parking Lots	7	7	7	7	7	7	7	7	7	7
Parking Ramp	1	1	1	1	1	1	1	1	1	1

Source: Various City Departments