



City of Plymouth



2017 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2017 | City of Plymouth, Minnesota



**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
CITY OF PLYMOUTH, MINNESOTA**

**For The Year Ended
December 31, 2017**

Dave Callister – City Manager

**Prepared by
Administrative Services Department, Finance Division**

**Members of the Government Finance Officers
Association of the United States and Canada**

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INTRODUCTORY SECTION

CITY OF PLYMOUTH, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Year Ended December 31, 2017

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June 30, 2018

Honorable Mayor, Members of the City Council,
City Manager, and Residents
City of Plymouth, Minnesota

Minnesota Statutes require all cities to prepare and issue an annual report on their financial position and activity in accordance with U.S. Generally Accepted Accounting Principles (GAAP), and audited in accordance with U.S. Generally Accepted Auditing Standards by a firm of licensed certified public accountants, or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Plymouth for the fiscal year ended December 31, 2017.

This report consists of management's representations of the City of Plymouth's finances. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation for the city's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the city's comprehensive framework of internal controls was designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert that, to the best of our knowledge and belief the financial report is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the city as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included.

The City of Plymouth's financial statements were audited by Malloy, Montague, Karnowski, Radosevich, & Co., P.A., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2017, 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 that there was a reasonable basis for rendering an unmodified opinion that the City of Plymouth's financial statements for the fiscal year ended December 31, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

This transmittal letter is designed to complement the Management Discussion and Analysis (MD&A) and should be read in conjunction with the MD&A. The MD&A can be found immediately following the independent auditors' report.

Reporting Entity

In accordance with GASB statements, included are all funds of the city and its component units. The Plymouth Housing and Redevelopment Authority (HRA) is included as a discretely presented component unit. The Plymouth Economic Development Authority (EDA) was created in 2016. The EDA is included as a blended component unit, however, there was no financial activity during the year.

Profile of the Government

The City of Plymouth, incorporated in 1955, is a suburban community located northwest of Minneapolis in Hennepin County. The City has a land area of 35 square miles and serves a population of approximately 75,000 residents. Plymouth is currently the 7th largest city in the state. The city has excellent access to the Minneapolis-St. Paul metropolitan area via interstate highways I-494 and I-394, US Highway 169 and Minnesota State Highway 55.

Policymaking and legislative authority are vested in the City Council consisting of a mayor, four ward council members, and two at-large council members. The mayor and council members are elected on a non-partisan basis to serve four-year terms, with council members serving staggered terms. The Council is responsible for passing ordinances, adopting the budget, appointing board and commission members, and hiring a city manager. The city manager is responsible for carrying out the policies and ordinances of the Council, overseeing day-to-day operations of city government, and for hiring all employees.

The city provides a full range of services to residents and businesses, including police and fire protection, construction and maintenance of streets, municipal water and sanitary sewer service, maintaining parks and trails, providing recreational activities, planning, zoning and inspection services, transit services and administration.

The annual budget serves as the foundation for financial planning and control. The city uses a biennial budget model, covering two fiscal years, for planning purposes. The first year of the budget is adopted as the annual budget; the second year is adopted in concept, pending the approval of a new tax levy in the second year. All departments and agencies submit requests for appropriation to the city manager in July of each year. The city manager uses these requests as the starting point for developing a proposed budget. The proposed budget is presented to the Council for review prior to August 31. The Council adopts a preliminary budget and tax levy by September 15 of each year. Minnesota Statutes require a budget meeting be held for the public to provide comments. The final budget and tax levy are adopted by December 31, the close of the City of Plymouth's fiscal year.

Economic Condition and Outlook

The city's population grew substantially during the 1980s and 1990s, increasing by 61%. Plymouth's population increased 29% from 1990 to 2000; 7% from 2000 to 2010 and 7% from 2010 to 2017. As of 2017 the population is 75,791. The key relationship between development and the budget is our ability to generate sufficient funds to deliver appropriate public services.

The city continued a progressive and sound financial program throughout 2017, while providing core services as well as services that are intended to enhance quality of life. Community surveys and national publications rate Plymouth's services at a very high level.

In 2015, the city produced its fifth biennial budget covering fiscal years 2016-2017. This important document required significant planning and scenario building to ensure a workable operating budget under changing economic conditions. In July of 2016, the city reviewed and updated the second year (2017) of this document following the outcomes of legislative adjustments and performed a review of revenue and expenditure patterns for the most recent activity trends.

Although current external economic conditions are challenging, Plymouth’s continued growth and sound financial condition, as reflected in the following financial report, place the city in an enviable position.

The payable 2017 total estimated market value of the City was \$10,790,272,500 an increase of \$749,319,400 from 2016. The increase in total market value between payable 2016 and payable 2017 was 7.5%, trending more favorably than last year.

Commercial and residential growth is increasing as development expands to the northwest area of the City and as commercial properties redevelop.

Source: Metropolitan Council

Year	Population	Households	Employment
1970	18,077	4,645	6,060
1980	31,615	10,491	20,212
1990	50,889	18,361	38,103
2000	65,894	24,820	53,491
2010	70,576	28,663	46,227
2020	76,300	31,500	53,900
2030	80,200	33,000	57,700
2040	83,600	34,200	61,500

** Population figures through 2010 are based on census reporting.

Important Events and Future Prospects

Planning is the key to the development of a diverse economic base without sacrificing the standards required to ensure quality and order. Industrial, commercial and utility properties make up about 40% of the city’s tax capacity. The city’s land use guide plan designates all land uses including areas available for commercial and industrial development.

The City continues to rely on its Comprehensive Plan, a long-term planning document that guides the community’s future development and redevelopment.

The City is implementing an asset management software called Cartegraph within the Parks and Forestry, Public Works, and Engineering divisions. Cartegraph will allow the City to manage its assets effectively, allow for a more seamless succession planning transition, deploy and track resources efficiently, better track asset conditions to help make more informed capital replacement/upgrade decisions, and become more efficient and transparent to the benefit of our citizens. Cartegraph will build upon the progress made within GIS and will add value through an enterprise approach to citywide assets while also providing work management components to inform staff of day to day work orders and priorities.

Also underway is a project to determine the future of the Plymouth Creek Center. Built in 1997, the PCC is still a well-used community space with over 300,000 annual visitors. Even though the PCC is valued and well utilized, it is not without its challenges. The size and types of spaces do not meet current and future needs of a growing community with an appetite for active recreation programs and services. With renovation and potential expansion on the horizon, the city is looking at what is next for the activity center – including renovation or expansion. A robust community process will help gauge community interest and develop the best fit for facility users.

The City will be launching an online financial dashboard system, OpenGov, to increase reporting and transparency of financial data for an improved decision-making process.

Plymouth is continually evaluating its position to ensure the community is prepared for future phases of development and redevelopment, able to adapt to unforeseen economic challenges, and able to meet the needs of a maturing community.

Accounting System and Budgetary Control

Accounting records are maintained on the accrual or modified accrual basis, as appropriate. Budgetary control is maintained by an encumbrance system whereby purchase orders are pre-audited as to availability of funds prior to their release to vendors. Purchase orders which exceed appropriation balances, or were not approved, are not released until funding is available or approval is given. Open encumbrances are reported as assignments of fund balance. The budget, as adopted, can be revised by the City Council and a contingency appropriation is provided for.

Independent Audit

State statutes require an annual audit of the books of account, financial records, and transactions of all administrative departments by independent certified public accountants selected by the City Council. The city is in compliance with state statutes, and the independent auditors' report has been included in this report.

Awards and Acknowledgements

GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Plymouth for its Comprehensive Annual Financial Report for the year ended December 31, 2016. This was the 35th consecutive year that the City of Plymouth has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. The report must satisfy GAAP requirements and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program's requirements, and it will be submitted to the GFOA to determine eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Administrative Services Department. We would like to express our appreciation to all members of the department for their work in preparing this report. We also wish to thank the city manager and members of the City Council for their interest and support in planning and conducting the financial operations of the city in a responsible and progressive manner.

Respectfully submitted,



Jodi Bursheim
Finance Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Plymouth
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

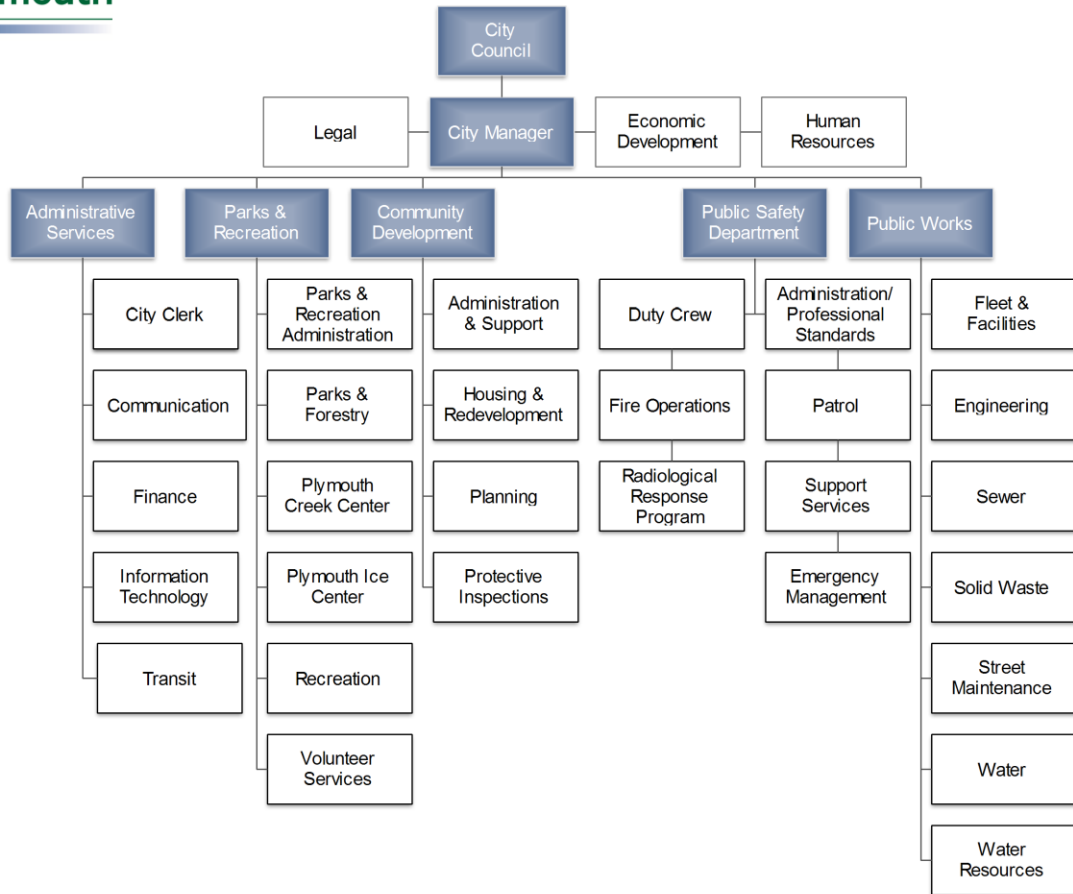
December 31, 2016

Christopher P. Morill

Executive Director/CEO



2017 Organizational Chart



**City of Plymouth
LISTING OF CITY OFFICIALS
at December 31, 2017**

Elected Officials

	<u>Ward</u>	<u>Term of Office</u>	<u>Term Expires</u>
Mayor Kelli Slavik		Four Years	12-31-18
Councilmember Judy Johnson	1	Four Years	12-31-20
Councilmember Jeffry Wosje	2	Four Years	12-31-18
Councilmember Jim Davis	3	Four Years	12-31-20
Councilmember Jim Prom	4	Four Years	12-31-18
Councilmember Ned Carroll	At-Large	Four Years	12-31-18
Councilmember Jim Willis	At-Large	Four Years	12-31-20

City Officials and Department Directors

City Manager	Dave Callister
Director of Administrative Services	Laurie Hokkanen
Director of Community Development	Steve Juetten
Director of Parks and Recreation	Diane Evans
Director of Public Works	Michael Thompson
Director of Public Safety	Mike Goldstein
Fire Chief	Rodger Coppa
City Clerk	Sandy Engdahl
City Attorney	Roger Knutson
City Assessor	Hennepin County

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FINANCIAL SECTION



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Plymouth, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Plymouth, Minnesota (the City) as of and for the year ended December 31, 2017, 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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.

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund and the major special revenue fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information (RSI), 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 RSI 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, supplementary information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

(continued)

Prior Year Comparative Information

We have previously audited the City's 2016 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information in our report dated June 9, 2017. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2018 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.

Malloy, Montague, Karnowski, Radosevich & Co., P. A.

Minneapolis, Minnesota

June 13, 2018

City of Plymouth, Minnesota
For the Year Ended December 31, 2017
Management's Discussion and Analysis

As management of the City of Plymouth, we offer readers of the City of Plymouth's financial statements this narrative overview and analysis of the financial activities of the City of Plymouth for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v-viii of this report.

Financial Highlights

- At year-end 2017, the City of Plymouth's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$473.8 million (*net position*). Net position consisted of:
 - \$45.4 million (9.6% of total net position) restricted for specific purposes
 - \$355.6 million (75.0% of total net position) represent the City's investment in long-term assets (including roads, bridges and other infrastructure assets) net of long-term debt used to finance these assets
 - \$72.8 million (15.4% of total net position) are unrestricted and are available to meet the City's obligations consistent with City policy, legislative intent and direction of the City Council.
- Governmental activities recognized an increase in net position of \$4.0 million and business-type activities resulted in an increase of \$12.0 million. Overall, the City's net position increased by \$16.0 million in 2017. Permit revenue increased significantly due to elevated development activity throughout the city; along with cost savings from personnel attrition and overall restraint on spending resulted in an increase of \$16.0 million to the net position.
- The City's governmental funds reported combined ending fund balances of approximately \$73.1 million. Unlike net position, governmental fund balance measures only currently available, spendable resources. Approximately \$123 thousand of total governmental fund balances are nonspendable such as inventory, prepaid items and principal of the Cemetery Perpetual Care fund. The city's restricted fund balance is approximately \$17.8 million for specific purposes that are subject to external legal restrictions such as debt service and other restrictive uses. The remainder fund balance of \$55.2 million is comprised of \$39.5 million of assigned fund balance for purposes such as construction of long-term assets or other desired uses and \$15.7 million is unassigned.
- The City's main operating fund, the General Fund, reported a year-end balance of approximately \$15.8 million. The General Fund's balance represents approximately 40% of subsequent year annual budgeted spending in this fund. Fund balance in the General Fund increased \$759 thousand during the year.
- The City's total governmental activity bonded debt decreased by approximately \$2.6 million, or 20.1% from the prior-year. This debt represents a very modest ratio of only 3.3% of governmental net position. The City's restricted resources for governmental debt service are approximately \$1.9 million which represents approximately 18.4% of governmental debt outstanding at year-end. The City's business-type activity bonded debt decreased \$965 thousand. Net revenues of the Water Sewer Utility are pledged for the debt service of the business-type activities.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the City of Plymouth's basic financial statements. The City of Plymouth's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements - *government-wide financial statements* provide users with a broad overview of the City's finances similar to the financial statements of private-sector businesses.

The *statement of net position* presents information on all of the City of Plymouth's assets, liabilities and deferred inflows/outflows as applicable, with the difference being 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 Plymouth is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Plymouth 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 Plymouth include general government, economic development, parks and recreation, public safety, public service, and public works. Business-type activities are primarily financed through user-charges or fees. The business-type activities of the City of Plymouth include the water sewer utility, ice center, water resources, solid waste management and field house.

The government-wide financial statements can be found on pages 13-15 of this report.

Fund Financial Statements – A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City Council establishes funds for a variety of purposes, the most important of which is to promote fulfilling its stewardship role with respect to using certain resources such as taxes and grants. The City of Plymouth's funds are divided into two major groups: governmental funds and proprietary funds. Each of these types of funds needs and uses different accounting approaches to provide information relevant to their functions.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a governments near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between *governmental funds* and *governmental activities*.

The governmental fund statements are on pages 18-26 of this report.

Proprietary Fund statements, like the government-wide statements, measure all the economic resources of a fund and the claims against those resources. Also, like government-wide statements, the proprietary fund statements use a full accrual method of accounting for changes in the assets, liabilities, and deferred outflows/inflows of the fund. The City uses proprietary funds to account for two types of activities.

Enterprise funds account for functions, which are reported as *business-type* activities in the government-wide statements. The City of Plymouth uses enterprise funds to account for its water sewer utility, ice center, water resources, solid waste management and field house operations. *Internal Service funds* are businesses whose primary customer is the government itself. These funds are an accounting device used to accumulate and allocate costs internally among the City of Plymouth's various functions. The City of Plymouth uses internal service funds to account for central equipment, public facilities, information technology, risk management, employee benefits and resource planning functions. Most of the costs allocated through internal service funds benefit the government activities rather than its business activities. Therefore, internal service activities are included among the City's governmental activities in the government-wide statements.

Proprietary fund statements are on pages 28-37 of this report.

Notes to the Financial Statements 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 are on pages 39 - 74 of this report.

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Plymouth, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$474 million at the end of fiscal year 2017. A portion of the City of Plymouth's net position (75.0%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Plymouth uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Plymouth's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Plymouth, Minnesota						
Net Position						
<i>(amounts in thousands of dollars)</i>						
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and other assets	\$ 127,065	\$ 122,783	\$ 32,170	\$ 31,798	\$ 159,235	\$ 154,581
Capital assets net of accumulated depreciation	235,306	236,809	133,126	124,382	368,432	361,191
Total assets	<u>362,371</u>	<u>359,592</u>	<u>165,296</u>	<u>156,180</u>	<u>527,667</u>	<u>515,772</u>
Deferred Outflows of Resources:						
Pension plan deferments	17,782	27,720	-	-	17,782	27,720
Total assets and deferred outflows of resources	<u>\$ 380,153</u>	<u>\$ 387,312</u>	<u>\$ 165,296</u>	<u>\$ 156,180</u>	<u>\$ 545,449</u>	<u>\$ 543,492</u>
Liabilities:						
Current and other liabilities	\$ 9,821	\$ 11,343	\$ 1,788	\$ 3,699	\$ 11,609	\$ 15,042
Long-term liabilities	37,925	62,176	2,214	3,210	40,139	65,386
Total liabilities	<u>47,746</u>	<u>73,519</u>	<u>4,002</u>	<u>6,909</u>	<u>51,748</u>	<u>80,428</u>
Deferred Inflows of Resources:						
Pension plan deferments	19,876	5,288	-	-	19,876	5,288
Net Position:						
Net investment in capital assets	224,669	223,538	130,912	121,172	355,581	344,710
Restricted net position	23,182	25,313	22,209	19,850	45,391	45,163
Unrestricted net position	64,680	59,654	8,173	8,249	72,853	67,903
Total net position	<u>312,531</u>	<u>308,505</u>	<u>161,294</u>	<u>149,271</u>	<u>473,825</u>	<u>457,776</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 380,153</u>	<u>\$ 387,312</u>	<u>\$ 165,296</u>	<u>\$ 156,180</u>	<u>\$ 545,449</u>	<u>\$ 543,492</u>

A portion of the City of Plymouth’s net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$72.9 million) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Plymouth is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The net investment in capital assets increased due to significant capital asset activity using City resources.

- **Governmental activities** – Governmental activities increased the City of Plymouth’s net position by approximately \$4.0 million or 1.3%. Several factors contributed to this increase include additional capital construction, elevated development activity throughout the city resulting in significant increase in permit revenue, increased market value of investment, and significant cost savings from personnel attrition and overall restraint on spending.
- **Business-type activities** – The net position of business-type activities increased by \$12.0 million or 8.1%. The change in net position is the result of a positive increase from operations and capital asset contributions from governmental activities.

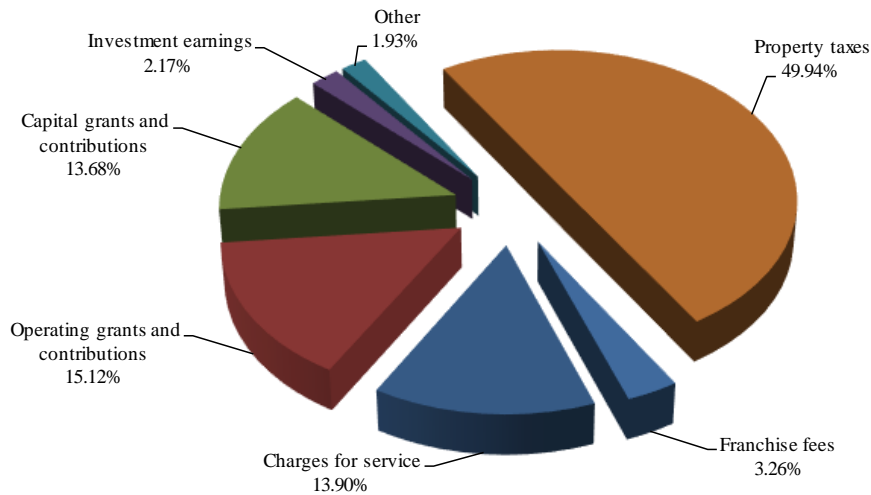
The following table indicates the changes in net position for the City’s governmental and business-type activities:

City of Plymouth, Minnesota						
Changes in Net Position						
<i>(amounts in thousands of dollars)</i>						
	Governmental Activities		Business-type Activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for service	\$ 9,414	\$ 11,613	\$ 22,960	\$ 20,939	\$ 32,374	\$ 32,552
Operating grants and contributions	10,241	9,434	262	629	10,503	10,063
Capital grants and contributions	9,268	14,970	5,208	6,200	14,476	21,170
General revenues:						
Property taxes	33,824	32,191	-	-	33,824	32,191
Franchise fees	2,211	2,164	-	-	2,211	2,164
Investment earnings	1,472	1,116	598	616	2,070	1,732
Gain on sale of capital assets	111	39	-	-	111	39
Other	1,197	993	-	-	1,197	993
Total revenues	<u>67,738</u>	<u>72,520</u>	<u>29,028</u>	<u>28,384</u>	<u>96,766</u>	<u>100,904</u>
Expenses:						
General government	6,596	7,742	-	-	6,596	7,742
Economic development	2,178	724	-	-	2,178	724
Parks and recreation	9,206	9,216	-	-	9,206	9,216
Public safety	19,476	22,203	-	-	19,476	22,203
Public service	5,147	4,669	-	-	5,147	4,669
Public works	16,642	12,253	-	-	16,642	12,253
Water sewer utility	-	-	15,622	16,869	15,622	16,869
Ice center	-	-	1,901	1,906	1,901	1,906
Water resources	-	-	2,303	2,660	2,303	2,660
Solid waste management	-	-	1,087	1,082	1,087	1,082
Field house	-	-	287	292	287	292
Interest on long-term debt	272	301	-	-	272	301
Total expenses	<u>59,517</u>	<u>57,108</u>	<u>21,200</u>	<u>22,809</u>	<u>80,717</u>	<u>79,917</u>
Change in Net Position Before Transfers	8,221	15,412	7,828	5,575	16,049	20,987
Transfers in (out)	(4,195)	(534)	4,195	534	-	-
Change in Net Position	4,026	14,878	12,023	6,109	16,049	20,987
Net Position at Beginning of Year	308,505	293,627	149,271	143,162	457,776	436,789
Net Position at End of Year	<u>\$ 312,531</u>	<u>\$ 308,505</u>	<u>\$ 161,294</u>	<u>\$ 149,271</u>	<u>\$ 473,825</u>	<u>\$ 457,776</u>

Governmental Activities:

Revenues - A distinguishing financial characteristic of governmental activities is that the cost of government is paid, at least in part, by taxes. Revenues financing the City’s governmental activities costs were as follows:

Revenue Sources – Governmental Activities



Most of the City’s revenues are “home-grown”; the City of Plymouth does not rely heavily on State aids or grants. This helps insulate the City from changes imposed by the State Legislature. Capital grants and contributions represent funds received for the constructions of infrastructure and other capital improvements. This amount was reduced compared to the previous year due to the reduction in projects throughout the year.

Business-type Activities

The City’s Business-type activities provide water sewer utility, ice center, water resources, solid waste management, and field house services to its residents. The City’s business-type activities are accounted for, financed, and operated in a manner similar to private business enterprises. It is generally intended that the cost of providing services to the public be financed or recovered primarily through user charges.

The City’s business-type activities are capital intensive. The City’s investment in capital assets (net of accumulated depreciation) of its business activities totaled approximately \$133.1 million in 2017; which is approximately 80.5% of total business-type assets.

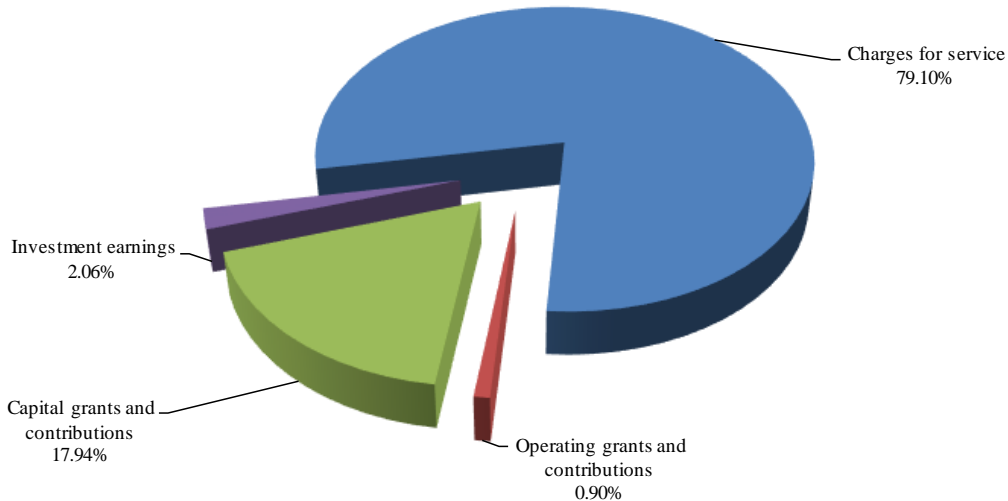
The principal challenge for the City’s business activities is financing the replacement, maintenance, and expansion of their capital assets (asset maintenance). The City of Plymouth combines operating and non-operating sources (primarily area-wide assessments) to finance its investment in business-type assets.

Operating income starts with revenues generated by charges for sales and service. As of December 31, 2017, there were 23,212 water and/or sewer customers. The water and sewer utility represented approximately 74.1% of total business-type charges for service revenue in 2017. Operating income alone is not sufficient to provide for the replacement, maintenance and expansion of the City’s business-type capital assets. Depreciation allocates the cost of capital assets over their estimated useful lives; it approximates the amount of capital assets “used-up” during the year. The City’s business-type activities generate positive operating income.

In 2017, the City reported positive operating income, in total, excluding depreciation, of approximately \$6.5 million. After depreciation, the City reported an operating income of approximately \$1.7 million. After considering remaining increases and decreases to net position, business-type activities reported an increase of \$12.0 million.

The following chart illustrates the City’s revenue sources for its business-type activities:

Revenue Sources – Business-type Activities



Financial Analysis of the City of Plymouth’s Funds

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

Governmental Funds – The focus of the City of Plymouth’s *governmental funds* is to provide information on *near-term* inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Plymouth’s financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the amount of available, spendable resources potentially available for appropriation by the City Council to finance the City’s day-to-day activities.

General Fund-

- The fund balance of the General Fund is the City’s principal liquidity reserve.
- The City Council has adopted a long-range financial plan to provide adequate operating cash for future years. The goal is to maintain a total fund balance of approximately 40% of the General Fund expenditure and transfers out budget for the following year. The City met this goal in 2017; the fund balance at year-end was \$15.8 million, or 40% of 2018 budgeted expenditures and transfers out.

Transit System Fund-

- In the Transit System Fund, the fund balance increased by \$797 thousand. This increase is primarily due to an increase in the City’s proportionate share of motor vehicle tax.

General Capital Projects Fund-

- The fund balance decreased in the General Capital Projects Fund by \$2.0 million during the year. This decrease is due to the timing and review of capital projects completed throughout the current year for construction of the City’s buildings and park improvements.

Improvement Projects Fund-

- The fund balance decreased in the Improvement Projects Fund by \$476 thousand during the year. This decrease is due to the timing and review of capital projects completed throughout the current year for construction of streets and other infrastructure improvements.

Street Replacement Fund-

- The fund balance increased in the Street Replacement Fund by \$8.1 million during the year. This increase is due to taxes and fees collected and the reduction of capital projects completed throughout the current year for construction of streets and other infrastructure improvements.

Tax Increment Projects Fund-

- The fund balance decreased in the Tax Increment Projects Fund by \$1.0 million during the year. This decrease is due to the timing and review of improvement projects completed throughout the current year.

Of the total governmental funds fund balance of \$73.1 million, \$123 thousand is nonspendable, \$17.8 million is restricted for specific uses based on external regulations, \$39.5 million is assigned internally for specific uses and \$15.7 is unassigned.

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

Water Sewer Utility Fund-

- Unrestricted net position at the end of the year was \$8.6 million. The total increase in net position was \$7.2 million.

Ice Center Fund-

- Unrestricted net position at the end of the year was a deficit \$376 thousand. The total increase in net position was \$744 thousand.

Water Resources Fund-

- Restricted net position at the end of the year was \$4.0 million. The total increase in net position was \$4.8 million.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Plymouth’s business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund budget represents the originally adopted budget, since no amendments were approved during the course of the year by the City Council.

The 2017 General Fund budget anticipated an expenditure and transfers out increase over 2016 budget of 3.3%. This increase included planned wage and benefit adjustments and inflationary adjustments.

General Fund revenues and other financing sources exceeded budget estimates by \$889 thousand during the year. Contributing factors for this increase included additional license and permit revenue due to elevated development activity and increased state grants and aids.

General Fund expenditures were under budget estimates by \$1.6 million due to decreases in personal services costs due to attrition and cost restraints shared by all departments. Other financing uses exceeded budget by \$1.7 million. The primary reason for this overage was that the net positive year-end position allowed the General Fund to make unplanned transfers of \$1.6 million to the General Capital Projects fund for future improvement projects.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The City's total investment in long-term (capital) assets, net of accumulated depreciation totaled \$368.4 million at year-end.

Components of the City's capital assets by type and activity are described in the table below:

City of Plymouth, Minnesota
Summary of Capital Assets
(amounts in thousands of dollars)

	Governmental Capital Assets		Business-type Capital Assets		Total Capital Assets	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 44,550	\$ 42,511	\$ 3,280	\$ 3,280	\$ 47,830	\$ 45,791
Construction in progress	18,399	44,863	7,995	6,687	26,394	51,550
Buildings	22,081	22,984	27,933	29,302	50,014	52,286
Improvements other than buildings	13,220	13,154	4,298	3,475	17,518	16,629
Machinery and equipment	17,579	15,913	2,852	2,989	20,431	18,902
Infrastructure	119,477	97,384	86,768	78,649	206,245	176,033
Total capital assets	<u>\$ 235,306</u>	<u>\$ 236,809</u>	<u>\$ 133,126</u>	<u>\$ 124,382</u>	<u>\$ 368,432</u>	<u>\$ 361,191</u>

See footnote 4, pages 52-54, to the financial statements for additional information about the City's capital assets.

Long-Term Bonded Debt

The City's long-term bonded debt totaled \$12.3 million at year-end, compared to \$15.9 million at the beginning of the year. During the year, the City made regular debt service payments of \$2.6 million on governmental activity bonds and \$965 thousand on business-type activity bonds.

The City's debt holds the highest rating from Moody's Investors Services: Aaa, as well as from Standard and Poor's Ratings Services: AAA. The dual rating placed City of Plymouth among only six other cities in the state to receive this distinction.

See footnote 5, pages 55-57, to the financial statements for a schedule showing the City's long-term debt activity.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The 2018 budget was conservatively developed to account for economic and legislative activity. It provides for a balanced budget and a sound financial plan for 2018 that maintains core service levels and is sensitive to the financial concerns of Plymouth taxpayers. The tax levy increased 4.7% from 2017.

As a result of the City's responsible stewardship, the quality services our residents have come to expect continue to be provided at a reasonable price.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

Questions concerning the information provided in this report or requests for additional financial information should be addressed to the City of Plymouth, Administrative Services Department, 3400 Plymouth Boulevard, Plymouth, MN 55447-1482, 763-509-5300 or the City's web site at www.plymouthmn.gov.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are intended to provide a financial overview of municipal operations.

**CITY OF PLYMOUTH, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government			Component Unit Housing and Redevelopment Authority
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 113,987,550	\$ 27,062,619	\$ 141,050,169	\$ 5,100,417
Accounts receivable	936,985	3,869,484	4,806,469	14,717
Notes receivable	2,100,182	-	2,100,182	1,112,179
Taxes receivable	360,354	-	360,354	6,414
Special assessments receivable	63,604	4,484,728	4,548,332	-
Accrued interest receivable	596,203	108,882	705,085	127,650
Due from City	-	-	-	80,000
Due from other governments	626,270	100,768	727,038	9,600
Internal balances	3,544,892	(3,544,892)	-	-
Inventory	115,470	42,487	157,957	-
Prepaid items	430,287	45,522	475,809	32,572
Net pension asset - fire relief	4,303,627	-	4,303,627	-
Capital assets - nondepreciable	62,948,865	11,275,351	74,224,216	2,091,329
Capital assets - depreciable (net):	172,356,956	121,851,196	294,208,152	8,400,293
Total capital assets	235,305,821	133,126,547	368,432,368	10,491,622
Total assets	362,371,245	165,296,145	527,667,390	16,975,171
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan deferments - PERA	17,781,683	-	17,781,683	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 380,152,928	\$ 165,296,145	\$ 545,449,073	\$ 16,975,171
LIABILITIES				
Accounts payable	\$ 2,069,132	\$ 502,134	\$ 2,571,266	\$ 49,497
Contracts payable	1,791,442	273,463	2,064,905	-
Accrued salaries and benefits payable	958,647	132,824	1,091,471	21,379
Deposits payable	3,898,174	-	3,898,174	130,215
Due to component unit	80,000	-	80,000	-
Due to other governments	66,037	302,086	368,123	92,770
Unearned revenue	833,330	552,164	1,385,494	73
Accrued interest payable	123,815	24,938	148,753	114,530
Noncurrent liabilities:				
Due within one year	2,903,535	990,000	3,893,535	715,729
Due in more than one year	35,021,451	1,224,184	36,245,635	10,490,152
Total liabilities	47,745,563	4,001,793	51,747,356	11,614,345
DEFERRED INFLOWS OF RESOURCES				
Pension plan deferments - PERA	19,120,780	-	19,120,780	-
Pension plan deferments - fire relief	755,289	-	755,289	-
Total deferred inflows of resources	19,876,069	-	19,876,069	-
NET POSITION				
Net investment in capital assets	224,668,917	130,912,363	355,581,280	(708,530)
Restricted for:				
Transit	8,019,175	-	8,019,175	-
Debt Service	1,894,865	-	1,894,865	570,580
Housing Projects	1,020,284	-	1,020,284	4,136,404
Highway/Street Improvements	374,902	-	374,902	-
Park Construction	5,381,855	-	5,381,855	-
Tax Increment	2,748,498	-	2,748,498	-
Cemetery perpetual care:				
Non-expendable	45,860	-	45,860	-
Expendable	148,165	-	148,165	-
Utility trunk	-	18,190,260	18,190,260	-
Water resources	-	4,018,789	4,018,789	-
Fire relief pensions	3,548,338	-	3,548,338	-
Unrestricted	64,680,437	8,172,940	72,853,377	1,362,372
Total net position	312,531,296	161,294,352	473,825,648	5,360,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 380,152,928	\$ 165,296,145	\$ 545,449,073	\$ 16,975,171

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

**CITY OF PLYMOUTH, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 6,596,449	\$ 1,442,447	\$ 189,785	\$ 65,371
Economic development	2,178,297	-	131	-
Parks and recreation	9,205,590	1,534,110	1,109	2,636,678
Public safety	19,476,045	4,211,357	2,511,220	-
Public service	5,147,487	1,054,839	4,318,562	80,282
Public works	16,641,737	1,171,186	3,220,408	6,485,193
Interest on long-term debt	271,710	-	-	-
Total governmental activities	<u>59,517,315</u>	<u>9,413,939</u>	<u>10,241,215</u>	<u>9,267,524</u>
Business-type activities:				
Water sewer utility	15,622,165	17,019,592	36,124	4,010,417
Ice center	1,901,068	1,536,728	13,104	-
Water resources	2,302,752	3,250,740	6,707	1,197,934
Solid waste management	1,087,411	763,848	205,810	-
Field house	286,741	388,616	26	-
Total business-type activities	<u>21,200,137</u>	<u>22,959,524</u>	<u>261,771</u>	<u>5,208,351</u>
Total primary government	<u>\$ 80,717,452</u>	<u>\$ 32,373,463</u>	<u>\$ 10,502,986</u>	<u>\$ 14,475,875</u>
COMPONENT UNIT:				
Housing and Redevelopment Authority	<u>\$ 5,257,933</u>	<u>\$ 1,924,747</u>	<u>\$ 3,010,608</u>	<u>\$ 80,000</u>

General revenues:
Property taxes
Franchise fees
Investment earnings
Gain on sale of capital assets
Other
Transfers
Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Housing and Redevelopment Authority
\$ (4,898,846)	\$ -	\$ (4,898,846)	\$ -
(2,178,166)	-	(2,178,166)	-
(5,033,693)	-	(5,033,693)	-
(12,753,468)	-	(12,753,468)	-
306,196	-	306,196	-
(5,764,950)	-	(5,764,950)	-
(271,710)	-	(271,710)	-
<u>(30,594,637)</u>	<u>-</u>	<u>(30,594,637)</u>	<u>-</u>
-	5,443,968	5,443,968	-
-	(351,236)	(351,236)	-
-	2,152,629	2,152,629	-
-	(117,753)	(117,753)	-
-	101,901	101,901	-
-	7,229,509	7,229,509	-
<u>(30,594,637)</u>	<u>7,229,509</u>	<u>(23,365,128)</u>	<u>-</u>
			<u>(242,578)</u>
33,824,350	-	33,824,350	562,131
2,211,261	-	2,211,261	-
1,472,032	598,291	2,070,323	45,976
111,262	-	111,262	-
1,197,033	-	1,197,033	16,599
(4,195,351)	4,195,351	-	-
<u>34,620,587</u>	<u>4,793,642</u>	<u>39,414,229</u>	<u>624,706</u>
4,025,950	12,023,151	16,049,101	382,128
<u>308,505,346</u>	<u>149,271,201</u>	<u>457,776,547</u>	<u>4,978,698</u>
<u>\$ 312,531,296</u>	<u>\$ 161,294,352</u>	<u>\$ 473,825,648</u>	<u>\$ 5,360,826</u>

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GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund accounts for resources devoted to financing the general services. These include general government, economic development, parks and recreation, public safety, public service, and public works. Revenues are recorded by source, i.e., taxes, license and permit, intergovernmental, service charges, fines and forfeitures, etc. General Fund expenditures are primarily for day-to-day operating costs and equipment. This fund accounts for all financial transactions not properly accounted for in another fund.

SPECIAL REVENUE FUNDS

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

Transit System Fund - Revenues from Minnesota Vehicle Excise Tax and fares, and expenditures for the Plymouth Metrolink system are accounted for in this fund.

CAPITAL PROJECT FUNDS

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

General Capital Projects Fund - This fund is used to account for construction costs related to the City's buildings and park improvements.

Improvement Projects Fund - This fund is used to account for expenditures incurred in the construction of certain public improvements such as residential streets, sidewalks, and storm sewers.

Street Replacement Fund - This fund is used to account for accumulation of resources for major infrastructure repair and replacement. The major source of revenue is property taxes.

Tax Increment Projects Fund - This fund is used to account for expenditures incurred in the construction of public collector and distributor roadway improvements, drainage improvements, and other public development costs in the City.

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CITY OF PLYMOUTH, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)

	Special Revenue		Capital Project		
	General	Transit System	General Capital Projects	Improvement Projects	Street Replacement
ASSETS					
Cash and investments	\$ 19,493,971	\$ 7,927,491	\$ 7,044,116	\$ 4,595,618	\$ 15,710,175
Accounts receivable	348,337	4,199	-	-	550,344
Notes receivable	-	-	-	-	-
Taxes receivable	296,208	-	-	-	33,864
Special assessments receivable	30,798	-	-	-	-
Accrued interest receivable	85,121	31,913	21,945	18,486	63,358
Due from other funds	13,738	-	-	-	-
Due from other governments	86,187	404,100	-	42,339	-
Inventory	-	-	-	-	-
Prepaid items	69,247	4,336	-	-	-
Advances to other funds	-	-	601,870	-	-
TOTAL ASSETS	\$ 20,423,607	\$ 8,372,039	\$ 7,667,931	\$ 4,656,443	\$ 16,357,741
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 339,454	\$ 347,655	\$ 111,359	\$ 13,250	\$ 364
Contracts payable	104,751	-	729,996	926,819	-
Accrued salaries and benefits payable	869,009	5,051	-	-	-
Deposits payable	2,509,814	-	1,388,360	-	-
Due to other funds	5,532	158	-	-	-
Due to component unit	-	-	-	-	-
Due to other governments	44,029	-	-	2,337	-
Advances from other funds	-	-	-	-	-
Unearned revenue	552,215	-	-	-	-
Total liabilities	<u>4,424,804</u>	<u>352,864</u>	<u>2,229,715</u>	<u>942,406</u>	<u>364</u>
Deferred inflows of resources:					
Unavailable revenue	<u>162,993</u>	<u>-</u>	<u>-</u>	<u>18,839</u>	<u>14,023</u>
Fund balances:					
Nonspendable	69,247	4,336	-	-	-
Restricted	-	8,014,839	-	-	-
Assigned	56,597	-	5,438,216	3,695,198	16,343,354
Unassigned	15,709,966	-	-	-	-
Total fund balances	<u>15,835,810</u>	<u>8,019,175</u>	<u>5,438,216</u>	<u>3,695,198</u>	<u>16,343,354</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 20,423,607	\$ 8,372,039	\$ 7,667,931	\$ 4,656,443	\$ 16,357,741

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

Tax Increment Projects	Nonmajor Governmental Funds	Totals	
		2017	2016
\$ 2,284,180	\$ 21,596,481	\$ 78,652,032	\$ 76,367,119
-	34,105	936,985	1,134,290
836,000	1,264,182	2,100,182	2,194,511
-	30,282	360,354	456,386
-	32,806	63,604	74,152
79,067	154,302	454,192	460,992
-	-	13,738	-
-	70,564	603,190	1,213,515
-	1,639	1,639	1,988
-	2,369	75,952	81,907
-	1,842,147	2,444,017	3,030,729
<u>\$ 3,199,247</u>	<u>\$ 25,028,877</u>	<u>\$ 85,705,885</u>	<u>\$ 85,015,589</u>
\$ 364,199	\$ 42,406	\$ 1,218,687	\$ 1,876,036
-	-	1,761,566	2,851,400
-	34,929	908,989	899,378
-	-	3,898,174	3,217,317
-	13,738	19,428	-
80,000	-	80,000	-
6,550	12,686	65,602	568,219
-	1,283,019	1,283,019	1,597,014
-	281,115	833,330	850,993
<u>450,749</u>	<u>1,667,893</u>	<u>10,068,795</u>	<u>11,860,357</u>
<u>905,623</u>	<u>1,396,904</u>	<u>2,498,382</u>	<u>3,094,062</u>
-	49,868	123,451	133,766
1,842,875	7,964,082	17,821,796	20,421,913
-	13,950,130	39,483,495	34,669,786
-	-	15,709,966	14,835,705
<u>1,842,875</u>	<u>21,964,080</u>	<u>73,138,708</u>	<u>70,061,170</u>
<u>\$ 3,199,247</u>	<u>\$ 25,028,877</u>	<u>\$ 85,705,885</u>	<u>\$ 85,015,589</u>

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**CITY OF PLYMOUTH, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 73,138,708

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

- | | | |
|---|----------------------|------------------|
| 1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. | | |
| Capital assets | 459,695,837 | |
| Accumulated depreciation | <u>(236,783,052)</u> | 222,912,785 |
| 2. Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. | | |
| Bonds payable | (10,320,000) | |
| Premium / discount on bonds | (316,904) | |
| Accrued interest payable | <u>(123,815)</u> | (10,760,719) |
| 3. Unavailable revenue in governmental funds is susceptible to full accrual on government-wide statements. | | 2,498,382 |
| 4. Internal service funds are used to charge the costs of fleet and building management, management information systems, employee benefits, and other items to individual funds. The assets, deferred outflows/inflows, and liabilities (including capital assets) of the internal services funds are included in governmental activities in the statement of net position. | | 18,802,545 |
| 5. Internal balances which are the result of the allocation of internal service fund operations to the business-type activities are eliminated on the statement of net position. | | 2,391,257 |
| 6. The fire relief net pension asset and related pension plan deferrals are not considered current financial resources, therefore are not reported in the fund statements. | | <u>3,548,338</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 312,531,296

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

CITY OF PLYMOUTH, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	General	Special Revenue	Capital Project		
		Transit System	General Capital Projects	Improvement Projects	Street Replacement
REVENUES:					
Property taxes	\$ 26,543,658	\$ -	\$ -	\$ -	\$ 3,004,618
Special assessments	19,960	-	-	391	-
Licenses and permits	4,821,527	-	-	-	160,525
Intergovernmental	2,725,138	4,331,498	100,000	1,696,833	41
Charges for services	2,937,238	1,054,673	-	-	-
Franchise fees	-	-	-	-	2,211,261
Fines and forfeitures	538,828	-	-	-	-
Contributions	93,736	-	215,624	263,925	-
Investment earnings (loss)	167,650	107,010	18,423	(69,126)	180,837
Loan repayments	-	-	-	-	-
Other revenues	433,286	3,388	75,989	-	-
Total revenues	<u>38,281,021</u>	<u>5,496,569</u>	<u>410,036</u>	<u>1,892,023</u>	<u>5,557,282</u>
EXPENDITURES:					
Current:					
General government	6,349,847	-	23,453	-	-
Economic development	-	-	-	-	-
Parks and recreation	5,852,580	-	98,962	-	-
Public safety	18,925,718	-	15,858	-	-
Public service	-	4,699,424	5,776	-	-
Public works	4,783,693	-	-	3,520,784	3,280
Interest on interfund advances	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	16,100	-	8,045,465	3,953,003	-
Total expenditures	<u>35,927,938</u>	<u>4,699,424</u>	<u>8,189,514</u>	<u>7,473,787</u>	<u>3,280</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,353,083</u>	<u>797,145</u>	<u>(7,779,478)</u>	<u>(5,581,764)</u>	<u>5,554,002</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	299,907	-	7,411,160	10,737,305	5,195,322
Transfers out	(1,893,961)	-	(1,673,803)	(5,631,206)	(2,698,368)
Total other financing sources (uses)	<u>(1,594,054)</u>	<u>-</u>	<u>5,737,357</u>	<u>5,106,099</u>	<u>2,496,954</u>
NET CHANGE IN FUND BALANCES	<u>759,029</u>	<u>797,145</u>	<u>(2,042,121)</u>	<u>(475,665)</u>	<u>8,050,956</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>15,076,781</u>	<u>7,222,030</u>	<u>7,480,337</u>	<u>4,170,863</u>	<u>8,292,398</u>
FUND BALANCES AT END OF YEAR	<u>\$ 15,835,810</u>	<u>\$ 8,019,175</u>	<u>\$ 5,438,216</u>	<u>\$ 3,695,198</u>	<u>\$ 16,343,354</u>

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

Tax Increment Projects	Nonmajor Governmental Funds	Totals	
		2017	2016
\$ 1,150,582	\$ 3,275,455	\$ 33,974,313	\$ 32,099,908
-	10,977	31,328	19,536
-	-	4,982,052	4,643,432
-	2,918,436	11,771,946	15,138,209
-	1,271,104	5,263,015	6,211,633
-	-	2,211,261	2,164,036
-	-	538,828	443,918
-	1,791,684	2,364,969	2,157,008
39,961	552,173	996,928	852,927
-	8,319	8,319	8,063
-	668,049	1,180,712	945,952
<u>1,190,543</u>	<u>10,496,197</u>	<u>63,323,671</u>	<u>64,684,622</u>
-	17,669	6,390,969	7,348,158
2,161,226	31	2,161,257	693,967
-	1,785,591	7,737,133	7,708,489
-	-	18,941,576	17,800,699
-	311,000	5,016,200	4,545,133
-	997	8,308,754	4,863,896
-	53,818	53,818	63,779
-	2,595,000	2,595,000	995,000
-	348,192	348,192	407,771
-	5,159	12,019,727	35,874,419
<u>2,161,226</u>	<u>5,117,457</u>	<u>63,572,626</u>	<u>80,301,311</u>
(970,683)	5,378,740	(248,955)	(15,616,689)
-	1,941,066	25,584,760	27,622,738
<u>(60,073)</u>	<u>(10,300,856)</u>	<u>(22,258,267)</u>	<u>(24,576,561)</u>
(60,073)	(8,359,790)	3,326,493	3,046,177
(1,030,756)	(2,981,050)	3,077,538	(12,570,512)
<u>2,873,631</u>	<u>24,945,130</u>	<u>70,061,170</u>	<u>82,631,682</u>
<u>\$ 1,842,875</u>	<u>\$ 21,964,080</u>	<u>\$ 73,138,708</u>	<u>\$ 70,061,170</u>

CITY OF PLYMOUTH, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,077,538

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

1.	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs 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.		
	Capital outlay	\$ 12,443,659	
	Assets contributed by internal service funds	146,985	
	Assets contributed to internal service funds	(447,964)	
	Assets of governmental activities reassigned to proprietary funds	(6,796,674)	
	Depreciation expense	<u>(11,113,762)</u>	(5,767,756)
2.	The net effect of various transactions involving capital assets (i.e. sales and dispositions) is to decrease net position.		(161,389)
3.	Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		(627,130)
4.	The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position.		
	Principal repayments		2,595,000
5.	Interest expense in the government-wide statement of activities differs from the amount reported in governmental funds because additional accrued interest was calculated for bonds payable, and additional expense was recognized on the amortization of bond discounts and premiums which are expended in the governmental fund statements.		
	Accrued interest payable	37,628	
	Amortization of bond premiums and discounts	<u>38,854</u>	76,482
6.	Capital assets contributed to the City by developers are not current financial resources, therefore are not reported in the governmental funds statements.		3,753,049
7.	Governmental funds report outlays of housing loans as expenditures while in the government-wide statement the disbursement increases notes receivable in the statement of net position and does not affect the statement of activities.		31,450
8.	Internal service funds are used to charge the cost certain activities, such as of insurance, fleet and building management, management information systems, employee benefits, and other items to individual funds. This amount represents the change in net position of the internal service funds, which are reported with governmental activities.		546,489
9.	The net effect of transactions involving the fire relief pension plan increased net position, but are not reported in the governmental funds.		<u>502,217</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES			<u><u>\$ 4,025,950</u></u>

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

**CITY OF PLYMOUTH, MINNESOTA
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)**

	2017		2016	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES:				
Property Taxes	\$ 26,691,753	\$ 26,543,658	\$ (148,095)	\$ 25,247,809
Special assessments	10,000	19,960	9,960	12,822
Licenses and permits	3,750,160	4,821,527	1,071,367	4,510,095
Intergovernmental	2,416,481	2,725,138	308,657	3,488,202
Charges for services	3,631,359	2,937,238	(694,121)	3,959,231
Fines and forfeitures	513,500	538,828	25,328	443,918
Contributions	81,600	93,736	12,136	102,651
Investment earnings	260,000	167,650	(92,350)	102,490
Other revenues	132,100	433,286	301,186	268,028
Total revenues	<u>37,486,953</u>	<u>38,281,021</u>	<u>794,068</u>	<u>38,135,246</u>
EXPENDITURES:				
Current:				
General government	6,345,067	6,349,847	(4,780)	7,328,302
Parks and recreation	6,003,607	5,852,580	151,027	5,843,433
Public safety	19,163,933	18,925,718	238,215	17,800,699
Public works	5,956,846	4,783,693	1,173,153	4,857,192
Capital outlay	10,000	16,100	(6,100)	92,968
Total expenditures	<u>37,479,453</u>	<u>35,927,938</u>	<u>1,551,515</u>	<u>35,922,594</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>7,500</u>	<u>2,353,083</u>	<u>2,345,583</u>	<u>2,212,652</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	205,000	299,907	94,907	328,560
Transfers out	(212,500)	(1,893,961)	(1,681,461)	(2,062,615)
Total other financing sources (uses)	<u>(7,500)</u>	<u>(1,594,054)</u>	<u>(1,586,554)</u>	<u>(1,734,055)</u>
NET CHANGE IN FUND BALANCE	-	759,029	759,029	478,597
FUND BALANCE AT BEGINNING OF YEAR	<u>15,076,781</u>	<u>15,076,781</u>	-	<u>14,598,184</u>
FUND BALANCE AT END OF YEAR	<u>\$ 15,076,781</u>	<u>\$ 15,835,810</u>	<u>\$ 759,029</u>	<u>\$ 15,076,781</u>

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

CITY OF PLYMOUTH, MINNESOTA
TRANSIT SYSTEM SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	2017			2016
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES:				
Intergovernmental	\$ 4,234,566	\$ 4,331,498	\$ 96,932	\$ 4,096,174
Charges for services	1,140,000	1,054,673	(85,327)	1,019,326
Investment earnings	35,000	107,010	72,010	56,808
Other revenues	-	3,388	3,388	5,240
Total revenues	<u>5,409,566</u>	<u>5,496,569</u>	<u>87,003</u>	<u>5,177,548</u>
EXPENDITURES:				
Current:				
Public service:				
Personal services	-	132,006	(132,006)	22,599
Materials and supplies	558,500	434,189	124,311	4,244
Contractual services	4,813,761	4,131,636	682,125	4,177,854
Other	575	1,593	(1,018)	20,435
Capital outlay	-	-	-	145,037
Total expenditures	<u>5,372,836</u>	<u>4,699,424</u>	<u>673,412</u>	<u>4,370,169</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>36,730</u>	<u>797,145</u>	<u>760,415</u>	<u>807,379</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	18,330
Transfers out	(36,730)	-	36,730	-
Total other financing sources (uses)	<u>(36,730)</u>	<u>-</u>	<u>36,730</u>	<u>18,330</u>
NET CHANGE IN FUND BALANCE	-	797,145	797,145	825,709
FUND BALANCE AT BEGINNING OF YEAR	<u>7,222,030</u>	<u>7,222,030</u>	<u>-</u>	<u>6,396,321</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,222,030</u>	<u>\$ 8,019,175</u>	<u>\$ 797,145</u>	<u>\$ 7,222,030</u>

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



PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs are to be recovered primarily through user charges.

Water Sewer Utility Fund - The Water Sewer Utility Fund provides municipal water and sanitary sewer service to the community. The Fund finances the operations, maintenance and construction of the water and sanitary sewer systems.

Ice Center Fund - The Ice Center Fund provides ice arena facility services to the community through hockey, figure skating and public skating programs.

Water Resources Fund - This fund is used to account for resources used to administer the City's surface water plan, erosion control, wetland regulations, and environmental programs including planning, projects, and maintenance.

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CITY OF PLYMOUTH, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)

	Business-type Activities - Enterprise Funds			
	Water Sewer Utility	Ice Center	Water Resources	Nonmajor Funds
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
Current assets:				
Cash and investments	\$ 20,371,102	\$ 763,707	\$ 3,476,493	\$ 2,451,317
Accounts receivable	2,776,396	156,543	584,783	351,762
Special assessments receivable	1,178,853	-	23,234	8,552
Accrued interest receivable	82,073	3,025	13,922	9,862
Due from other funds	8,278	-	2,900	-
Due from other governments	94,931	-	-	5,837
Inventory	34,568	7,919	-	-
Prepaid items	5,118	17,603	20,825	1,976
Total current assets	<u>24,551,319</u>	<u>948,797</u>	<u>4,122,157</u>	<u>2,829,306</u>
Noncurrent assets:				
Special assessments receivable	3,274,089	-	-	-
Capital assets:				
Land	2,074,063	1,158,324	-	47,551
Buildings	40,580,263	13,478,395	-	1,306,187
Improvements other than buildings	1,258,327	2,334,255	2,693,309	396,253
Machinery and equipment	13,758,714	1,226,371	238,491	161,990
Infrastructure	113,056,878	36,577	16,230,136	-
Construction in progress	6,554,925	-	1,440,488	-
Total capital assets	<u>177,283,170</u>	<u>18,233,922</u>	<u>20,602,424</u>	<u>1,911,981</u>
Less accumulated depreciation	<u>(73,479,144)</u>	<u>(7,842,742)</u>	<u>(2,460,268)</u>	<u>(1,122,796)</u>
Net capital assets	<u>103,804,026</u>	<u>10,391,180</u>	<u>18,142,156</u>	<u>789,185</u>
Total noncurrent assets	<u>107,078,115</u>	<u>10,391,180</u>	<u>18,142,156</u>	<u>789,185</u>
Total assets	<u>131,629,434</u>	<u>11,339,977</u>	<u>22,264,313</u>	<u>3,618,491</u>
Deferred outflows of resources:				
Pension plan deferments - PERA	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 131,629,434</u>	<u>\$ 11,339,977</u>	<u>\$ 22,264,313</u>	<u>\$ 3,618,491</u>

(Continued...)

				Governmental Activities - Internal Service Funds	
Totals		Totals			
2017	2016	2017	2016		
\$ 27,062,619	\$ 26,026,268	\$ 35,335,518	\$ 33,118,621		
3,869,484	3,589,699	-	5,723		
1,210,639	1,413,927	-	-		
108,882	113,820	142,011	145,181		
11,178	-	-	-		
100,768	96,947	23,080	10,739		
42,487	62,756	113,831	122,117		
45,522	514,893	354,335	615,858		
<u>32,451,579</u>	<u>31,818,310</u>	<u>35,968,775</u>	<u>34,018,239</u>		
3,274,089	3,878,175	-	-		
3,279,938	3,279,938	33,520	33,520		
55,364,845	55,370,511	813,526	716,092		
6,682,144	5,671,733	1,176,322	1,101,449		
15,385,566	15,114,342	23,587,726	21,889,579		
129,323,591	118,524,885	147,638	147,638		
7,995,413	6,686,640	34,183	97,150		
218,031,497	204,648,049	25,792,915	23,985,428		
<u>(84,904,950)</u>	<u>(80,266,422)</u>	<u>(13,399,879)</u>	<u>(12,265,463)</u>		
<u>133,126,547</u>	<u>124,381,627</u>	<u>12,393,036</u>	<u>11,719,965</u>		
<u>136,400,636</u>	<u>128,259,802</u>	<u>12,393,036</u>	<u>11,719,965</u>		
168,852,215	160,078,112	48,361,811	45,738,204		
-	-	17,781,683	27,455,435		
<u>\$ 168,852,215</u>	<u>\$ 160,078,112</u>	<u>\$ 66,143,494</u>	<u>\$ 73,193,639</u>		

**CITY OF PLYMOUTH, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 DECEMBER 31, 2017
 (with comparative totals for December 31, 2016)**

(Continued from previous page)

	Business-type Activities - Enterprise Funds			
	Water Sewer Utility	Ice Center	Water Resources	Nonmajor Funds
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Current liabilities:				
Accounts payable	\$ 275,673	\$ 58,603	\$ 78,452	\$ 89,406
Contracts payable	219,966	-	53,497	-
Accrued salaries and benefits payable	69,643	26,474	27,576	9,131
Compensated absences payable	-	-	-	-
Due to other funds	426	3,389	-	-
Due to other governments	299,910	1,602	-	574
Unearned revenue	257,754	73,347	-	221,063
Accrued interest payable	24,938	-	-	-
Advances from other funds	-	278,956	-	-
Revenue bonds payable	990,000	-	-	-
Total current liabilities	<u>2,138,310</u>	<u>442,371</u>	<u>159,525</u>	<u>320,174</u>
Noncurrent liabilities:				
OPEB (net)	-	-	-	-
Net pension liability	-	-	-	-
Compensated absences payable	-	-	-	-
Advances from other funds	-	882,042	-	-
Revenue bonds payable (net of unamortized premiums/discounts)	1,224,184	-	-	-
Total noncurrent liabilities	<u>1,224,184</u>	<u>882,042</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,362,494</u>	<u>1,324,413</u>	<u>159,525</u>	<u>320,174</u>
Deferred inflows of resources:				
Pension plan deferments - PERA	-	-	-	-
<u>NET POSITION</u>				
Net investment in capital assets	101,589,842	10,391,180	18,142,156	789,185
Restricted for:				
Utility trunk	18,041,434	-	-	-
Water resources	-	-	3,962,632	-
Unrestricted	8,635,664	(375,616)	-	2,509,132
Total net position	<u>128,266,940</u>	<u>10,015,564</u>	<u>22,104,788</u>	<u>3,298,317</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 131,629,434</u>	<u>\$ 11,339,977</u>	<u>\$ 22,264,313</u>	<u>\$ 3,618,491</u>

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

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

				Governmental Activities - Internal Service Funds			
Totals				Totals			
2017	2016			2017	2016		
\$ 502,134	\$ 542,643	\$ 850,445	\$ 866,790				
273,463	2,282,184	29,876	-				
132,824	133,048	49,658	48,783				
-	-	1,903,535	1,780,201				
3,815	-	1,673	-				
302,086	350,327	435	2,161				
552,164	353,669	-	-				
24,938	37,000	-	-				
278,956	272,717	-	-				
990,000	965,000	-	-				
<u>3,060,380</u>	<u>4,936,588</u>	<u>2,835,622</u>	<u>2,697,935</u>				
-	-	1,928,252	1,716,509				
-	-	22,655,871	44,392,455				
-	-	800,424	1,016,438				
882,042	1,160,998	-	-				
<u>1,224,184</u>	<u>2,245,128</u>	<u>-</u>	<u>-</u>				
<u>2,106,226</u>	<u>3,406,126</u>	<u>25,384,547</u>	<u>47,125,402</u>				
<u>5,166,606</u>	<u>8,342,714</u>	<u>28,220,169</u>	<u>49,823,337</u>				
-	-	19,120,780	5,187,186				
130,912,363	121,171,499	12,393,036	11,719,965				
18,041,434	16,692,604	-	-				
3,962,632	2,997,194	-	-				
10,769,180	10,874,101	6,409,509	6,463,151				
<u>163,685,609</u>	<u>151,735,398</u>	<u>18,802,545</u>	<u>18,183,116</u>				
<u>\$ 168,852,215</u>	<u>\$ 160,078,112</u>	<u>\$ 66,143,494</u>	<u>\$ 73,193,639</u>				
\$ 163,685,609	\$ 151,735,398						
(2,391,257)	(2,464,197)						
<u>\$ 161,294,352</u>	<u>\$ 149,271,201</u>						

CITY OF PLYMOUTH, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	Business-type Activities - Enterprise Funds			
	Water Sewer Utility	Ice Center	Water Resources	Nonmajor Funds
OPERATING REVENUES:				
Charges for services	\$ 16,951,596	\$ 1,517,297	\$ 3,219,239	\$ 1,047,625
Other fees	44,724	-	28,812	107,336
Total operating revenue	<u>16,996,320</u>	<u>1,517,297</u>	<u>3,248,051</u>	<u>1,154,961</u>
OPERATING EXPENSES:				
Personal services	1,851,245	602,928	729,123	242,291
Materials and supplies	717,677	109,985	75,345	13,094
Insurance claims	-	-	-	-
Contractual services	9,303,078	680,121	1,023,630	1,043,455
Depreciation	3,768,603	473,349	481,429	68,638
Total operating expenses	<u>15,640,603</u>	<u>1,866,383</u>	<u>2,309,527</u>	<u>1,367,478</u>
OPERATING INCOME (LOSS)	<u>1,355,717</u>	<u>(349,086)</u>	<u>938,524</u>	<u>(212,517)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	479,369	22,134	39,887	56,901
Intergovernmental	35,593	-	6,500	205,779
Gain (loss) on disposal of capital assets	(18,180)	750	(17,889)	-
Contributions	-	12,957	-	-
Contributions to governmental activities	-	-	-	-
Other	23,272	19,431	2,689	(2,497)
Interest expense	(31,319)	(21,506)	-	-
Total nonoperating revenues (expenses)	<u>488,735</u>	<u>33,766</u>	<u>31,187</u>	<u>260,183</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,844,452	(315,320)	969,711	47,666
CAPITAL CONTRIBUTIONS	7,990,178	1,141,387	3,929,636	-
TRANSFERS IN	-	30,699	-	-
TRANSFERS OUT	<u>(2,682,598)</u>	<u>(112,475)</u>	<u>(112,453)</u>	<u>(780,672)</u>
CHANGES IN NET POSITION	7,152,032	744,291	4,786,894	(733,006)
NET POSITION AT BEGINNING OF YEAR	<u>121,114,908</u>	<u>9,271,273</u>	<u>17,317,894</u>	<u>4,031,323</u>
NET POSITION AT END OF YEAR	<u>\$ 128,266,940</u>	<u>\$ 10,015,564</u>	<u>\$ 22,104,788</u>	<u>\$ 3,298,317</u>

Change in net position - Enterprise funds

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Change in net position of business-type activities

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

				Governmental Activities - Internal Service Funds			
Totals				Totals			
2017	2016			2017	2016		
\$ 22,735,757	\$ 20,753,842	\$		\$ 11,950,624	\$ 12,043,890		
180,872	87,686			120,809	283,686		
<u>22,916,629</u>	<u>20,841,528</u>			<u>12,071,433</u>	<u>12,327,576</u>		
3,425,587	3,502,110			7,083,816	9,955,423		
916,101	1,207,316			1,430,818	985,391		
-	-			653,097	340,514		
12,050,284	13,218,397			2,006,469	2,698,261		
4,792,019	4,714,241			1,746,223	1,570,354		
<u>21,183,991</u>	<u>22,642,064</u>			<u>12,920,423</u>	<u>15,549,943</u>		
<u>1,732,638</u>	<u>(1,800,536)</u>			<u>(848,990)</u>	<u>(3,222,367)</u>		
598,291	616,117			520,342	318,392		
247,872	527,702			46,424	7,661		
(35,319)	-			111,262	38,568		
12,957	88,301			142,085	125,956		
-	-			(146,985)	-		
42,895	97,647			16,321	47,392		
(52,825)	(85,699)			-	-		
<u>813,871</u>	<u>1,244,068</u>			<u>689,449</u>	<u>537,969</u>		
2,546,509	(556,468)			(159,541)	(2,684,398)		
13,061,201	9,563,232			447,964	1,059,168		
30,699	94,084			510,565	422,841		
<u>(3,688,198)</u>	<u>(2,922,823)</u>			<u>(179,559)</u>	<u>(640,279)</u>		
11,950,211	6,178,025			619,429	(1,842,668)		
<u>151,735,398</u>	<u>145,557,373</u>			<u>18,183,116</u>	<u>20,025,784</u>		
<u>\$ 163,685,609</u>	<u>\$ 151,735,398</u>	<u>\$</u>		<u>\$ 18,802,545</u>	<u>\$ 18,183,116</u>		
\$ 11,950,211	\$ 6,178,025						
72,940	(68,794)						
<u>\$ 12,023,151</u>	<u>\$ 6,109,231</u>						

**CITY OF PLYMOUTH, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2017
 (with comparative totals for year ended December 31, 2016)**

	Business-type Activities - Enterprise Funds			
	Water Sewer Utility	Ice Center	Water Resources	Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers or users	\$ 17,002,279	\$ 1,525,096	\$ 3,197,550	\$ 1,079,768
Payments to suppliers	(9,603,546)	(781,423)	(1,126,508)	(1,050,205)
Payments to employees	(1,852,988)	(601,060)	(729,129)	(242,634)
Other operating revenue (expense)	23,272	19,431	2,689	(2,497)
Net cash flows from operating activities	<u>5,569,017</u>	<u>162,044</u>	<u>1,344,602</u>	<u>(215,568)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenues	35,593	-	6,500	205,779
Contributions	-	12,957	-	-
Transfers in from other funds	-	30,699	-	-
Transfers out to other funds	(2,682,598)	(112,475)	(112,453)	(780,672)
Net cash flows from noncapital financing activities	<u>(2,647,005)</u>	<u>(68,819)</u>	<u>(105,953)</u>	<u>(574,893)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(3,572,868)	(18,484)	(561,572)	(12,937)
Contributions	-	-	-	-
Special assessments for future construction	2,468,356	-	-	-
Proceeds from sale of capital assets	-	750	-	-
Principal paid on capital debt	(965,000)	-	-	-
Payment on advances from other funds	-	(272,717)	-	-
Interest paid on capital debt	(74,325)	(21,506)	-	-
Net cash flows from capital and related financing activities	<u>(2,143,837)</u>	<u>(311,957)</u>	<u>(561,572)</u>	<u>(12,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	<u>480,425</u>	<u>23,332</u>	<u>38,224</u>	<u>61,248</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,258,600	(195,400)	715,301	(742,150)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>19,112,502</u>	<u>959,107</u>	<u>2,761,192</u>	<u>3,193,467</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 20,371,102</u></u>	<u><u>\$ 763,707</u></u>	<u><u>\$ 3,476,493</u></u>	<u><u>\$ 2,451,317</u></u>

(Continued...)

				Governmental Activities - Internal Service Funds			
Totals				Totals			
2017	2016			2017	2016		
\$ 22,804,693	\$ 20,660,092	\$		12,064,815	\$	12,316,990	
(12,561,682)	(14,585,865)			(3,836,974)		(3,725,983)	
(3,425,811)	(3,485,651)			(5,093,116)		(4,793,089)	
42,895	97,647			16,321		47,392	
<u>6,860,095</u>	<u>2,686,223</u>			<u>3,151,046</u>		<u>3,845,310</u>	
247,872	527,702			46,424		7,661	
12,957	88,301			142,085		125,956	
30,699	94,084			510,565		422,841	
<u>(3,688,198)</u>	<u>(2,922,823)</u>			<u>(179,559)</u>		<u>(640,279)</u>	
<u>(3,396,670)</u>	<u>(2,212,736)</u>			<u>519,515</u>		<u>(83,821)</u>	
(4,165,861)	(6,035,817)			(2,179,257)		(2,193,182)	
-	-			-		72,051	
2,468,356	2,897,919			-		-	
750	-			202,081		126,524	
(965,000)	(935,000)			-		-	
(272,717)	(266,632)			-		-	
(95,831)	(128,331)			-		-	
<u>(3,030,303)</u>	<u>(4,467,861)</u>			<u>(1,977,176)</u>		<u>(1,994,607)</u>	
<u>603,229</u>	<u>602,448</u>			<u>523,512</u>		<u>278,745</u>	
1,036,351	(3,391,926)			2,216,897		2,045,627	
<u>26,026,268</u>	<u>29,418,194</u>			<u>33,118,621</u>		<u>31,072,994</u>	
<u>\$ 27,062,619</u>	<u>\$ 26,026,268</u>	<u>\$</u>		<u>35,335,518</u>	<u>\$</u>	<u>33,118,621</u>	

**CITY OF PLYMOUTH, MINNESOTA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED DECEMBER 31, 2017
 (with comparative totals for year ended December 31, 2016)**

(Continued from previous page)

	Business-type Activities - Enterprise Funds			
	<u>Water Sewer Utility</u>	<u>Ice Center</u>	<u>Water Resources</u>	<u>Nonmajor Funds</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,355,717	\$ (349,086)	\$ 938,524	\$ (212,517)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	3,768,603	473,349	481,429	68,638
Other revenue (expense)	23,272	19,431	2,689	(2,497)
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	(193,083)	15,369	(46,205)	(55,866)
Special assessments receivable	(13,029)	-	(1,396)	(1,222)
Due from other funds	(8,278)	-	(2,900)	-
Due from other governments	(3,821)	-	-	-
Inventory	20,716	(446)	-	-
Prepaid expenses	470,562	(122)	(1,002)	(70)
Deferred outflows for pension plan deferments	-	-	-	-
Accounts payable	(59,276)	4,577	7,399	6,791
Due to other funds	426	3,389	-	-
Due to other governments	(15,219)	1,285	(33,930)	(377)
Accrued salaries payable	(1,743)	1,868	(6)	(343)
OPEB	-	-	-	-
Pension liability	-	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue	224,170	(7,570)	-	(18,105)
Deferred inflows for pension plan deferments	-	-	-	-
Total adjustments	<u>4,213,300</u>	<u>511,130</u>	<u>406,078</u>	<u>(3,051)</u>
Net cash flows from operating activities	<u>\$ 5,569,017</u>	<u>\$ 162,044</u>	<u>\$ 1,344,602</u>	<u>\$ (215,568)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets from City funds	2,923,585	1,141,387	2,731,702	-
Contribution of capital asset from others	3,421,258	-	1,197,934	-
Trade-in values on capital asset purchases	-	-	-	-
Transfer of capital assets to other City funds	-	-	-	-
Increase (decrease) in capital assets from accounts and contracts payable	(1,838,287)	-	(170,434)	-

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

				Governmental Activities - Internal Service Funds	
Totals		Totals			
2017	2016	2017	2016		
\$ 1,732,638	\$ (1,800,536)	\$ (848,990)	\$ (3,222,367)		
4,792,019	4,714,241	1,746,223	1,570,354		
42,895	97,647	16,321	47,392		
(279,785)	(441,663)	5,723	(3,763)		
(15,647)	11,659	-	-		
(11,178)	-	-	-		
(3,821)	57,035	(12,341)	(3,928)		
20,270	(12,739)	8,286	16,050		
469,368	(67,147)	261,522	(56,004)		
-	-	9,673,752	(24,104,885)		
(40,509)	53,933	(16,345)	336,130		
3,815	-	1,673	-		
(48,241)	(134,199)	(1,726)	2,007		
(224)	16,459	875	(64,276)		
-	-	211,743	205,863		
-	-	(21,736,584)	26,477,019		
-	-	(92,680)	227,143		
198,495	191,533	-	(2,895)		
-	-	13,933,594	2,421,470		
<u>5,127,457</u>	<u>4,486,759</u>	<u>4,000,036</u>	<u>7,067,677</u>		
<u>\$ 6,860,095</u>	<u>\$ 2,686,223</u>	<u>\$ 3,151,046</u>	<u>\$ 3,845,310</u>		

6,796,674	1,868,305	447,964	987,117
4,619,192	5,374,070	-	-
-	-	66,882	23,944
-	-	(146,985)	-
(2,008,721)	1,701,337	29,876	-

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NOTES TO FINANCIAL STATEMENTS

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. FINANCIAL REPORTING ENTITY

The City of Plymouth, Minnesota (the City) was formed and operates pursuant to applicable Minnesota laws and statutes. On January 1, 1993, the City adopted a home rule charter and operates under a council-manager form of government. The council is composed of a mayor, four ward council members, and two at-large council members.

As required by accounting principles generally accepted in the United States of America (generally accepted accounting principles), these financial statements present the City of Plymouth (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Units

The City created the Economic Development Authority (EDA) in 2016. The EDA did not have financial activity during the year.

Discretely Presented Component Units

The component unit columns in the government-wide statements include the financial data of the City's discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City.

The Housing and Redevelopment Authority (HRA) of Plymouth is a separate legal entity governed by a board, which is appointed by the City Council. The Council reviews and approves the HRA tax levies and budgets, and the City provides major community development financing for HRA activities. Debt issued for HRA activities are City general obligation debt issues. The HRA is established to provide housing and redevelopment assistance to the City's citizens and to carry out certain housing and redevelopment projects and programs using City employees, which enables the City to meet federal and state housing requirements. The HRA provides assistance through general taxes and administers the City's Community Development Block Grant program.

The HRA operates the Section 8 rental subsidy program as a direct recipient from the Department of Housing and Urban Development. The HRA operates Plymouth Towne Square, a 99-unit senior independent living community for moderate and low-income Plymouth citizens. In addition, the HRA operates Vicksburg Crossing, a 96-unit senior independent community of which a portion of the units are available for moderate and low-income Plymouth citizens, and the remainder are market rate. Rental subsidies are made to tenants by a portion of the HRA property tax levy.

As the City appoints the HRA commission and has the ability to hire or dismiss those persons responsible for its day-to-day operations, the HRA is considered a component unit of the City.

The HRA does not publish separate financial statements. The financial statements are included in this report.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. *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. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The government-wide Statement of Activities reflect the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, 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 separated columns in the fund financial statements. Each financial presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements' governmental column, a reconciliation is presented that briefly explains the adjustments necessary to reconcile ending net position and the change in net position.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Major Governmental Funds – The City reports the following major governmental funds:

- *General Fund* – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. This fund records revenues such as property tax revenues, licenses and permits, fines and penalties, intergovernmental revenues, and investment earnings. Most of the current day-to-day operations of the governmental units are financed from this fund.
- *Special Revenue Fund*
 - *Transit System Fund* – Revenues from the Minnesota Vehicle Excise Tax and fares, and expenditures for the Plymouth Metrolink system are accounted for in this fund.
- *Capital Project Funds*
 - *General Capital Projects Fund* – Used to account for construction costs related to the City’s buildings and park improvements.
 - *Improvement Projects Fund* – Used to account for expenditures incurred in the construction of certain public improvements such as residential streets, sidewalks, and storm sewers.
 - *Street Replacement Fund* – Used to account for accumulation of resources for major infrastructure repair and replacement. The major source of revenue is property taxes.
 - *Tax Increment Projects Fund* – Used to account for expenditures incurred in the construction of public collector and distributor roadway improvements, drainage improvement, and other public development costs in the City.

Major Proprietary Funds – The City reports the following major proprietary funds:

- *Water Sewer Utility Fund* – Used to account for providing water and sewer services to the City’s residents.
- *Ice Center Fund* – Used to account for the operations of the City’s ice center.
- *Water Resources Fund* – Used to account for administering the City’s surface water plan, erosion control, wetland regulations and environmental programs.

Other Funds – The City reports the following other funds:

- *Internal Service Funds* - Used to account for central equipment, public facilities, information technology, risk management, employee benefits, and resource planning services provided to other departments of the City on a cost-reimbursement basis.

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

Governmental Funds:

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

- *Basis of Accounting* - Governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- *Revenues* - Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes, including delinquent taxes received within 60 days after year-end to be available. Licenses and permits, fines and forfeitures, intergovernmental revenues, charges for services, and investment earnings are considered to be available if they are collected within 60 days. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.
- *Unavailable Revenues* - unavailable revenues arise when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when all revenue recognition criteria are met, the liability for unavailable revenue is removed and revenue is recognized.
- *Expenditures* - Expenditures generally are recorded when a liability is incurred, defined as accrual accounting. However, debt service expenditures, as well as other long-term liabilities, are recorded only when payment is due.

Proprietary Funds:

- *Measurement Focus* - Proprietary funds are accounted for on a flow of economic resources measurement focus. This means that all assets, including capital assets, and all liabilities, including long-term liabilities and deferred outflows/inflows, associated with fund activity are included on the balance sheets. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.
- *Basis of Accounting* - Proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded at the time liabilities are incurred. Unbilled utility service receivables are recorded at year-end.
- *Operating versus Non-operating Items* - Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the City’s enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments of other charges between the City’s water sewer utility function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported from the various functions concerned.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. ASSETS, LIABILITIES, DEFERRED INFLOWS/OUTFLOWS OF RESOURCES, AND NET POSITION, OR EQUITY

1. Cash and Investments

Deposits and Investments

The cash balances of the City and its component unit funds are pooled and invested for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at year end, based on market prices. The City has the ability and intent to hold its investments to maturity. The individual funds' portions of the pool's fair value are presented as "Cash and investments". Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quotes prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 3 for the City's recurring fair value measurements as of year-end.

Cash and Cash Equivalents

The City considers cash and cash equivalents in proprietary funds to be cash on hand and demand deposits. In addition, because the pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Receivables and Payables

During the course of operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet and are short-term in nature. Advances to other funds and advances from other funds are considered long-term receivables/payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District, and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority. The County spreads all levies over taxable property.

Within the governmental fund financial statements, property taxes are accrued and recognized as revenue, excluding delinquent taxes received over 60 days after year-end. Taxes that remain unpaid are classified as delinquent taxes receivable and are fully offset by unavailable revenue, because they are not known to be available to finance current expenditures. An allowance for abated taxes has been recorded as a reduction in property tax revenue and unavailable revenue. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements. Real property taxes may be paid by taxpayers in two equal installments, on May 15 and October 15. Personal property taxes may be paid on May 15. The county provides tax settlements to cities and other taxing districts four times a year, in June, July, December, and January of the following year.

Special Assessments are levied against benefited properties for the cost, or a portion of the cost, of special assessment improvement projects in accordance with Minnesota Statutes. These assessments are collectible by the City over a term of years. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to prepay future installments without interest or prepayment penalties.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Within the governmental fund financial statements, special assessment principal installments are recognized as revenue when they become measurable and available. Special assessment interest revenues are recognized when due, net of delinquencies. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements.

Trade receivables include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables account for the majority of these receivables. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

The City and the HRA, in efforts to further develop the community, lend funds to certain developers for specific projects and to homeowners for first-time home buyer purchases as notes receivable. The disbursement under the notes are recorded as current expenditures. The note receivable is also recorded with a corresponding unavailable revenue amount. As the notes are repaid, the repayments are recorded as current revenue, and the notes receivable and unavailable revenue amounts are reduced accordingly. Unavailable revenue in governmental activities is susceptible to full accrual on the government-wide statements.

As part of the rehabilitation program, interest-free loans are given to low and moderate-income households to maintain, repair, and improve their homes. The loan disbursements are recorded as current expenditures. Payments are deferred and loans are forgiven after 20 years if the homeowner continues to own and occupy the home. The HRA does not recognize notes receivable and corresponding unavailable revenue on these loans. If the property is sold within 20 years, the loan is required to be repaid and is recorded as current revenue.

Receivables not expected to be collected within one year are notes receivable of \$2,091,610, interest on notes receivable of \$147,372 and special assessments receivable of \$3,314,939.

3. *Inventories and Prepaid Items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventory is recorded as an expenditure when consumed (i.e., consumption method) in the Governmental Fund types.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than purchased.

4. *Capital Assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

Land and construction in progress are not depreciated. Property, plant, and equipment of the primary government, as well as the component unit, is depreciated using the straight line method over the following estimated useful lives:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

<u>Assets</u>	<u>Years</u>
Buildings	5 - 50
Improvements other than buildings	10 - 25
Machinery and equipment	2 - 20
Infrastructure	15 - 100

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

5. *Compensated Absences*

Employees accrue *vacation/annual leave* at increments based on years of service. Such pay is reflected as a liability in the employee benefit fund as well as the government-wide statement of net position. The related expenditures/expenses are reflected on the fund statements based on each employees’ distribution. The City compensates all employees upon termination for unused leave up to a maximum of 480 hours.

Employees accrue *extended illness leave* up to a maximum lifetime accrual of 600 hours. They are entitled to draw upon their banks for approved leave extending beyond three weeks in duration. This type of leave is expended/expensed as it is paid from all funds. Employees are not compensated upon termination for remaining balances.

6. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the 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 are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources and 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 expenditures.

7. *Interfund Activity*

Interfund 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.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

8. *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 element, deferred outflows of resources, represents a consumption of net position that applied to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in the category, deferred outflows of resources related to pensions, reported in the government-wide and proprietary funds statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, changes in proportion, and difference between projected and actual earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category.

The first item, unavailable revenue, arises only under a modified accrual basis of accounting and therefore is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grants, and other miscellaneous receivables not received within 60 days. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The second item, deferred inflows of resources related to pensions, is reported in the government-wide and proprietary funds statement of net position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, changes in proportion, and difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

9. *Fund Balance Classifications*

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of amounts that can be used only for specific purposes determined by a formal action of the government's high level of decision-making authority. The Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Council Resolution, the City Manager, Administrative Services Director, or Finance Manager are authorized to establish assignments of fund balance.
- **Unassigned** – The residual classification for the General Fund which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10. Pension Plans

For purposes of measuring the net pension liability/asset, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the applicable pension and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the plan except that the Public Employees Retirement Association's (PERA) 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.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund into the PERA on January 1, 2015.

11. Use of Estimates

The preparation of financial statements, in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

12. Comparative Data/Reclassifications

Comparative total information for the prior year has been presented only for the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

13. Net Position

Net position represent the difference between assets plus deferred outflows of resources and deferred inflows of resources plus liabilities. Net position is displayed in three components:

- a. Net investment 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.
- b. Restricted net position – Net position whose use is limited by external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- c. Unrestricted net position – All other net position that does not meet the definition of “net investment in capital assets” or “restricted”.

Note 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and certain Special Revenue Funds.

Budgeted amounts are as originally adopted, or as amended by the City Council. All budgetary amendments and transfers require approval of the City Council. Budgeted expenditure appropriations lapse at year-end.

Encumbrance accounting is employed in Governmental Funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as assignments of fund balances and do not constitute expenditures or liabilities because the resources will be reappropriated and honored during the subsequent year.

Legal Compliance – Budgets

The City follows the procedures below in establishing the budgetary data reflected in the enclosed financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. The City Council may authorize transfers of budgeted amounts between city funds.
5. The City legally adopts budgets and formal budgetary integration is employed as a management control device during the year for the General Fund and certain Special Revenue Funds (Recreation Fund, Community Development Block Grant Fund, and Transit System Fund).

Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions, or for Capital Projects Funds because budgetary control is alternatively achieved through the use of project controls.

6. The legal level of budgetary control is at the fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., salaries, wages, and benefits; material, supplies, and services; capital outlay) within each activity. This means that General Fund and certain Special Revenue Fund individual line items may overspend budgeted amounts without council approval as long as the actual fund expenditures do not exceed the total fund budget.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the Community Development Block Grant Special Revenue Fund by \$8,641 which were finance with available fund balance.

C. DEFICIT FUND EQUITY

The following funds had a deficit fund equity as of December 31, 2017. The Employee Benefits fund deficit will remain until which time the net pension liability is fully funded. Vicksburg Crossing's deficit will be eliminated over time as the occupancy rate increases and debt service obligations and depreciation decrease.

<u>Fund</u>	<u>Fund Equity</u>
Employee Benefits	(23,431,060)
Component Unit - Vicksburg Crossing	(1,189,551)

Note 3: CASH AND INVESTMENTS

A. COMPONENTS OF CASH AND INVESTMENTS

Cash and investments at year-end consist of the following:

	Primary <u>Government</u>	Component <u>Unit</u>	<u>Total</u>
Deposits	\$ 67,213	\$ 778,031	\$ 845,244
Investments	140,973,446	4,322,386	145,295,832
Cash on hand	9,510	-	9,510
Total	<u>\$ 141,050,169</u>	<u>\$ 5,100,417</u>	<u>\$ 146,150,586</u>

B. DEPOSITS

In accordance with applicable Minnesota Statutes, the City and its component unit maintain deposits at depository banks authorized by the City Council, including checking and savings accounts.

The following is considered the most significant risk associated with deposits:

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the deposits may be lost.

Minnesota Statutes require that all city deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The City has no additional deposit policies addressing custodial credit risk for deposits.

At year-end, the carrying amount of the City’s deposits was \$67,213 while the balance on the bank records was \$72,456. The carrying amount of the component unit’s deposits was \$778,031 while the balance on the bank records was \$795,110. At December 31, 2017, all deposits were fully covered by federal depository insurance or by collateral held by the City’s agent in the City’s name.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 3: CASH AND INVESTMENTS - CONTINUED

C. INVESTMENTS

The City is authorized by Minnesota Statute Chapter 118A, and the City's investment policy, to invest in the following:

1. Bonds, notes, bills, mortgages (excluding high-risk mortgage-backed securities), and other securities, which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by Congress.
2. State and local securities that consist of the following:
 - any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating agency;
 - any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating agency; or
3. Commercial paper, with a maturity of 270 days or less, issued by United States corporations or their Canadian subsidiaries that is rated highest tier by at least two nationally recognized rating agencies, and is not rated less than highest tier by any nationally recognized rating agency.
4. Repurchase agreements with qualified institutions backed by collateral consisting of the foregoing.
5. Securities lending agreements with qualified financial institutions.
6. Banker's acceptances of United States banks that are eligible for purchase by the Federal Reserve System.
7. Money market mutual funds meeting the conditions of the Securities and Exchange Commission and is rated in one of the two highest rating categories for money market funds by at least one nationally recognized rating organization.

The City and its component unit have the following cash and investment balances at year end:

Investment Type	Fair Value Measurement	Interest Risk - Maturity in Years			Total
		Less than 1	1 to 5	6 to 10	
US Government Securities:					
US Small Business Administration	Level 1	\$ -	\$ 886,726	\$ 671,412	\$ 1,558,138
GNMA Pass Through Pool	Level 1	-	-	1,501,833	1,501,833
US Agency Securities:					
Federal Agriculture					
Mortgage Corporation	Level 2	-	3,919,690	-	3,919,690
Federal Farm Credit Bank	Level 2	-	7,849,260	1,943,610	9,792,870
Federal Home Loan Bank	Level 2	1,995,640	7,318,447	9,878,670	19,192,757
Federal Home Loan					
Mortgage Corporation	Level 2	3,994,980	4,478,420	2,908,790	11,382,190
Federal National					
Mortgage Association	Level 2	5,972,370	6,409,615	-	12,381,985
FNMA Pass Through Pool	Level 2	-	628,912	1,264,305	1,893,217
Private Export					
Funding Corporation	Level 2	-	2,057,440	-	2,057,440
Municipal Bonds	Level 2	3,987,050	21,918,584	15,679,897	41,585,531
Negotiable Certificate of Deposit	Level 2	-	2,216,482	-	2,216,482
Banker's Acceptance	Level 2	4,989,048	-	-	4,989,048
Commercial Paper	Level 2	32,824,651	-	-	32,824,651
Total investments		<u>\$ 53,763,739</u>	<u>\$ 57,683,576</u>	<u>\$ 33,848,517</u>	145,295,832
Deposits					845,244
Change funds					9,510
Cash and investments					<u>\$ 146,150,586</u>

Note 3: CASH AND INVESTMENTS – CONTINUED

The investments are potentially subject to various risks; the following of which are considered the most significant:

Custodial credit risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy addresses this risk by requiring that securities be held by a third-party custodian. The City does not have a custodial credit risk because all investments are held in the City's name.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk is addressed by confining investments to those securities specifically authorized by state statutes and the City's investment policy. It is the City's policy to limit its investments in the authorized investment types to those rated in the top rating tiers issued by nationally recognized statistical rating organizations. As of December 31, 2017, the City's investments in US agency securities were rated AA+ or better by Standard & Poor's and/or Aaa or better by Moody's Investors Service, municipal bonds were rated AA- or higher by Standard & Poor's and/or Aa1 or higher by Moody's Investor Service, bankers' acceptance was rated A-1+ by Standard & Poor's and P1 by Moody's Investor Service and the City's commercial paper investments were rated A-1+ by Standard & Poor's and P1 by Moody's Investors Service. Non-negotiable CD's and US government securities held by the City are not rated.

Concentration risk – This is the risk associated with investing a significant portion of the City's investments (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as Treasuries), investment pools, and mutual funds. It is the City's policy to limit its investment in commercial paper to no more than 20% of the total portfolio. The City's holdings at year end were 22.6%. At year end, the City's investments in four U.S. Agency issuers did exceed 5% of the total portfolio. These issuers were the Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association. These issuers have an implicit guarantee from the federal government but are not backed by the full faith and credit of the federal government. The City also had holdings in US Bank commercial paper in excess of 5%.

Interest rate risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City does have an investment policy which requires diversification in terms of maturity and limits the maximum maturity of an investment to 15 years. At year end, the City had 37.00% of investments with a maturity date within one year, 39.70% with a maturity date between one and five years, 23.30% with a maturity date between six and ten years, and no investments with a maturity date between eleven and fifteen years.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 4: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

<u>Primary government:</u>	<u>Beginning</u>		<u>Reclassifications</u>		<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>& Adjustments</u>	<u>Disposals</u>	<u>Balance</u>
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 42,511,385	\$ 739,242	\$ 1,458,725	\$ (159,500)	\$ 44,549,852
Construction in progress	44,862,686	12,400,167	(38,863,840)	-	18,399,013
Total capital assets, not being depreciated	<u>87,374,071</u>	<u>13,139,409</u>	<u>(37,405,115)</u>	<u>(159,500)</u>	<u>62,948,865</u>
Capital assets, being depreciated					
Buildings	40,743,712	70,720	38,914	-	40,853,346
Improvements other than buildings	26,773,813	111,207	985,188	(77,105)	27,793,103
Machinery and equipment	36,683,550	2,070,696	1,978,352	(809,897)	39,922,701
Infrastructure	283,350,942	3,013,808	27,605,987	-	313,970,737
Total capital assets, being depreciated	<u>387,552,017</u>	<u>5,266,431</u>	<u>30,608,441</u>	<u>(887,002)</u>	<u>422,539,887</u>
(Less) Accumulated depreciation for:					
Buildings	(17,760,145)	(1,011,748)	-	-	(18,771,893)
Improvements other than buildings	(13,620,182)	(1,028,136)	-	75,217	(14,573,101)
Machinery and equipment	(20,770,085)	(2,293,039)	-	719,079	(22,344,045)
Infrastructure	(185,966,830)	(8,527,062)	-	-	(194,493,892)
Total accumulated depreciation	<u>(238,117,242)</u>	<u>(12,859,985)</u>	<u>-</u>	<u>794,296</u>	<u>(250,182,931)</u>
Total capital assets, being depreciated, net	<u>149,434,775</u>	<u>(7,593,554)</u>	<u>30,608,441</u>	<u>(92,706)</u>	<u>172,356,956</u>
Governmental activities capital assets, net	<u>\$ 236,808,846</u>	<u>\$ 5,545,855</u>	<u>\$ (6,796,674)</u>	<u>\$ (252,206)</u>	<u>\$ 235,305,821</u>
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 3,279,938	\$ -	\$ -	\$ -	\$ 3,279,938
Construction in progress	6,686,640	2,125,719	(816,946)	-	7,995,413
Total capital assets, not being depreciated	<u>9,966,578</u>	<u>2,125,719</u>	<u>(816,946)</u>	<u>-</u>	<u>11,275,351</u>
Capital assets, being depreciated					
Buildings	55,370,511	-	112,424	(118,090)	55,364,845
Improvements other than buildings	5,671,733	12,937	1,023,653	(26,179)	6,682,144
Machinery and equipment	15,114,342	18,484	298,029	(45,289)	15,385,566
Infrastructure	118,524,885	4,619,192	6,179,514	-	129,323,591
Total capital assets, being depreciated	<u>194,681,471</u>	<u>4,650,613</u>	<u>7,613,620</u>	<u>(189,558)</u>	<u>206,756,146</u>
(Less) Accumulated depreciation for:					
Buildings	(26,068,656)	(1,481,452)	-	118,090	(27,432,018)
Improvements other than buildings	(2,196,370)	(195,720)	-	8,290	(2,383,800)
Machinery and equipment	(12,125,489)	(435,416)	-	27,111	(12,533,794)
Infrastructure	(39,875,907)	(2,679,431)	-	-	(42,555,338)
Total accumulated depreciation	<u>(80,266,422)</u>	<u>(4,792,019)</u>	<u>-</u>	<u>153,491</u>	<u>(84,904,950)</u>
Total capital assets, being depreciated, net	<u>114,415,049</u>	<u>(41,406)</u>	<u>7,613,620</u>	<u>(36,067)</u>	<u>121,851,196</u>
Business-type activities capital assets, net	<u>\$ 124,381,627</u>	<u>\$ 1,984,313</u>	<u>\$ 6,796,674</u>	<u>\$ (36,067)</u>	<u>\$ 133,126,547</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 4: CAPITAL ASSETS – CONTINUED

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Component unit:</u>				
Governmental activities:				
Capital assets, being depreciated				
Buildings	\$ 175,169	\$ -	\$ -	\$ 175,169
(Less) Accumulated depreciation for:				
Buildings	(36,007)	(5,839)	-	(41,846)
Governmental activities capital assets, net	<u>\$ 139,162</u>	<u>\$ (5,839)</u>	<u>\$ -</u>	<u>\$ 133,323</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 1,333,840	\$ -	\$ -	\$ 1,333,840
Construction in progress	29,199	728,290	-	757,489
Total capital assets, not being depreciated	<u>1,363,039</u>	<u>728,290</u>	<u>-</u>	<u>2,091,329</u>
Capital assets, being depreciated				
Buildings	15,079,339	-	-	15,079,339
Improvements other than buildings	421,213	-	-	421,213
Machinery and equipment	787,028	44,861	-	831,889
Total capital assets, being depreciated	<u>16,287,580</u>	<u>44,861</u>	<u>-</u>	<u>16,332,441</u>
(Less) Accumulated depreciation for:				
Buildings	(6,765,928)	(452,715)	-	(7,218,643)
Improvements other than buildings	(195,449)	(19,712)	-	(215,161)
Machinery and equipment	(615,496)	(16,171)	-	(631,667)
Total accumulated depreciation	<u>(7,576,873)</u>	<u>(488,598)</u>	<u>-</u>	<u>(8,065,471)</u>
Total capital assets, being depreciated, net	<u>8,710,707</u>	<u>(443,737)</u>	<u>-</u>	<u>8,266,970</u>
Business-type activities capital assets, net	<u>\$ 10,073,746</u>	<u>\$ 284,553</u>	<u>\$ -</u>	<u>\$ 10,358,299</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 4: CAPITAL ASSETS – CONTINUED

<u>Primary government:</u>	<u>Amount</u>
Depreciation expense was charged to governmental functions as follows:	
General Government	\$ 241,174
Parks and Recreation	1,537,368
Public Safety	451,503
Public Works	8,720,876
Public Service	162,841
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	1,746,223
Total depreciation expense - governmental activities	<u>\$ 12,859,985</u>
Depreciation expense was charged to business-type functions as follows:	
Water Sewer Utility	\$ 3,768,603
Ice Center	473,349
Water Resources	481,429
Solid Waste Management	4,893
Field House	63,745
Total depreciation expense - business-type activities	<u>\$ 4,792,019</u>
 <u>Component unit:</u>	
Depreciation expense was charged to governmental functions as follows:	
Public Service	<u>\$ 5,839</u>
Depreciation expense was charged to business-type functions as follows:	
Plymouth Towne Square	\$ 183,863
Vicksburg Crossing	304,735
Total depreciation expense - component unit activities	<u>\$ 488,598</u>

Construction commitments

The City has active construction projects at year end. The projects include street improvements, construction of City capital assets, water and sewer facilities, and park and recreation facilities. At year end the commitments are as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
<u>Primary Government</u>		
Park improvement	\$ 105,671	\$ -
Residential streets	819,556	-
Water resources management	-	74,849
Water and sewer utility	-	6,499
Total	<u>\$ 925,227</u>	<u>\$ 81,348</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 5: LONG-TERM DEBT

A. GENERAL OBLIGATION BONDS

Primary government

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.

Component unit

The HRA issues general obligation bonds to provide funds for the acquisition and construction of capital facilities.

B. GENERAL OBLIGATION WATER REVENUE BONDS

General Obligation Revenue Bonds

The City issues bonds that are general obligations of the City for which the City pledges its full faith and credit and power to levy taxes. In addition, the City pledges net revenues of its water utility.

C. OBLIGATIONS OUTSTANDING

Long-term obligations outstanding at December 31, 2017 are summarized as follows:

	<u>Interest Rates (%)</u>	<u>Payment Dates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Authorized and Issued</u>	<u>Amount Retired</u>	<u>Debt Outstanding</u>
<u>Primary government</u>							
Governmental activities:							
GENERAL OBLIGATION BONDS:							
Open Space Bonds - 2010A	2.00-3.25	2/01 8/01	8/24/10	2/1/26	\$ 2,990,000	\$ 1,025,000	\$ 1,965,000
GO Refunding Bonds - 2012A	2.00-3.00	2/01 8/01	4/5/12	2/1/25	4,815,000	990,000	3,825,000
Open Space Bonds - 2015A	2.00-3.00	2/01 8/01	3/4/15	2/1/27	3,295,000	250,000	3,045,000
Total general obligation					<u>11,100,000</u>	<u>2,265,000</u>	<u>8,835,000</u>
GENERAL OBLIGATION BONDS - TAX INCREMENT:							
Tax Increment Refunding Bonds - 2009A	3.00-3.50	2/01 8/01	11/24/09	2/1/23	2,490,000	1,005,000	1,485,000
Total governmental activities					<u>13,590,000</u>	<u>3,270,000</u>	<u>10,320,000</u>
Business-type activities:							
GO Revenue Refunding Bonds - 2012A	2.00-3.00	2/01 8/01	4/5/12	2/1/19	4,955,000	2,960,000	1,995,000
Total primary government bonds payable					<u>\$ 18,545,000</u>	<u>\$ 6,230,000</u>	<u>\$ 12,315,000</u>
<u>Component unit</u>							
Business-type activities:							
Governmental Housing Project Refunding Bonds - 2011A	3.00-3.25	04/01 10/01	2/23/11	10/1/23	\$ 3,165,000	\$ 1,300,000	\$ 1,865,000
Governmental Housing Project Refunding Bonds - 2012A	2.00-3.25	02/01 08/01	4/5/12	2/1/35	9,890,000	570,000	9,320,000
Total component unit bonds payable					<u>\$ 13,055,000</u>	<u>\$ 1,870,000</u>	<u>\$ 11,185,000</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 5: LONG-TERM DEBT – CONTINUED

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

Year Ending December 31	Primary Government Governmental Activities		Primary Government Business-type Activities		Component Unit Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
	2018	\$ 1,000,000	\$ 282,581	\$ 990,000	\$ 45,000	\$ 710,000
2019	1,050,000	252,656	1,005,000	15,075	730,000	276,188
2020	1,085,000	221,394	-	-	745,000	258,588
2021	1,140,000	187,731	-	-	770,000	240,538
2022	1,180,000	151,594	-	-	785,000	221,838
2023-2027	4,865,000	280,853	-	-	2,790,000	857,975
2028-2032	-	-	-	-	2,780,000	504,275
2033-2035	-	-	-	-	1,875,000	91,950
	<u>\$ 10,320,000</u>	<u>\$ 1,376,809</u>	<u>\$ 1,995,000</u>	<u>\$ 60,075</u>	<u>\$ 11,185,000</u>	<u>\$ 2,744,688</u>

D. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts due within one year
Primary government:					
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 11,240,000	\$ -	\$ 2,405,000	\$ 8,835,000	\$ 800,000
General obligation bonds - tax increment	1,675,000	-	190,000	1,485,000	200,000
Deferred amounts:					
Issuance premiums (discounts)	355,758	-	38,854	316,904	-
Total bonds payable	13,270,758	-	2,633,854	10,636,904	1,000,000
OPEB liability	1,716,509	311,815	100,072	1,928,252	-
Net pension liability	44,392,455	5,861,630	27,598,214	22,655,871	-
Compensated absences	2,796,639	1,810,854	1,903,534	2,703,959	1,903,535
Governmental activity					
Long-term liabilities	62,176,361	7,984,299	32,235,674	37,924,986	2,903,535
Business-type activities:					
Bonds payable:					
General obligation bonds - refunding	2,960,000	-	965,000	1,995,000	990,000
Deferred amounts:					
Issuance premiums (discounts)	250,128	-	30,944	219,184	-
Business-type activity					
Long-term liabilities	3,210,128	-	995,944	2,214,184	990,000
Primary government					
Long-term liabilities	<u>\$ 65,386,489</u>	<u>\$ 7,984,299</u>	<u>\$ 33,231,618</u>	<u>\$ 40,139,170</u>	<u>\$ 3,893,535</u>
Component unit:					
Business-type activities:					
Bonds payable:					
General obligation bonds - refunding	\$ 11,875,000	\$ -	\$ 690,000	\$ 11,185,000	\$ 710,000
Deferred amounts:					
Issuance premiums (discounts)	20,231	-	5,079	15,152	-
Total bonds payable	11,895,231	-	695,079	11,200,152	710,000
Compensated absences	7,126	4,948	6,345	5,729	5,729
Component unit					
Long-term liabilities	<u>\$ 11,902,357</u>	<u>\$ 4,948</u>	<u>\$ 701,424</u>	<u>\$ 11,205,881</u>	<u>\$ 715,729</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 5: LONG-TERM DEBT – CONTINUED

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, compensated absences, OPEB and net pension liability, which are reported in the internal service funds, are included in the above amounts. Also, for the governmental activities, compensated absences, OPEB and net pension liability are generally liquidated by the general fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. If special assessments are not adequate to retire outstanding debt, the City’s full faith and credit are pledged for their redemption.

There are a number of financial limitations and restrictions contained in the various bond indentures. At December 31, 2017, the City is in compliance with all significant financial limitations and restrictions and has no federal arbitrage payable.

E. PLEDGED REVENUE

The following table reflects bonds in which revenue is pledged to meet the debt obligations required.

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
Water Refunding Bonds - 2012A	Bond originally issued for Water Treatment System	Utility Charges	100%	2012-2019	\$ 2,055,075	\$ 1,039,325	\$ 1,091,291
Tax Increment Refunding Bonds - 2009A	Site Improvements within Housing District	Tax Increment	100%	2010-until debt obligations are paid in full	\$ 1,652,562	\$ 245,063	\$ 186,660
Governmental Housing Refunding Bonds - 2011A	Governmental Housing Project	Rental Revenue	100%	2011-2023	\$ 2,071,176	\$ 345,188	\$ 161,410
Governmental Housing Refunding Bonds - 2012A	Senior Housing Project	Rental Revenue	100%	2015-2035	\$ 11,858,512	\$ 654,900	\$ 701,348

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of December 31, 2017, is as follows:

Due from other funds and due to other funds are short-term receivables/payables within the financial statements and are due to short-term cash deficits and utility charges.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ 13,738
Water Sewer Utility	General	4,578
Water Sewer Utility	Transit System	158
Water Sewer Utility	Ice Center	2,456
Water Sewer Utility	Internal Service Funds	1,086
Water Resources	General	954
Water Resources	Water Sewer Utility	426
Water Resources	Ice Center	933
Water Resources	Internal Service Funds	587
		<u>\$ 24,916</u>

Advances to other funds and advances from other funds represent interfund borrowing to provide interim financing for construction projects or other purposes. Such loans bear interest at the rate of 1.5% to 4.0%.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Capital Projects	Nonmajor Governmental	\$ 601,870
Nonmajor Governmental	Nonmajor Governmental	681,149
Nonmajor Governmental	Ice Center	1,160,998
		<u>\$ 2,444,017</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 6: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS – CONTINUED

The purpose of transfers are to provide funding for capital improvement projects and capital outlay, provide funding for operating purposes, return unused funds, and other miscellaneous items.

Transfer Out:	Transfer In:			
	General	General Capital Projects	Improvement Projects	Street Replacement
General	\$ -	\$ 1,618,461	\$ -	\$ -
General Capital Projects	-	-	-	-
Improvement Projects	206,544	513,297	-	4,835,878
Street Replacement	-	-	2,698,368	-
Tax Increment Projects	-	-	-	-
Nonmajor Governmental Funds	53,426	4,349,511	5,300,586	359,444
Water Sewer Utility	-	-	2,682,598	-
Ice Center	-	112,475	-	-
Water Resources	-	-	55,753	-
Nonmajor Enterprise Funds	-	780,672	-	-
Internal Service Funds	39,937	36,744	-	-
Total	<u>\$ 299,907</u>	<u>\$ 7,411,160</u>	<u>\$ 10,737,305</u>	<u>\$ 5,195,322</u>

Transfer Out:	Transfer In:			
	Nonmajor Governmental Funds	Ice Center	Internal Service Funds	Total
General	\$ -	\$ -	\$ 275,500	\$ 1,893,961
General Capital Projects	1,643,104	30,699	-	1,673,803
Improvement Projects	-	-	75,487	5,631,206
Street Replacement	-	-	-	2,698,368
Tax Increment Projects	60,073	-	-	60,073
Nonmajor Governmental Funds	237,889	-	-	10,300,856
Water Sewer Utility	-	-	-	2,682,598
Ice Center	-	-	-	112,475
Water Resources	-	-	56,700	112,453
Nonmajor Enterprise Funds	-	-	-	780,672
Internal Service Funds	-	-	102,878	179,559
Total Transfers	<u>\$ 1,941,066</u>	<u>\$ 30,699</u>	<u>\$ 510,565</u>	<u>\$ 26,126,024</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 7: CONTINGENCIES AND COMMITMENTS

Federal and State Funding

Amounts recorded or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of claims which may be disallowed by the grantor agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

General Litigation

In the opinion of management, there are no potential claims against the City which would materially affect the financial statements of the City.

Tax Increment Districts

The City’s tax increment districts are subject to review by the Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue, Housing Revenue, and Health Facilities Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial, commercial, housing, and health facilities deemed to be in the public’s interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2017, there were 15 series of Industrial Revenue, Housing Revenue, and Health Revenue Bonds outstanding with an aggregate principal amount payable of approximately \$53.5 million.

Encumbrances

The encumbrances summarized below have been reported as assigned fund balance within the General Fund as of December 31, 2017. The purchase orders remain open for future services related to active construction projects.

	<u>General</u>
Repair and maintenance (PO)	\$ 45,304
Supplies and services (PO)	<u>11,293</u>
Total	<u>\$ 56,597</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 8: TAX ABATEMENT AGREEMENTS

The City, in order to spur economic development and redevelopment will enter into private development and redevelopment agreements to encourage a developer to construct, expand, or improve new or existing properties and buildings or clean-up and redevelop blighted areas. These agreements may in substance be a tax abatement but will depend on their individual circumstances.

The City is authorized to create a tax increment financing plan under Minnesota Statute, Chapter 469.175. The criteria that must be met under the statute are that, in the opinion of the municipality:

- The proposed development or redevelopment would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future;
- The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this item do not apply if the district is a housing district;
- The tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole; and
- The tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

The City has development agreements with private developers for properties within the City's Tax Increment Districts. As part of the agreements, the City has agreed to reimburse the developers for certain costs through pay-as-you-go tax increment notes. The notes provide for the payment of principal equal to the developers' costs, plus interest at rates ranging from 5.0% to 8.5%. Payments of the notes will be made at the lesser of the scheduled note payments or the accrual net tax increment received during the period specified in the agreement. Each note will be cancelled at the end of the agreement term, whether it has been fully repaid or not. The accumulated outstanding principal balance of these notes as of December 31, 2017 is \$4,472,575. These notes are not included in the City's long-term debt, because repayment is required only to the extent sufficient tax increments are received. The City's position is that this is an obligation to assign future and uncertain revenue sources and, as such, is not actual debt in substance.

The City currently has five agreements that would be considered a tax abatement under GASB Statement No. 77. For these agreements, the City used an economic development vehicle known as tax increment financing whereby tax increment revenue is generated on the incremental increase in value above a base value established on the date that the tax increment district is created.

The five agreements were to assist the developer with the financing of certain costs of a project constructed within the Development District and are as follows:

- In 2006, the City entered into a development agreement with Common Bond. The City will abate 95 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2034. The outstanding principal balance as of December 31, 2017 was \$78,466 and the City rebated \$9,136 in the current year.
- In 2012, the City entered into a development agreement with KTJ 198, LLC. The City will abate 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2034. The outstanding principal balance as of December 31, 2017 was \$1,170,840 and the City rebated \$182,986 in the current year.
- In 2001, the City entered into a development agreement with Continental Property Group. The City will abate 73 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2037. The outstanding principal balance as of December 31, 2017 was \$12,749 and the City rebated \$148,861 in the current year.
- In 2001, the City entered into a development agreement with Plymouth Leased Housing. The City will abate 95 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2037. The outstanding principal balance as of December 31, 2017 was \$710,520 and the City rebated \$121,885 in the current year.
- In 2015, the City entered into a development agreement with Plymouth Leased Housing. The City will abate 90 percent of the incremental taxes received through execution of a tax increment revenue note to be retired in 2040. The outstanding principal balance as of December 31, 2017 was \$2,500,000 and the City rebated \$0 in the current year.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 9: RISK MANAGEMENT

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined together with other cities throughout Minnesota to form the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for member cities as this is more economically justifiable than obtaining insurance on its own.

The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of reserved amounts for each insured event. The LMCIT allows for the pool to make additional assessments to make the pool self-sustaining. Current state statutes (Minnesota Statute subd. 466.04) provide limits of liability for the City. These limits are that the combination of defense expense and indemnification expense shall not exceed \$500,000 in the case of one claimant or \$1,500,000 for any number of claims arising out of a single occurrence.

The City has established an Internal Service Fund, called the Risk Management Fund, to account for the self-insurance programs. Fund revenues are primarily charges to other funds and investment earnings.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Coverage limits decreased based on a thorough review of covered property. Settlements have not exceeded coverage for each of the past three fiscal years.

Changes in the balances of workers compensation claims liabilities during the past two years ended December 31 are as follows:

	<u>2016</u>	<u>2017</u>
Liability at beginning of year	\$ 384,482	\$ 666,697
Incurred claims and changes in estimates	552,777	(268,220)
Claims paid	<u>(270,562)</u>	<u>(145,948)</u>
Liability at end of year	<u>\$ 666,697</u>	<u>\$ 252,529</u>

Changes in the balances of dental claims liabilities during the past two years ended December 31 are as follows:

	<u>2016</u>	<u>2017</u>
Liability at beginning of year	\$ 53,421	\$ 58,662
Incurred claims and changes in estimates	232,382	229,971
Claims paid	<u>(227,141)</u>	<u>(232,016)</u>
Liability at end of year	<u>\$ 58,662</u>	<u>\$ 56,617</u>

Note 10: RETIREMENT PLANS

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 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 Public Employees Police and Fire Fund (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 local relief associations that elected to merge with and transfer assets and administration to the PERA.

B. Benefits Provided

The 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 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent 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 the 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 percent of average salary for each of the first 10 years of service and 2.7 percent 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 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

2. PEPFF Benefits

Benefits for PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Note 10: RETIREMENT PLANS – CONTINUED

C. 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

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2017. The City was required to contribute 7.50 percent for Coordinated Plan members in calendar year 2017. The City's contributions to the GERS for the year ended December 31, 2017 were \$965,039. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.80 percent of their annual covered salary in calendar year 2017. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2017. The City's regular contributions to the PEPFF for the year ended December 31, 2017 were \$1,287,178. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERS Pension Costs

At December 31, 2017, the City reported a liability of \$12,678,491 for its proportionate share of the GERS's net pension liability. The net pension liability was measured as of June 30, 2017, 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 the PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.1986 percent at the end of the measurement period and 0.1968 percent for the beginning of the period.

The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$6 million to the fund. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The amount recognized by the City as its proportionate share of the net pension liability, the direct aid, and total portion of the net pension liability that was associated with the City were as follows:

City's proportionate share of net pension liability	\$ 12,678,491
State's proportionate share of the net pension liability associated with the City	\$ 159,412

For the year ended December 31, 2017, the City recognized pension expense of \$1,664,601 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$4,604 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$6 million to the GERS.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 10: RETIREMENT PLANS – CONTINUED

At December 31, 2017, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 417,844	\$ 804,064
Changes in actuarial assumptions	2,085,825	1,271,020
Differences between projected and actual investment earnings	49,858	–
Changes in proportion	233,994	324,128
Contributions paid to the PERA subsequent to the measurement date	483,508	–
	<u>\$ 3,271,029</u>	<u>\$ 2,399,212</u>
Total		

Deferred outflows of resources reported \$483,508 related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2018	\$ 321,985
2019	\$ 813,336
2020	\$ (208,836)
2021	\$ (538,176)

2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$9,977,380 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2017, 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 the PERA during the measurement period for employer payroll paid dates from July 1, 2016 through June 30, 2017, relative to the total employer contributions received from all of the PERA's participating employers. The City's proportionate share was 0.7390 percent at the end of the measurement period and 0.7080 percent at the beginning of the period.

For the year ended December 31, 2017, the City recognized pension expense of \$2,541,080 for its proportionate share of the PEPFF's pension expense. The City also recognized \$66,510 for the year ended December 31, 2017, as revenue and an offsetting reduction of net pension liability 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 PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 10: RETIREMENT PLANS – CONTINUED

At December 31, 2017, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 229,659	\$ 2,547,711
Changes in actuarial assumptions	12,509,652	14,165,403
Differences between projected and actual investment earnings	–	8,454
Changes in proportion	1,116,762	–
Contributions paid to the PERA subsequent to the measurement date	<u>654,581</u>	<u>–</u>
 Total	 <u>\$ 14,510,654</u>	 <u>\$ 16,721,568</u>

Deferred outflows of resources reported \$654,581 related to pensions resulting from city contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2018	\$ 245,017
2019	\$ 245,017
2020	\$ (101,925)
2021	\$ (673,804)
2022	\$ (2,579,800)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disability rates were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit the PERA's experience. Cost of living benefit increases for retirees are assumed to be: 1 percent per year for the GERF through 2044, and the PEPFF through 2064, and then 2.5 percent thereafter for both plans.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GERF was completed in 2015. The most recent five-year experience study for the PEPFF was completed in 2016.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 10: RETIREMENT PLANS – CONTINUED

The following changes in actuarial assumptions occurred in 2017:

GERF

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60.0 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.0 percent for vested deferred member liability, and 3.0 percent for nonvested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years to 1.0 percent per year through 2044, and 2.5 percent per year thereafter.

PEPFF

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30 percent for vested and nonvested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 Fully Generational Table to the RP-2014 Fully Generational Table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 Disabled Mortality Table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064, and 2.50 percent thereafter.
- The single discount rate changed from 5.60 percent to 7.50 percent.

The State Board of Investment, which manages the investments of the PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best-estimates of geometric 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	39 %	5.10 %
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Cash	2	-
Total	100 %	

Note 10: RETIREMENT PLANS – CONTINUED

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the GERF and the PEPFF were projected to be available to make all projected future benefit payments of current plan members. 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.

G. Pension Liability Sensitivity

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

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
The City’s proportionate share of the GERF net pension liability	\$ 19,665,285	\$ 12,678,491	\$ 6,958,535
The City’s proportionate share of the PEPFF net pension liability	\$ 18,790,317	\$ 9,977,380	\$ 2,701,814

H. 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 PERA website at www.mnpera.org; by writing to the PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

DEFINED CONTRIBUTION PLAN – STATEWIDE

Seven council members of the City of Plymouth are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employee contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, the PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (0.0025) of the assets in each member’s account annually.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 10: RETIREMENT PLANS – CONTINUED

Total contributions made by the City during fiscal year 2017 were:

For the Year Ended December 31,	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees and Employers
	Employee	Employer	Employee	Employer	
2017	\$ 3,925	\$ 3,925	5%	5%	5%

PLYMOUTH FIREFIGHTERS’ RELIEF ASSOCIATION RETIREMENT PLAN - SINGLE EMPLOYER

A. Plan Description

All members of the City of Plymouth Fire Department (the Department) are covered by a defined benefit plan administered by the Plymouth Firefighters’ Relief Association (the Association). As of December 31, 2017, the plan covered 67 active firefighters and 20 vested terminated firefighters whose pension benefits are deferred. The plan is a single employer retirement plan and is established and administered in accordance with Minnesota Statute, Chapter 69.

The Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Department’s membership. Funding for the Association is derived from an insurance premium tax in accordance with the Volunteer Firefighter’s Relief Association Financing Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980). Funds are also derived from investment income.

B. Benefits Provided

A firefighter who completes at least 20 years as an active member of the Department is entitled, after age 50, to a full service pension upon retirement.

The bylaws of the Association also provide for an early vested service pension for a retiring member who has completed fewer than 20 years of service. The reduced pension, available to members with 10 years of service, shall be equal to 60 percent of the pension as described by the bylaws. This percentage increases 4 percent per year so that at 20 years of service, the full amount prescribed is paid. Members who retire with less than 20 years of service and have reached the age of 50 years and have completed at least 10 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.

C. Contributions

Minnesota Statutes, Chapters 424 and 424A authorize pension benefits for volunteer fire relief associations. The plan is funded by fire state aid, investment earnings, and, if necessary, employer contributions as specified in Minnesota Statutes and voluntary city contributions (if applicable). The state of Minnesota contributed \$517,911 in fire state aid to the plan on behalf of the Department for the year ended December 31, 2017, which was recorded as a revenue. Required employer contributions are calculated annually based on statutory provisions. The City’s statutorily-required contributions to the plan for the year ended December 31, 2017 were \$0. The City made no voluntary contributions to the plan. Furthermore, the firefighter has no obligation to contribute to the plan.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 10: RETIREMENT PLANS – CONTINUED

D. Pension Costs

At December 31, 2017, the City reported a net pension liability (asset) of (\$4,303,627) for the plan. The net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) in accordance with GASB Statement No. 68 was determined by applying an actuarial formula to specific census data certified by the Department as of December 31, 2017.

The following table presents the changes in net pension liability (asset) during the year:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
	<u> </u>	<u> </u>	<u> </u>
Beginning balance – January 1, 2017	\$ 5,673,081	\$ 8,555,597	\$ (2,882,516)
Changes for the year			
Service cost	275,925	–	275,925
Interest on pension liability (asset)	348,725	–	348,725
Differences between expected and actual experience	(373,102)	–	(373,102)
Change in assumptions	(8,599)	–	(8,599)
Contributions (state)	–	517,911	(517,911)
Asset (gain)/loss	–	1,173,474	(1,173,474)
Benefit payments	(1,934,430)	(1,934,430)	–
Administrative costs	–	(27,325)	27,325
Total net changes	<u>(1,691,481)</u>	<u>(270,370)</u>	<u>(1,421,111)</u>
Ending balance – December 31, 2017	<u>\$ 3,981,600</u>	<u>\$ 8,285,227</u>	<u>\$ (4,303,627)</u>

For the year ended December 31, 2017, the City recognized pension revenue of \$517,911 and pension expense of \$15,694.

At December 31, 2017, the City reported deferred inflows of resources and deferred outflows of resources, related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual liability	\$ –	\$ 333,326
Change in assumptions	–	96,043
Net difference between projected and actual earnings on plan investments	<u>–</u>	<u>325,920</u>
Total	<u>\$ –</u>	<u>\$ 755,289</u>

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 10: RETIREMENT PLANS – CONTINUED

Amounts reported as deferred outflows/inflows of resources related to the plan will be recognized in pension expense as follows:

2018	\$	(88,451)
2019	\$	(88,453)
2020	\$	(184,385)
2021	\$	(178,627)
2022	\$	(53,499)
Thereafter	\$	(161,874)

E. Actuarial Assumptions

The total pension liability at December 31, 2017 was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Retirement eligibility at 100 percent service pension at age 50 with 20 years of service, early vested retirement at age 50 with 10 years of service vested at 60 percent and increased by 4 percent for each additional year of service up to 20 and eligibility for deferred service pension payable at age 50 with 20 years of service

Inflation rate	2.75% per year
Investment rate of return	7.00%
20 year municipal bond yield	3.31%

There was a change in actuarial assumptions in 2017, mortality and termination rates were change to those used in the most recent Minnesota PERA Police and Fire Plan actuarial valuation.

The 7 percent long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using the plan's target investment allocation along with long-term return expectations by asset class. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

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 equity	50.00 %	5.56 %
International equity	10.00	5.20
Fixed income	35.00	1.98
Real estate and alternatives	5.00	4.25
Cash and equivalents	0.00	0.79
Total	100.00 %	7.00 %

F. Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that contributions to the plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. 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.

Note 10: RETIREMENT PLANS – CONTINUED

G. Pension Liability (Asset) Sensitivity

The following presents the City’s net pension liability (asset) for the plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension liability (asset) would be if it were calculated using a discount rate 1 percent lower or 1 percent higher than the current discount rate:

	1 Percent <u>Decrease (6.00%)</u>	<u>Current (7.00%)</u>	1 Percent <u>Increase (8.00%)</u>
Net pension liability (asset)	\$ (4,134,657)	\$ (4,303,627)	\$ (4,464,118)

H. Pension Plan Fiduciary Net Position

The Association issues a publicly available financial report. This report may be obtained by writing to the Plymouth Firefighters’ Relief Association, P.O. Box 47101, 3400 Plymouth Blvd., Plymouth, MN 55447.

Note 11: OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The City administers a single-employer defined benefit healthcare plan. The City provides medical insurance to eligible retired city employees and beneficiaries through the City’s group health insurance plan, which covers both active and retired employees. Benefit provisions are established through Minnesota Statutes 471.61 and 299A.465, which require public sector employers to provide eligible retirees and beneficiaries continuation in the group health insurance plan at the group plan premium rate. The plan does not issue a publicly available financial report.

B. Funding Policy

The contribution requirements of plan members and the City are established by State Statutes and the City Council. Eligible retired city employees and beneficiaries contribute 100% of the group health insurance plan premium. For fiscal year 2017, the City contributed \$100,072.

C. 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 of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded 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 contributed to the plan, and changes in the City’s net OPEB obligation to the plan:

Annual Required Contribution	\$ 343,474
Interest on Net OPEB Obligation	60,078
Adjustment to Annual Required Contribution	<u>(91,737)</u>
Annual OPEB Cost	311,815
Contributions made	<u>(100,072)</u>
Increase in Net OPEB Obligation	211,743
Net OPEB Obligation beginning of year	<u>1,716,509</u>
Net OPEB Obligation end of year	<u><u>\$ 1,928,252</u></u>

Note 11: OTHER POSTEMPLOYMENT BENEFITS PLAN – CONTINUED

The City’s annual OPEB cost, contribution, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended December 31:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$311,815	\$100,072	32.1%	\$1,928,252
2016	\$362,177	\$156,314	43.2%	\$1,716,509
2015	\$355,017	\$133,070	37.5%	\$1,510,646

D. Funding Status and Funding Progress

As of January 1, 2017, the actuarial accrued liability for benefits was \$2,838,869 all of which was unfunded and represents the implicit rate subsidies for eligible retirees and beneficiaries. The covered payroll (annual payroll of active employees covered by the plan) was \$19,865,592, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.3%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. 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 basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. 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 City and plan members to that point. The actuarial methods and assumptions used include techniques that are designed short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of calculations.

For the January 1, 2017 actuarial valuation, the projected unit credit with thirty year amortization of the unfunded liability method was used. The actuarial assumptions included a discount rate of 3.5% (net of investment expenses), an inflation rate of 2.5%, and an annual healthcare cost trend rate of 6.5% initially, reduced to an ultimate rate of 5.0% in six years. The UAAL is being amortized on a level dollar basis over a closed period. The remaining amortization period at December 31, 2017 was 30 years.

The following actuarial assumptions were included:

Retirement age of active employees – Based on the retirement rates used in the PERA plan of which the employee is a participant and is adjusted for OPEB purposes.

Marital Status – Marital status of plan members at the calculation date was assumed to continue throughout retirement at a assumed factor of 85% for males and 65% for females.

Mortality – Life expectancies were based on the RP2014 mortality tables from the Society of Actuaries.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

Note 11: OTHER POSTEMPLOYMENT BENEFITS PLAN – CONTINUED

F. Plan Members

The following summarizes the participant data at January 1, 2017, the date of the latest actuarial valuation:

Active participants	255
Participants/surviving Spouses receiving benefits	9
Spouses of Retired Participants receiving benefit	<u>4</u>
Total participants	<u>268</u>

Note 12: FUND BALANCES

The following is a breakdown of equity components of governmental funds which are defined earlier in the report.

A. Classifications

	Primary Government							Total
	Special Revenue		Capital Projects				Nonmajor Governmental Funds	
	General Fund	Transit System	General Capital Projects	Improvement Projects	Street Replacement	Tax Increment Projects		
Nonspendable								
Prepaid items	\$ 69,247	\$ 4,336	\$ -	\$ -	\$ -	\$ -	\$ 2,369	\$ 75,952
Cemetery Perpetual Care - Principal Inventory	-	-	-	-	-	-	45,860	45,860
	-	-	-	-	-	-	1,639	1,639
Total nonspendable	69,247	4,336	-	-	-	-	49,868	123,451
Restricted								
Transit Services	-	8,014,839	-	-	-	-	-	8,014,839
Debt Service	-	-	-	-	-	-	2,011,595	2,011,595
Housing Projects	-	-	-	-	-	-	47,565	47,565
Highway/Street Improvements	-	-	-	-	-	-	374,902	374,902
Park Construction	-	-	-	-	-	-	5,381,855	5,381,855
Tax Increment Financing	-	-	-	-	-	1,842,875	-	1,842,875
Cemetery Perpetual Care	-	-	-	-	-	-	148,165	148,165
Total restricted	-	8,014,839	-	-	-	1,842,875	7,964,082	17,821,796
Assigned								
Infrastructure Improvements	-	-	-	-	16,343,354	-	-	16,343,354
Recreation Programming	-	-	-	-	-	-	502,370	502,370
Park Improvements	-	-	-	-	-	-	2,962,506	2,962,506
Cemetery Maintenance	-	-	-	-	-	-	143,244	143,244
Other capital projects & improvements	56,597	-	5,438,216	3,695,198	-	-	10,342,010	19,532,021
Total assigned	56,597	-	5,438,216	3,695,198	16,343,354	-	13,950,130	39,483,495
Unassigned	15,709,966	-	-	-	-	-	-	15,709,966
Total	\$ 15,835,810	\$ 8,019,175	\$ 5,438,216	\$ 3,695,198	\$ 16,343,354	\$ 1,842,875	\$ 21,964,080	\$ 73,138,708

B. Minimum Unassigned Fund Balance Policy

The City has formally adopted a fund balance policy regarding the minimum fund balance for the General Fund. The policy establishes a minimum General Fund balance of 40% percent of the subsequent year projected expenditures and transfers out. At December 31, 2017, the fund balance of the General Fund was 40% percent of the subsequent year's annual projected expenditures and transfers out.



REQUIRED SUPPLEMENTARY INFORMATION

Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability
PERA - General Employees Retirement Fund
Required Supplementary Information (Last Ten Years*)

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	City's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/2017	6/30/2017	0.1986%	\$ 12,678,491	\$ 159,412	\$ 12,837,903	\$ 12,781,136	99.20%	75.90%
12/31/2016	6/30/2016	0.1968%	\$ 15,979,184	\$ 208,725	\$ 16,187,909	\$ 12,176,534	131.23%	68.90%
12/31/2015	6/30/2015	0.1920%	\$ 9,950,436	\$ -	\$ 9,950,436	\$ 11,283,040	88.19%	78.20%

Schedule of City Contributions
PERA - General Employees Retirement Fund
Required Supplementary Information (Last Ten Years*)

City Fiscal Year End Date	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)
12/31/2017	\$ 965,039	\$ 965,039	\$ -	\$ 12,867,302	7.50%
12/31/2016	\$ 948,459	\$ 948,459	\$ -	\$ 12,645,800	7.50%
12/31/2015	\$ 867,352	\$ 867,352	\$ -	\$ 11,564,653	7.50%

* - The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

Schedule of City's Proportionate Share of Net Pension Liability
PERA - Public Employees Police and Fire Fund
Required Supplementary Information (Last Ten Years*)

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	City's Covered Payroll (b)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the total Pension Liability
12/31/2017	6/30/2017	0.7390%	\$ 9,977,380	\$ 7,487,593	133.25%	85.40%
12/31/2016	6/30/2016	0.7080%	\$ 28,413,271	\$ 6,825,726	416.27%	63.90%
12/31/2015	6/30/2015	0.7010%	\$ 7,965,000	\$ 6,414,783	124.17%	86.60%

Schedule of City Contributions
PERA - Public Employees Police and Fire Fund
Required Supplementary Information (Last Ten Years*)

City Fiscal Year End Date	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)
12/31/2017	\$ 1,287,178	\$ 1,287,178	\$ -	\$ 7,930,730	16.23%
12/31/2016	\$ 1,154,248	\$ 1,154,248	\$ -	\$ 7,125,502	16.20%
12/31/2015	\$ 1,059,442	\$ 1,059,442	\$ -	\$ 6,541,475	16.20%

* - The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

**Schedule of Changes in Plymouth Firefighters'
Relief Association's Net Pension Asset and Related Ratios
Required Supplementary Information (Last Ten Years*)**

	December 31, 2017	December 31, 2016	December 31, 2015
Total Pension Liability			
Service cost	\$ 275,925	\$ 246,422	\$ 239,827
Interest	348,725	297,396	306,924
Differences between expected and actual experience	(373,102)	-	-
Change in assumptions	(8,599)	(113,973)	-
Change in benefit	-	797,225	-
Benefit payments	(1,934,430)	(528,341)	(895,936)
Net change in total pension liability	(1,691,481)	698,729	(349,185)
Total pension liability - beginning	5,673,081	4,974,352	5,323,537
Total pension liability - ending	<u>\$ 3,981,600</u>	<u>\$ 5,673,081</u>	<u>\$ 4,974,352</u>
Plan Fiduciary Net Position			
Contributions (state and local)	\$ 517,911	\$ 489,748	\$ 480,863
Net investment income	1,173,474	507,848	19,391
Benefit payments	(1,934,430)	(528,341)	(895,936)
Administrative costs	(27,325)	(30,723)	(25,044)
Net change in plan fiduciary net position	(270,370)	438,532	(420,726)
Total pension liability - beginning	8,555,597	8,117,065	8,537,791
Total pension liability - ending	<u>\$ 8,285,227</u>	<u>\$ 8,555,597</u>	<u>\$ 8,117,065</u>
Net pension liability/(asset) - ending	<u>\$ (4,303,627)</u>	<u>\$ (2,882,516)</u>	<u>\$ (3,142,713)</u>
Plan fiduciary net position as a percentage of the total pension liability	208.09%	150.81%	163.18%

**Schedule of Employer Contributions -
Plymouth Firefighters' Relief Association
Required Supplementary Information (Last Ten Years*)**

City Fiscal Year End Date	Actuarial Determined Contributions (a)	Contributions in Relation to the Actuarial Determined Contributions (b)	Contribution Deficiency (Excess) (a-b)	Voluntary City Contribution
12/31/2017	\$ 32,398	\$ 517,911	\$ (485,513)	\$ -
12/31/2016	\$ 108,897	\$ 489,748	\$ (380,851)	\$ -
12/31/2015	\$ 108,897	\$ 480,863	\$ (371,966)	\$ -

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

Note: This is a volunteer firefighters' relief association. There is no percentage of payroll to calculate.

**Other Postemployment Benefits Plan
Schedule of Funding Progress ****

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
January 1, 2017	\$ 2,838,869	\$ -	\$ 2,838,869	0.0%	\$ 19,865,592	14.3%
January 1, 2015	\$ 3,146,617	\$ -	\$ 3,146,617	0.0%	\$ 17,432,097	18.1%
January 1, 2013	\$ 3,008,511	\$ -	\$ 3,008,511	0.0%	\$ 16,645,698	18.1%

** - Refer to Note 11 in the Notes to the basic financial statements for additional details regarding this Schedule of Funding Progress.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2017

A. GENERAL EMPLOYEES RETIREMENT FUND PENSION PLAN

1. 2017 Changes

- Changes in Actuarial Assumptions:
 - The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and nonvested deferred members. The revised CSA loads are now zero percent for active member liability, 15.0 percent for vested deferred member liability and 3.0 percent for nonvested deferred member liability.
 - The assumed post-retirement benefit increase rate was changed from 1.0 percent per year for all years, to 1.0 percent per year through 2044 and 2.5 percent per year thereafter.

2. 2016 Changes

- Changes in Actuarial Assumptions:
 - The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
 - The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
 - Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

3. 2015 Changes

- Changes in Plan Provisions:
 - On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.
- Changes in Actuarial Assumptions:
 - The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

B. PUBLIC EMPLOYEES POLICE AND FIRE FUND PENSION PLAN

1. 2017 Changes

- Changes in Actuarial Assumptions:
 - Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
 - Assumed rates of retirement were changed, resulting in fewer retirements.
 - The Combined Service Annuity (CSA) load was 30 percent for vested and nonvested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for nonvested members.

CITY OF PLYMOUTH, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2017

- The base mortality table for healthy annuitants was changed from the RP-2000 Fully Generational Table to the RP-2014 Fully Generational Table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 Disabled Mortality Table to the mortality tables assumed for healthy retirees.
 - Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
 - Assumed percentage of married female members was decreased from 65 percent to 60 percent.
 - Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
 - The assumed percentage of female members electing joint and survivor annuities was increased.
 - The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064, and 2.50 percent thereafter.
 - The single discount rate changed from 5.60 percent to 7.50 percent.
2. 2016 Changes
- Changes in Actuarial Assumptions:
 - The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
 - The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
 - The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.
3. 2015 Changes
- Changes in Plan Provisions:
 - The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.
 - Changes in Actuarial Assumptions:
 - The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.

C. PLYMOUTH FIREFIGHTERS' RELIEF ASSOCIATION

1. 2017 Changes

- Change in Actuarial Assumptions:
 - Mortality and termination rates were changes to those used in the most recent Minnesota PERA Police and Fire Plan actuarial valuation.

2. 2016 Changes

- Change in Actuarial Assumptions:
 - The discount rate was changed from 6.0% to 7.0%.

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**NONMAJOR GOVERNMENTAL COMBINING
AND INDIVIDUAL FUNDS**

**CITY OF PLYMOUTH, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)**

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Totals	
					2017	2016
ASSETS						
Cash and investments	\$ 1,126,456	\$ 2,603,336	\$ 17,673,442	\$ 193,247	\$ 21,596,481	\$ 24,388,892
Accounts receivable	34,105	-	-	-	34,105	24,171
Notes receivable	1,264,182	-	-	-	1,264,182	1,358,511
Taxes receivable	7,113	14,638	8,531	-	30,282	36,778
Special assessments receivable	-	2,576	30,230	-	32,806	35,730
Accrued interest receivable	82,508	-	71,016	778	154,302	167,704
Due from other governments	70,564	-	-	-	70,564	36,113
Inventory	1,639	-	-	-	1,639	1,988
Prepaid items	2,369	-	-	-	2,369	1,461
Advances to other funds	-	-	1,842,147	-	1,842,147	2,328,818
TOTAL ASSETS	\$ 2,588,936	\$ 2,620,550	\$ 19,625,366	\$ 194,025	\$ 25,028,877	\$ 28,380,166
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 42,406	\$ -	\$ -	\$ -	\$ 42,406	\$ 36,005
Accrued salaries and benefits payable	34,929	-	-	-	34,929	38,159
Deposits payable	-	-	-	-	-	1,900
Due to other funds	13,738	-	-	-	13,738	-
Due to other governments	12,686	-	-	-	12,686	11,627
Advances from other funds	-	601,870	681,149	-	1,283,019	1,593,003
Unearned revenue	267,528	-	13,587	-	281,115	265,982
Total liabilities	371,287	601,870	694,736	-	1,667,893	1,946,676
Deferred inflows of resources:						
Unavailable revenue	1,357,806	7,085	32,013	-	1,396,904	1,488,360
Fund balances:						
Nonspendable	4,008	-	-	45,860	49,868	49,309
Restricted	47,565	2,011,595	5,756,757	148,165	7,964,082	10,329,707
Assigned	808,270	-	13,141,860	-	13,950,130	14,566,114
Total fund balances	859,843	2,011,595	18,898,617	194,025	21,964,080	24,945,130
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 2,588,936	\$ 2,620,550	\$ 19,625,366	\$ 194,025	\$ 25,028,877	\$ 28,380,166

**CITY OF PLYMOUTH, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)**

	Special Revenue	Debt Service	Capital Project	Permanent Fund	Totals	
					2017	2016
REVENUES:						
Property taxes	\$ 631,390	\$ 1,520,020	\$ 1,124,045	\$ -	\$ 3,275,455	\$ 2,897,143
Special assessments	-	-	10,977	-	10,977	6,714
Intergovernmental	251,850	15	2,666,571	-	2,918,436	2,601,409
Charges for services	1,238,295	-	32,809	-	1,271,104	1,233,076
Contributions	32,440	-	1,759,244	-	1,791,684	2,016,324
Investment earnings	18,951	1,038	529,368	2,816	552,173	326,773
Loan repayments	8,319	-	-	-	8,319	8,063
Other revenues	8,414	-	659,635	-	668,049	1,685
Total revenues	<u>2,189,659</u>	<u>1,521,073</u>	<u>6,782,649</u>	<u>2,816</u>	<u>10,496,197</u>	<u>9,091,187</u>
EXPENDITURES:						
Current:						
General government	13,812	-	3,857	-	17,669	2,234
Economic development	31	-	-	-	31	38
Parks and recreation	1,780,122	-	5,469	-	1,785,591	1,783,465
Public service	311,000	-	-	-	311,000	282,264
Public works	-	-	958	39	997	1,010
Interest on interfund advances	-	26,965	26,853	-	53,818	63,779
Debt service:						
Principal retirement	-	2,595,000	-	-	2,595,000	995,000
Interest and fiscal charges	-	348,192	-	-	348,192	407,771
Capital outlay	5,159	-	-	-	5,159	5,550
Total expenditures	<u>2,110,124</u>	<u>2,970,157</u>	<u>37,137</u>	<u>39</u>	<u>5,117,457</u>	<u>3,541,111</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>79,535</u>	<u>(1,449,084)</u>	<u>6,745,512</u>	<u>2,777</u>	<u>5,378,740</u>	<u>5,550,076</u>
OTHER FINANCING SOURCES (USES):						
Transfers in	-	1,690,693	250,373	-	1,941,066	60,875
Transfers out	(76,257)	(573,882)	(9,650,717)	-	(10,300,856)	(5,940,740)
Total other financing sources (uses)	<u>(76,257)</u>	<u>1,116,811</u>	<u>(9,400,344)</u>	<u>-</u>	<u>(8,359,790)</u>	<u>(5,879,865)</u>
NET CHANGE IN FUND BALANCES	<u>3,278</u>	<u>(332,273)</u>	<u>(2,654,832)</u>	<u>2,777</u>	<u>(2,981,050)</u>	<u>(329,789)</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>856,565</u>	<u>2,343,868</u>	<u>21,553,449</u>	<u>191,248</u>	<u>24,945,130</u>	<u>25,274,919</u>
FUND BALANCES AT END OF YEAR	<u>\$ 859,843</u>	<u>\$ 2,011,595</u>	<u>\$ 18,898,617</u>	<u>\$ 194,025</u>	<u>\$ 21,964,080</u>	<u>\$ 24,945,130</u>



SPECIAL REVENUE FUNDS – NONMAJOR

Recreation Fund - Transfers are received from the General Fund and revenue from participants in the City's recreational programs. These revenues are used to finance the recreational programs offered to the citizens of Plymouth and other participants.

Parkers Lake Cemetery Maintenance Fund - Revenues derived from the sale of cemetery lots are receipted into this fund and are used to finance cemetery maintenance costs.

Community Development Fund - This fund is used to account for funds to assist with financing the costs of community development functions, such as comprehensive plan updates, land use maps, and other development activities.

Economic Development Fund - This fund was established to account for activities to encourage economic development by supplementing conventional financing sources available to existing and new businesses.

Community Development Block Grant Fund - This fund receives and expends the City's allocation of the Federal Community Development Block Grant Program funds. The primary beneficiaries from the activities of this fund are persons of low and moderate income.

Lawful Gambling Fund - The Plymouth Lions manage lawful gambling operations in the City of Plymouth. The City receives fees and makes expenditures in accordance with state statutes.

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**CITY OF PLYMOUTH, MINNESOTA
SPECIAL REVENUE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)**

	<u>Recreation</u>	<u>Parkers Lake Cemetery Maintenance</u>	<u>Community Development</u>	<u>Economic Development</u>	<u>Community Development Block Grant</u>
<u>ASSETS</u>					
Cash and investments	\$ 798,494	\$ 142,670	\$ 56,852	\$ 104,168	\$ 24,272
Accounts receivable	19,541	-	-	987	-
Notes receivable	-	-	225,000	113,054	926,128
Taxes receivable	7,091	-	-	-	22
Accrued interest receivable	3,279	574	44,582	420	33,492
Due from other governments	2,483	-	-	-	68,081
Inventory	1,639	-	-	-	-
Prepaid items	2,369	-	-	-	-
TOTAL ASSETS	<u>\$ 834,896</u>	<u>\$ 143,244</u>	<u>\$ 326,434</u>	<u>\$ 218,629</u>	<u>\$ 1,051,995</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 10,960	\$ -	\$ -	\$ -	\$ 31,446
Accrued salaries and benefits payable	34,664	-	-	-	265
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other governments	12,686	-	-	-	-
Unearned revenue	267,528	-	-	-	-
Total liabilities	<u>325,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,711</u>
Deferred inflows of resources:					
Unavailable revenue	2,680	-	269,353	113,054	972,719
Fund balances:					
Nonspendable	4,008	-	-	-	-
Restricted	-	-	-	-	47,565
Assigned	502,370	143,244	57,081	105,575	-
Total fund balances	<u>506,378</u>	<u>143,244</u>	<u>57,081</u>	<u>105,575</u>	<u>47,565</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 834,896</u>	<u>\$ 143,244</u>	<u>\$ 326,434</u>	<u>\$ 218,629</u>	<u>\$ 1,051,995</u>

Lawful Gambling	Totals	
	2017	2016
\$ -	\$ 1,126,456	\$ 1,124,222
13,577	34,105	24,171
-	1,264,182	1,358,511
-	7,113	8,818
161	82,508	79,162
-	70,564	36,113
-	1,639	1,988
-	2,369	1,461
<u>\$ 13,738</u>	<u>\$ 2,588,936</u>	<u>\$ 2,634,446</u>
\$ -	\$ 42,406	\$ 35,415
-	34,929	38,159
-	-	1,900
13,738	13,738	-
-	12,686	11,627
-	267,528	252,790
<u>13,738</u>	<u>371,287</u>	<u>339,891</u>
-	1,357,806	1,437,990
-	4,008	3,449
-	47,565	111,954
-	808,270	741,162
-	859,843	856,565
<u>\$ 13,738</u>	<u>\$ 2,588,936</u>	<u>\$ 2,634,446</u>

CITY OF PLYMOUTH, MINNESOTA
SPECIAL REVENUE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	<u>Recreation</u>	<u>Parkers Lake Cemetery Maintenance</u>	<u>Community Development</u>	<u>Economic Development</u>	<u>Community Development Block Grant</u>
REVENUES:					
Property taxes	\$ 627,621	\$ -	\$ -	\$ -	\$ 3,769
Intergovernmental	8	-	-	-	251,842
Charges for services	1,184,946	165	-	-	-
Contributions	32,440	-	-	-	-
Investment earnings	9,653	2,138	828	4,849	1,235
Loan repayments	-	-	-	8,319	-
Other revenues	8,414	-	-	-	-
Total revenues	<u>1,863,082</u>	<u>2,303</u>	<u>828</u>	<u>13,168</u>	<u>256,846</u>
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Economic development	-	-	11	20	-
Parks and recreation	1,780,122	-	-	-	-
Public service	-	3,571	-	-	307,429
Capital outlay	5,159	-	-	-	-
Total expenditures	<u>1,785,281</u>	<u>3,571</u>	<u>11</u>	<u>20</u>	<u>307,429</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>77,801</u>	<u>(1,268)</u>	<u>817</u>	<u>13,148</u>	<u>(50,583)</u>
OTHER FINANCING SOURCES (USES):					
Transfers out	<u>(22,831)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	54,970	(1,268)	817	13,148	(50,583)
FUND BALANCES AT BEGINNING OF YEAR	<u>451,408</u>	<u>144,512</u>	<u>56,264</u>	<u>92,427</u>	<u>98,148</u>
FUND BALANCES AT END OF YEAR	<u>\$ 506,378</u>	<u>\$ 143,244</u>	<u>\$ 57,081</u>	<u>\$ 105,575</u>	<u>\$ 47,565</u>

Lawful Gambling	Totals	
	2017	2016
\$ -	\$ 631,390	\$ 602,486
-	251,850	311,277
53,184	1,238,295	1,203,725
-	32,440	70,212
248	18,951	11,768
-	8,319	8,063
-	8,414	1,685
<u>53,432</u>	<u>2,189,659</u>	<u>2,209,216</u>
13,812	13,812	7
-	31	38
-	1,780,122	1,780,159
-	311,000	282,264
-	5,159	5,550
<u>13,812</u>	<u>2,110,124</u>	<u>2,068,018</u>
<u>39,620</u>	<u>79,535</u>	<u>141,198</u>
<u>(53,426)</u>	<u>(76,257)</u>	<u>(62,084)</u>
(13,806)	3,278	79,114
<u>13,806</u>	<u>856,565</u>	<u>777,451</u>
<u>\$ -</u>	<u>\$ 859,843</u>	<u>\$ 856,565</u>

**CITY OF PLYMOUTH, MINNESOTA
RECREATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)**

	2017		2016	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES:				
Property taxes	\$ 631,674	\$ 627,621	\$ (4,053)	\$ 600,388
Intergovernmental	-	8	8	10
Charges for services	1,276,725	1,184,946	(91,779)	1,203,595
Contributions	10,000	32,440	22,440	28,300
Investment earnings	8,000	9,653	1,653	4,768
Other revenues	1,300	8,414	7,114	1,685
Total revenues	<u>1,927,699</u>	<u>1,863,082</u>	<u>(64,617)</u>	<u>1,838,746</u>
EXPENDITURES:				
Current:				
Parks and recreation:				
Personal services	1,163,023	1,069,907	93,116	1,060,229
Materials and supplies	60,500	65,637	(5,137)	75,600
Contractual services	633,276	607,534	25,742	599,827
Other	48,069	37,044	11,025	44,503
Capital outlay	-	5,159	(5,159)	5,550
Total expenditures	<u>1,904,868</u>	<u>1,785,281</u>	<u>119,587</u>	<u>1,785,709</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,831</u>	<u>77,801</u>	<u>54,970</u>	<u>53,037</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(22,831)</u>	<u>(22,831)</u>	<u>-</u>	<u>(20,138)</u>
NET CHANGE IN FUND BALANCE	-	54,970	54,970	32,899
FUND BALANCE AT BEGINNING OF YEAR	<u>451,408</u>	<u>451,408</u>	<u>-</u>	<u>418,509</u>
FUND BALANCE AT END OF YEAR	<u>\$ 451,408</u>	<u>\$ 506,378</u>	<u>\$ 54,970</u>	<u>\$ 451,408</u>

**CITY OF PLYMOUTH, MINNESOTA
COMMUNITY DEVELOPMENT BLOCK GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)**

	2017		Variance with Final Budget	2016
	Original and Final Budget	Actual		Actual
REVENUES:				
Property taxes	\$ 3,790	\$ 3,769	\$ (21)	\$ 2,098
Intergovernmental	294,398	251,842	(42,556)	311,267
Investment earnings	600	1,235	635	237
Total revenues	<u>298,788</u>	<u>256,846</u>	<u>(41,942)</u>	<u>313,602</u>
EXPENDITURES:				
Current:				
Public service:				
Personal services	50,481	41,164	9,317	34,879
Materials and supplies	300	-	300	126
Contractual services	13,893	9,225	4,668	13,624
Other	234,114	257,040	(22,926)	229,885
Total expenditures	<u>298,788</u>	<u>307,429</u>	<u>(8,641)</u>	<u>278,514</u>
NET CHANGE IN FUND BALANCE	-	(50,583)	(50,583)	35,088
FUND BALANCE AT BEGINNING OF YEAR	<u>98,148</u>	<u>98,148</u>	-	<u>63,060</u>
FUND BALANCE AT END OF YEAR	<u>\$ 98,148</u>	<u>\$ 47,565</u>	<u>\$ (50,583)</u>	<u>\$ 98,148</u>

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DEBT SERVICE FUNDS – NONMAJOR

General Obligation Bonds Fund - This fund is used to account for the accumulation of resources for payment of general obligation bonds or other general indebtedness and interest thereon.

Tax Increment Bonds Fund - This fund is used to account for the accumulation of resources for payment of tax increment general obligation bonds and interest thereon. These bonds were sold to finance the construction of public collector and distributor roadway improvements, drainage improvements, and other public development costs in the City.

Special Assessment Bonds Fund - This fund is used to account for the accumulation of resources for the payment of special assessment bonds. These bonds were sold to finance certain public improvements such as residential streets, sidewalks, storm sewers, or the provision of services, which are to be paid for wholly or in part from special assessments, levied against benefited property.

CITY OF PLYMOUTH, MINNESOTA
DEBT SERVICE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)

	General Obligation Bonds	Tax Increment Bonds	Special Assessment Bonds	Totals	
				2017	2016
ASSETS					
Cash and investments	\$ 1,609,500	\$ 993,836	\$ -	\$ 2,603,336	\$ 3,035,160
Taxes receivable	12,312	2,326	-	14,638	16,824
Special assessments receivable	-	-	2,576	2,576	2,576
TOTAL ASSETS	\$ 1,621,812	\$ 996,162	\$ 2,576	\$ 2,620,550	\$ 3,054,560
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 500
Advances from other funds	-	601,870	-	601,870	697,900
Total liabilities	-	601,870	-	601,870	698,400
Deferred inflows of resources:					
Unavailable revenue	4,509	-	2,576	7,085	12,292
Fund balances:					
Restricted	1,617,303	394,292	-	2,011,595	2,343,868
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 1,621,812	\$ 996,162	\$ 2,576	\$ 2,620,550	\$ 3,054,560

CITY OF PLYMOUTH, MINNESOTA
DEBT SERVICE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	General Obligation Bonds	Tax Increment Bonds	Special Assessment Bonds	Totals	
				2017	2016
REVENUES:					
Property taxes	\$ 1,093,137	\$ 426,883	\$ -	\$ 1,520,020	\$ 1,523,203
Intergovernmental	15	-	-	15	19
Investment earnings	580	366	92	1,038	426
Total revenues	<u>1,093,732</u>	<u>427,249</u>	<u>92</u>	<u>1,521,073</u>	<u>1,523,648</u>
EXPENDITURES:					
Current:					
Interest on interfund advances	-	26,965	-	26,965	30,694
Debt service:					
Principal retirement	2,405,000	190,000	-	2,595,000	995,000
Interest and fiscal charges	292,619	55,573	-	348,192	407,771
Total expenditures	<u>2,697,619</u>	<u>272,538</u>	<u>-</u>	<u>2,970,157</u>	<u>1,433,465</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,603,887)</u>	<u>154,711</u>	<u>92</u>	<u>(1,449,084)</u>	<u>90,183</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	1,630,620	60,073	-	1,690,693	40,737
Transfers out	(214,438)	-	(359,444)	(573,882)	-
Total other financing sources (uses)	<u>1,416,182</u>	<u>60,073</u>	<u>(359,444)</u>	<u>1,116,811</u>	<u>40,737</u>
NET CHANGE IN FUND BALANCES	(187,705)	214,784	(359,352)	(332,273)	130,920
FUND BALANCES AT BEGINNING OF YEAR	<u>1,805,008</u>	<u>179,508</u>	<u>359,352</u>	<u>2,343,868</u>	<u>2,212,948</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,617,303</u>	<u>\$ 394,292</u>	<u>\$ -</u>	<u>\$ 2,011,595</u>	<u>\$ 2,343,868</u>



CAPITAL PROJECTS FUNDS – NONMAJOR

Minnesota State Aid Fund - This fund is used to account for the City's allocation of the state collected highway user tax. The allocation is based on population and need for construction of designated state aid streets in the City.

Community Improvement Fund - This fund is used to account for expenditures, which may be made only for items of a capital nature. Allowed expenditures are provided for by ordinance. Funds are deposited into this fund from surplus money or special assessment collections that remain after an improvement project has been fully funded and the bonds issued for the project paid.

Park Replacement Fund - This fund is used to account for the accumulation of resources for the major repairs and replacement of the City's park facilities and trails.

Project Administration - Revenues received are a portion of all special assessments, which are levied on benefiting properties, and are used to provide funds for project contingencies and other special projects.

Park Construction Fund - These funds are used to account for the monies received from land developers and are used for the acquisition and development of park land.

Capital Improvement Fund - This fund was established to accumulate resources for capital improvements, such as building construction, without the need to issue bonds.

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**CITY OF PLYMOUTH, MINNESOTA
CAPITAL PROJECT FUNDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)**

	<u>Minnesota State Aid</u>	<u>Community Improvement</u>	<u>Park Replacement</u>	<u>Project Administration</u>	<u>Park Construction</u>
<u>ASSETS</u>					
Cash and investments	\$ 373,480	\$ 5,305,271	\$ 3,377,907	\$ 549,218	\$ 5,360,296
Taxes receivable	-	-	3,785	-	-
Special assessments receivable	-	30,230	-	-	-
Accrued interest receivable	1,422	21,362	13,587	2,211	21,559
Advances to other funds	-	681,149	263,286	-	-
TOTAL ASSETS	\$ 374,902	\$ 6,038,012	\$ 3,658,565	\$ 551,429	\$ 5,381,855
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Advances from other funds	-	-	681,149	-	-
Deferred revenue	-	-	13,587	-	-
Total liabilities	-	-	694,736	-	-
Deferred inflows of resources:					
Unavailable revenue	-	28,864	1,323	-	-
Fund balances:					
Restricted	374,902	-	-	-	5,381,855
Assigned	-	6,009,148	2,962,506	551,429	-
Total fund balances	374,902	6,009,148	2,962,506	551,429	5,381,855
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 374,902	\$ 6,038,012	\$ 3,658,565	\$ 551,429	\$ 5,381,855

Capital Improvement	Totals	
	2017	2016
\$ 2,707,270	\$ 17,673,442	\$ 20,039,097
4,746	8,531	11,136
-	30,230	33,154
10,875	71,016	87,707
897,712	1,842,147	2,328,818
<u>\$ 3,620,603</u>	<u>\$ 19,625,366</u>	<u>\$ 22,499,912</u>
\$ -	\$ -	\$ 90
-	681,149	895,103
-	13,587	13,192
<u>-</u>	<u>694,736</u>	<u>908,385</u>
<u>1,826</u>	<u>32,013</u>	<u>38,078</u>
-	5,756,757	7,728,497
3,618,777	13,141,860	13,824,952
<u>3,618,777</u>	<u>18,898,617</u>	<u>21,553,449</u>
<u>\$ 3,620,603</u>	<u>\$ 19,625,366</u>	<u>\$ 22,499,912</u>

CITY OF PLYMOUTH, MINNESOTA
CAPITAL PROJECT FUNDS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	<u>Minnesota State Aid</u>	<u>Community Improvement</u>	<u>Park Replacement</u>	<u>Project Administration</u>	<u>Park Construction</u>
REVENUES:					
Property taxes	\$ -	\$ -	\$ 698,937	\$ -	\$ -
Special assessments	-	10,977	-	-	-
Intergovernmental	2,666,560	-	5	-	-
Charges for services	-	-	32,809	-	-
Contributions	-	-	-	-	1,759,244
Investment earnings	151,817	95,763	66,868	7,981	118,147
Other revenues	-	-	658,425	1,210	-
Total revenues	<u>2,818,377</u>	<u>106,740</u>	<u>1,457,044</u>	<u>9,191</u>	<u>1,877,391</u>
EXPENDITURES:					
Current:					
General government	-	3,105	-	-	-
Parks and recreation	-	-	671	-	4,798
Public works	848	-	-	110	-
Interest on interfund advances	-	-	26,853	-	-
Total expenditures	<u>848</u>	<u>3,105</u>	<u>27,524</u>	<u>110</u>	<u>4,798</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,817,529</u>	<u>103,635</u>	<u>1,429,520</u>	<u>9,081</u>	<u>1,872,593</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	35,935	-	-
Transfers out	(5,281,421)	-	(853,954)	-	(1,380,441)
Total other financing sources (uses)	<u>(5,281,421)</u>	<u>-</u>	<u>(818,019)</u>	<u>-</u>	<u>(1,380,441)</u>
NET CHANGE IN FUND BALANCES	<u>(2,463,892)</u>	<u>103,635</u>	<u>611,501</u>	<u>9,081</u>	<u>492,152</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>2,838,794</u>	<u>5,905,513</u>	<u>2,351,005</u>	<u>542,348</u>	<u>4,889,703</u>
FUND BALANCES AT END OF YEAR	<u>\$ 374,902</u>	<u>\$ 6,009,148</u>	<u>\$ 2,962,506</u>	<u>\$ 551,429</u>	<u>\$ 5,381,855</u>

Capital Improvement	Totals	
	2017	2016
\$ 425,108	\$ 1,124,045	\$ 771,454
-	10,977	6,714
6	2,666,571	2,290,113
-	32,809	29,351
-	1,759,244	1,946,112
88,792	529,368	312,745
-	659,635	-
<u>513,906</u>	<u>6,782,649</u>	<u>5,356,489</u>
752	3,857	2,227
-	5,469	3,306
-	958	960
-	26,853	33,085
<u>752</u>	<u>37,137</u>	<u>39,578</u>
<u>513,154</u>	<u>6,745,512</u>	<u>5,316,911</u>
214,438	250,373	20,138
<u>(2,134,901)</u>	<u>(9,650,717)</u>	<u>(5,878,656)</u>
<u>(1,920,463)</u>	<u>(9,400,344)</u>	<u>(5,858,518)</u>
(1,407,309)	(2,654,832)	(541,607)
<u>5,026,086</u>	<u>21,553,449</u>	<u>22,095,056</u>
<u>\$ 3,618,777</u>	<u>\$ 18,898,617</u>	<u>\$ 21,553,449</u>

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PERMANENT FUND – NONMAJOR

Parkers Lake Cemetery Perpetual Care Fund - The Parkers Lake Cemetery Perpetual Care Fund was established to account for funds dedicated to perpetual maintenance of the cemetery; only earnings, and not principal, may be expended for major capital improvements.

**CITY OF PLYMOUTH, MINNESOTA
 PARKERS LAKE CEMETERY PERPETUAL CARE
 PERMANENT FUND
 NONMAJOR GOVERNMENTAL FUND
 COMPARATIVE BALANCE SHEET
 DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Cash and investments	\$ 193,247	\$ 190,413
Accrued interest receivable	778	835
Total Assets	<u>\$ 194,025</u>	<u>\$ 191,248</u>
<u>FUND BALANCES</u>		
Fund balance:		
Nonspendable	\$ 45,860	\$ 45,860
Restricted	148,165	145,388
Total fund balance	<u>\$ 194,025</u>	<u>\$ 191,248</u>

**CITY OF PLYMOUTH, MINNESOTA
 PARKERS LAKE CEMETERY PERPETUAL CARE
 PERMANENT FUND
 NONMAJOR GOVERNMENTAL FUND
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
REVENUES:		
Investment earnings	\$ 2,816	\$ 1,834
EXPENDITURES:		
Current:		
Public works	<u>39</u>	<u>50</u>
NET CHANGE IN FUND BALANCE	2,777	1,784
FUND BALANCE AT BEGINNING OF YEAR	<u>191,248</u>	<u>189,464</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 194,025</u></u>	<u><u>\$ 191,248</u></u>



**GENERAL FUND
COMPARATIVE INFORMATION**

**CITY OF PLYMOUTH, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2017 AND 2016**

	Totals	
	2017	2016
<u>ASSETS</u>		
Cash and investments	\$ 19,493,971	\$ 18,176,730
Accounts receivable	348,337	347,717
Taxes receivable	296,208	375,512
Special assessments receivable	30,798	38,031
Accrued interest receivable	85,121	88,166
Due from other funds	13,738	-
Due from other governments	86,187	205,486
Prepaid items	69,247	76,991
Advances to other funds	-	4,011
TOTAL ASSETS	<u>\$ 20,423,607</u>	<u>\$ 19,312,644</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 339,454	\$ 496,274
Contracts payable	104,751	-
Accrued salaries and benefits payable	869,009	856,046
Deposits payable	2,509,814	1,905,212
Due to other funds	5,532	-
Due to other governments	44,029	61,381
Unearned revenue	552,215	585,011
Total liabilities	<u>4,424,804</u>	<u>3,903,924</u>
Deferred inflows of resources:		
Unavailable revenue	<u>162,993</u>	<u>331,939</u>
Fund balances:		
Nonspendable	69,247	81,002
Assigned	56,597	160,074
Unassigned	15,709,966	14,835,705
Total fund balance	<u>15,835,810</u>	<u>15,076,781</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 20,423,607</u>	<u>\$ 19,312,644</u>

CITY OF PLYMOUTH, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES AND TRANSFERS - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	2017		Variance with Final Budget	2016
	Original and Final Budget	Actual		Actual
REVENUES:				
Property taxes	\$ 26,691,753	\$ 26,543,658	\$ (148,095)	\$ 25,247,809
Special assessments	10,000	19,960	9,960	12,822
Licenses and permits:				
Nonbusiness	3,362,600	4,192,820	830,220	4,039,352
Business	387,560	628,707	241,147	470,743
Total licenses and permits	3,750,160	4,821,527	1,071,367	4,510,095
Intergovernmental:				
State grants and aids	1,958,263	2,108,960	150,697	3,017,976
Federal grants	50,118	169,204	119,086	58,144
Other	408,100	446,974	38,874	412,082
Total intergovernmental	2,416,481	2,725,138	308,657	3,488,202
Charges for services	3,631,359	2,937,238	(694,121)	3,959,231
Fines and forfeitures	513,500	538,828	25,328	443,918
Contributions	81,600	93,736	12,136	102,651
Investment earnings	260,000	167,650	(92,350)	102,490
Other revenues	132,100	433,286	301,186	268,028
Total revenues	37,486,953	38,281,021	794,068	38,135,246
OTHER FINANCING SOURCES:				
Transfers from other funds:				
Lawful Gambling	35,000	53,426	18,426	41,946
Improvement Project Construction	150,000	206,544	56,544	207,343
Public Facilities	-	28,272	28,272	-
Resource Planning	20,000	11,665	(8,335)	79,271
Total other financing sources	205,000	299,907	94,907	328,560
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 37,691,953	\$ 38,580,928	\$ 888,975	\$ 38,463,806

CITY OF PLYMOUTH, MINNESOTA
GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	2017		Variance with Final Budget	2016
	Original and Final Budget	Actual		Actual
GENERAL GOVERNMENT:				
Personal services	\$ 3,505,048	\$ 3,520,372	\$ (15,324)	\$ 3,575,848
Materials and supplies	22,550	17,611	4,939	44,466
Contractual services	2,439,235	2,424,960	14,275	2,376,395
Other	378,234	386,904	(8,670)	1,331,593
Total general government	<u>6,345,067</u>	<u>6,349,847</u>	<u>(4,780)</u>	<u>7,328,302</u>
PARKS AND RECREATION:				
Personal services	3,156,964	3,081,512	75,452	3,002,490
Materials and supplies	500,200	493,192	7,008	520,839
Contractual services	2,337,643	2,267,286	70,357	2,296,807
Capital outlay	10,000	16,100	(6,100)	13,564
Other	8,800	10,590	(1,790)	23,297
Total parks and recreation	<u>6,013,607</u>	<u>5,868,680</u>	<u>144,927</u>	<u>5,856,997</u>
PUBLIC SAFETY:				
Personal services	14,180,082	13,860,570	319,512	12,865,115
Materials and supplies	310,573	306,750	3,823	369,626
Contractual services	4,126,628	4,066,492	60,136	3,926,081
Capital outlay	-	-	-	14,100
Other	546,650	691,906	(145,256)	639,877
Total public safety	<u>19,163,933</u>	<u>18,925,718</u>	<u>238,215</u>	<u>17,814,799</u>
PUBLIC WORKS:				
Personal services	2,384,439	2,096,372	288,067	2,204,198
Materials and supplies	710,650	272,555	438,095	298,219
Contractual services	2,861,507	2,414,064	447,443	2,354,194
Capital outlay	-	-	-	65,304
Other	250	702	(452)	581
Total public works	<u>5,956,846</u>	<u>4,783,693</u>	<u>1,173,153</u>	<u>4,922,496</u>
Total expenditures	<u>37,479,453</u>	<u>35,927,938</u>	<u>1,551,515</u>	<u>35,922,594</u>
OTHER FINANCING USES:				
Transfers to other funds:				
Improvement Project Construction	-	-	-	21,620
General Capital Projects	-	1,618,461	(1,618,461)	1,886,495
Central Equipment	12,000	75,000	(63,000)	-
Resource Planning	200,500	200,500	-	154,500
Total other financing uses	<u>212,500</u>	<u>1,893,961</u>	<u>(1,681,461)</u>	<u>2,062,615</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 37,691,953</u>	<u>\$ 37,821,899</u>	<u>\$ (129,946)</u>	<u>\$ 37,985,209</u>

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PROPRIETARY COMBINING AND INDIVIDUAL FUNDS

Enterprise Funds - Nonmajor

Solid Waste Management Fund - The Solid Waste Management Fund provides collection services for various recyclable materials. Solid waste expenditures are primarily costs for curbside collections.

Field House Fund - The Field House Fund accounts for the operations of an inflatable dome erected over an indoor soccer field from October through March. Activities include soccer, football, golf, and walking.

Internal Service Funds

Central Equipment Fund - The Central Equipment Fund was established to own and maintain all operating equipment of the City. Equipment maintenance, repair, and replacement costs are provided from rental rates which the Central Equipment Fund charges the City's operating departments for use of equipment.

Public Facilities Fund - The Public Facilities Fund was established to provide services for the operations of City facilities. Facility maintenance, repair, and replacement costs are provided from charges to the City's operating departments for use of the facilities.

Information Technology Fund - The Information Technology Fund was established to account for the planning, designing, and implementing of information systems. Equipment and software maintenance repair, and replacement costs are provided from rental rates charged to the City's operating departments for use of equipment.

Risk Management Fund - The Risk Management Fund administers the City's property, casualty, and self-insured worker's compensation insurance programs. Fund revenues are primarily charges to other funds and interest earnings.

Employee Benefits Fund - The Employee Benefits Fund serves as the recording fund for all employee fringe benefits. Fund revenues are primarily charges to other funds and interest earnings.

Resource Planning Fund - The Resource Planning Fund is used to account for the accumulation of resources for future projects.

CITY OF PLYMOUTH, MINNESOTA
ENTERPRISE FUNDS
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)

	Solid Waste Management	Field House	Totals	
			2017	2016
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 1,388,232	\$ 1,063,085	\$ 2,451,317	\$ 3,193,467
Accounts receivable	150,890	200,872	351,762	295,896
Special assessments receivable	8,552	-	8,552	7,330
Accrued interest receivable	5,594	4,268	9,862	14,209
Due from other governments	5,837	-	5,837	5,837
Prepaid items	600	1,376	1,976	1,905
Total current assets	<u>1,559,705</u>	<u>1,269,601</u>	<u>2,829,306</u>	<u>3,518,644</u>
Noncurrent assets:				
Capital assets:				
Land	-	47,551	47,551	47,551
Buildings	-	1,306,187	1,306,187	1,306,187
Improvements other than buildings	147,885	248,368	396,253	383,317
Machinery and equipment	-	161,990	161,990	161,990
Total capital assets	<u>147,885</u>	<u>1,764,096</u>	<u>1,911,981</u>	<u>1,899,045</u>
Less accumulated depreciation	<u>(15,625)</u>	<u>(1,107,171)</u>	<u>(1,122,796)</u>	<u>(1,054,158)</u>
Net capital assets	<u>132,260</u>	<u>656,925</u>	<u>789,185</u>	<u>844,887</u>
TOTAL ASSETS	<u>\$ 1,691,965</u>	<u>\$ 1,926,526</u>	<u>\$ 3,618,491</u>	<u>\$ 4,363,531</u>
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 75,956	\$ 13,450	\$ 89,406	\$ 82,615
Accrued salaries and benefits payable	3,476	5,655	9,131	9,474
Due to other governments	-	574	574	951
Unearned revenue	-	221,063	221,063	239,168
Total liabilities	<u>79,432</u>	<u>240,742</u>	<u>320,174</u>	<u>332,208</u>
<u>NET POSITION</u>				
Net investment in capital assets	132,260	656,925	789,185	844,887
Unrestricted	<u>1,480,273</u>	<u>1,028,859</u>	<u>2,509,132</u>	<u>3,186,436</u>
Total net position	<u>1,612,533</u>	<u>1,685,784</u>	<u>3,298,317</u>	<u>4,031,323</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,691,965</u>	<u>\$ 1,926,526</u>	<u>\$ 3,618,491</u>	<u>\$ 4,363,531</u>

CITY OF PLYMOUTH, MINNESOTA
ENTERPRISE FUNDS
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	Solid Waste Management	Field House	Totals	
			2017	2016
OPERATING REVENUES:				
Charges for services	\$ 660,256	\$ 387,369	\$ 1,047,625	\$ 952,646
Other fees	105,701	1,635	107,336	19,153
Total operating revenue	<u>765,957</u>	<u>389,004</u>	<u>1,154,961</u>	<u>971,799</u>
OPERATING EXPENSES:				
Personal services	122,859	119,432	242,291	264,509
Materials and supplies	9,354	3,740	13,094	6,586
Contractual services	947,513	95,942	1,043,455	1,017,339
Depreciation	4,893	63,745	68,638	68,566
Total operating expenses	<u>1,084,619</u>	<u>282,859</u>	<u>1,367,478</u>	<u>1,357,000</u>
OPERATING INCOME (LOSS)	<u>(318,662)</u>	<u>106,145</u>	<u>(212,517)</u>	<u>(385,201)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	22,384	34,517	56,901	35,280
Intergovernmental	205,779	-	205,779	222,251
Other	(2,109)	(388)	(2,497)	(3,373)
Total nonoperating revenues	<u>226,054</u>	<u>34,129</u>	<u>260,183</u>	<u>254,158</u>
INCOME (LOSS) BEFORE TRANSFERS	(92,608)	140,274	47,666	(131,043)
TRANSFERS OUT	<u>-</u>	<u>(780,672)</u>	<u>(780,672)</u>	<u>(182,942)</u>
CHANGES IN NET POSITION	(92,608)	(640,398)	(733,006)	(313,985)
NET POSITION AT BEGINNING OF YEAR	<u>1,705,141</u>	<u>2,326,182</u>	<u>4,031,323</u>	<u>4,345,308</u>
NET POSITION AT END OF YEAR	<u>\$ 1,612,533</u>	<u>\$ 1,685,784</u>	<u>\$ 3,298,317</u>	<u>\$ 4,031,323</u>

CITY OF PLYMOUTH, MINNESOTA
ENTERPRISE FUNDS
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	<u>Solid Waste Management</u>	<u>Field House</u>	<u>Totals</u>	
			<u>2017</u>	<u>2016</u>
CASH FLOWS FROM				
OPERATING ACTIVITIES:				
Receipts from customers or users	\$ 742,360	\$ 337,408	\$ 1,079,768	\$ 888,761
Payments to suppliers	(949,499)	(100,706)	(1,050,205)	(1,017,645)
Payments to employees	(122,755)	(119,879)	(242,634)	(264,883)
Other operating revenue (expense)	(2,109)	(388)	(2,497)	(3,373)
Net cash flows from operating activities	<u>(332,003)</u>	<u>116,435</u>	<u>(215,568)</u>	<u>(397,140)</u>
CASH FLOWS FROM NONCAPITAL				
FINANCING ACTIVITIES:				
Intergovernmental revenues	205,779	-	205,779	222,251
Transfers out to other funds	-	(780,672)	(780,672)	(182,942)
Net cash flows from noncapital financing activities	<u>205,779</u>	<u>(780,672)</u>	<u>(574,893)</u>	<u>39,309</u>
CASH FLOWS FROM CAPITAL AND				
RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(12,937)	-	(12,937)	-
CASH FLOWS FROM				
INVESTING ACTIVITIES:				
Investment earnings	<u>23,623</u>	<u>37,625</u>	<u>61,248</u>	<u>33,047</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(115,538)	(626,612)	(742,150)	(324,784)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,503,770</u>	<u>1,689,697</u>	<u>3,193,467</u>	<u>3,518,251</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,388,232</u>	<u>\$ 1,063,085</u>	<u>\$ 2,451,317</u>	<u>\$ 3,193,467</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	<u>\$ (318,662)</u>	<u>\$ 106,145</u>	<u>\$ (212,517)</u>	<u>\$ (385,201)</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	4,893	63,745	68,638	68,566
Other expense	(2,109)	(388)	(2,497)	(3,373)
Changes in assets and liabilities:				
Accounts receivable	(22,375)	(33,491)	(55,866)	(240,198)
Special assessments receivable	(1,222)	-	(1,222)	(7,330)
Due from other governments	-	-	-	(3,688)
Due from other funds	-	-	-	-
Prepaid expenses	1	(71)	(70)	393
Accounts payable	7,367	(576)	6,791	5,885
Due to other governments	-	(377)	(377)	2
Accrued salaries payable	104	(447)	(343)	(374)
Unearned revenue	-	(18,105)	(18,105)	168,178
Total adjustments	<u>(13,341)</u>	<u>10,290</u>	<u>(3,051)</u>	<u>(11,939)</u>
Net cash flows from operating activities	<u>\$ (332,003)</u>	<u>\$ 116,435</u>	<u>\$ (215,568)</u>	<u>\$ (397,140)</u>

CITY OF PLYMOUTH, MINNESOTA
INTERNAL SERVICE FUNDS
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)

	<u>Central Equipment</u>	<u>Public Facilities</u>	<u>Information Technology</u>	<u>Risk Management</u>
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
Current assets:				
Cash and investments	\$ 8,485,525	\$ 6,495,134	\$ 5,280,317	\$ 6,838,598
Accounts receivable	-	-	-	-
Accrued interest receivable	34,165	26,148	21,254	27,484
Due from other governments	16,012	-	7,068	-
Inventory	113,831	-	-	-
Prepaid items	3,487	1,689	237,500	111,409
Total current assets	<u>8,653,020</u>	<u>6,522,971</u>	<u>5,546,139</u>	<u>6,977,491</u>
Noncurrent assets:				
Capital assets:				
Land	33,520	-	-	-
Buildings	-	813,526	-	-
Improvements other than buildings	-	534,501	641,821	-
Machinery and equipment	20,327,365	886,560	2,373,801	-
Infrastructure	-	-	147,638	-
Construction in progress	34,183	-	-	-
Total capital assets	<u>20,395,068</u>	<u>2,234,587</u>	<u>3,163,260</u>	<u>-</u>
Less accumulated depreciation	<u>(10,873,896)</u>	<u>(453,712)</u>	<u>(2,072,271)</u>	<u>-</u>
Net capital assets	<u>9,521,172</u>	<u>1,780,875</u>	<u>1,090,989</u>	<u>-</u>
Total assets	<u>18,174,192</u>	<u>8,303,846</u>	<u>6,637,128</u>	<u>6,977,491</u>
Deferred outflows of resources:				
Pension plan deferments - PERA	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 18,174,192</u></u>	<u><u>\$ 8,303,846</u></u>	<u><u>\$ 6,637,128</u></u>	<u><u>\$ 6,977,491</u></u>
<u>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>				
Current liabilities:				
Accounts payable	\$ 246,833	\$ 57,567	\$ 48,697	\$ 287,906
Contracts payable	-	29,876	-	-
Accrued salaries and benefits payable	14,449	7,179	24,972	2,435
Compensated absences payable	-	-	-	-
Due to other funds	522	1,151	-	-
Due to other governments	-	-	109	-
Unearned revenue	-	-	-	-
Total current liabilities	<u>261,804</u>	<u>95,773</u>	<u>73,778</u>	<u>290,341</u>
Noncurrent liabilities:				
OPEB (net)	-	-	-	-
Net pension liability	-	-	-	-
Compensated absences payable	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>261,804</u>	<u>95,773</u>	<u>73,778</u>	<u>290,341</u>
Deferred inflows of resources:				
Pension plan deferments - PERA	-	-	-	-
NET POSITION				
Net investment in capital assets	9,521,172	1,780,875	1,090,989	-
Unrestricted	8,391,216	6,427,198	5,472,361	6,687,150
Total net position	<u>17,912,388</u>	<u>8,208,073</u>	<u>6,563,350</u>	<u>6,687,150</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u><u>\$ 18,174,192</u></u>	<u><u>\$ 8,303,846</u></u>	<u><u>\$ 6,637,128</u></u>	<u><u>\$ 6,977,491</u></u>

Employee Benefits	Resource Planning	Totals	
		2017	2016
\$ 5,232,097	\$ 3,003,847	\$ 35,335,518	\$ 33,118,621
-	-	-	5,723
20,841	12,119	142,011	145,181
-	-	23,080	10,739
-	-	113,831	122,117
-	250	354,335	615,858
<u>5,252,938</u>	<u>3,016,216</u>	<u>35,968,775</u>	<u>34,018,239</u>
-	-	33,520	33,520
-	-	813,526	716,092
-	-	1,176,322	1,101,449
-	-	23,587,726	21,889,579
-	-	147,638	147,638
-	-	34,183	97,150
-	-	25,792,915	23,985,428
-	-	(13,399,879)	(12,265,463)
-	-	12,393,036	11,719,965
<u>5,252,938</u>	<u>3,016,216</u>	<u>48,361,811</u>	<u>45,738,204</u>
<u>17,781,683</u>	<u>-</u>	<u>17,781,683</u>	<u>27,455,435</u>
<u>\$ 23,034,621</u>	<u>\$ 3,016,216</u>	<u>\$ 66,143,494</u>	<u>\$ 73,193,639</u>
\$ 56,196	\$ 153,246	\$ 850,445	\$ 866,790
623	-	29,876	-
1,903,535	-	49,658	48,783
-	-	1,903,535	1,780,201
-	-	1,673	-
-	326	435	2,161
-	-	-	-
<u>1,960,354</u>	<u>153,572</u>	<u>2,835,622</u>	<u>2,697,935</u>
1,928,252	-	1,928,252	1,716,509
22,655,871	-	22,655,871	44,392,455
800,424	-	800,424	1,016,438
<u>25,384,547</u>	<u>-</u>	<u>25,384,547</u>	<u>47,125,402</u>
<u>27,344,901</u>	<u>153,572</u>	<u>28,220,169</u>	<u>49,823,337</u>
<u>19,120,780</u>	<u>-</u>	<u>19,120,780</u>	<u>5,187,186</u>
-	-	12,393,036	11,719,965
(23,431,060)	2,862,644	6,409,509	6,463,151
<u>(23,431,060)</u>	<u>2,862,644</u>	<u>18,802,545</u>	<u>18,183,116</u>
<u>\$ 23,034,621</u>	<u>\$ 3,016,216</u>	<u>\$ 66,143,494</u>	<u>\$ 73,193,639</u>

CITY OF PLYMOUTH, MINNESOTA
INTERNAL SERVICE FUNDS
PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	<u>Central Equipment</u>	<u>Public Facilities</u>	<u>Information Technology</u>	<u>Risk Management</u>
OPERATING REVENUES:				
Charges for services	\$ 3,374,719	\$ 1,799,491	\$ 2,381,169	\$ 553,490
Other fees	-	-	-	120,809
Total operating revenue	<u>3,374,719</u>	<u>1,799,491</u>	<u>2,381,169</u>	<u>674,299</u>
OPERATING EXPENSES:				
Personal services	410,476	172,618	628,248	55,657
Materials and supplies	571,031	54,918	185,042	843
Insurance Claims	-	-	-	653,097
Contractual services	193,599	718,585	897,030	115,551
Depreciation	1,415,700	113,871	216,652	-
Total operating expenses	<u>2,590,806</u>	<u>1,059,992</u>	<u>1,926,972</u>	<u>825,148</u>
OPERATING INCOME (LOSS)	<u>783,913</u>	<u>739,499</u>	<u>454,197</u>	<u>(150,849)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment earnings	102,988	85,910	77,999	108,796
Intergovernmental	-	-	8,329	-
Gain on disposal of capital assets	110,033	-	1,229	-
Contributions	-	-	-	-
Contributions to Governmental Activities	-	-	-	-
Other	(209)	(1,197)	(1,006)	(15,754)
Total nonoperating revenues	<u>212,812</u>	<u>84,713</u>	<u>86,551</u>	<u>93,042</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	996,725	824,212	540,748	(57,807)
CAPITAL CONTRIBUTIONS	416,814	31,150	-	-
TRANSFERS IN	210,065	-	-	-
TRANSFERS OUT	<u>(9,018)</u>	<u>(58,876)</u>	<u>(100,000)</u>	<u>-</u>
CHANGES IN NET POSITION	1,614,586	796,486	440,748	(57,807)
NET POSITION AT BEGINNING OF YEAR	<u>16,297,802</u>	<u>7,411,587</u>	<u>6,122,602</u>	<u>6,744,957</u>
NET POSITION AT END OF YEAR	<u>\$ 17,912,388</u>	<u>\$ 8,208,073</u>	<u>\$ 6,563,350</u>	<u>\$ 6,687,150</u>

Employee Benefits	Resource Planning	Totals	
		2017	2016
\$ 3,691,647	\$ 150,108	\$ 11,950,624	\$ 12,043,890
-	-	120,809	283,686
<u>3,691,647</u>	<u>150,108</u>	<u>12,071,433</u>	<u>12,327,576</u>
5,816,817	-	7,083,816	9,955,423
-	618,984	1,430,818	985,391
-	-	653,097	340,514
1,757	79,947	2,006,469	2,698,261
-	-	1,746,223	1,570,354
<u>5,818,574</u>	<u>698,931</u>	<u>12,920,423</u>	<u>15,549,943</u>
<u>(2,126,927)</u>	<u>(548,823)</u>	<u>(848,990)</u>	<u>(3,222,367)</u>
97,745	46,904	520,342	318,392
-	38,095	46,424	7,661
-	-	111,262	38,568
71,114	70,971	142,085	125,956
-	(146,985)	(146,985)	-
(79)	34,566	16,321	47,392
<u>168,780</u>	<u>43,551</u>	<u>689,449</u>	<u>537,969</u>
<u>(1,958,147)</u>	<u>(505,272)</u>	<u>(159,541)</u>	<u>(2,684,398)</u>
-	-	447,964	1,059,168
-	300,500	510,565	422,841
-	(11,665)	(179,559)	(640,279)
<u>(1,958,147)</u>	<u>(216,437)</u>	<u>619,429</u>	<u>(1,842,668)</u>
<u>(21,472,913)</u>	<u>3,079,081</u>	<u>18,183,116</u>	<u>20,025,784</u>
<u>\$ (23,431,060)</u>	<u>\$ 2,862,644</u>	<u>\$ 18,802,545</u>	<u>\$ 18,183,116</u>

CITY OF PLYMOUTH, MINNESOTA
INTERNAL SERVICE FUNDS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	<u>Central Equipment</u>	<u>Public Facilities</u>	<u>Information Technology</u>	<u>Risk Management</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers or users	\$ 3,365,488	\$ 1,799,491	\$ 2,380,756	\$ 677,325
Payments to suppliers	(576,677)	(767,990)	(1,006,169)	(1,151,262)
Payments to employees	(416,431)	(173,065)	(622,106)	(55,145)
Other operating revenues (expenses)	(209)	(1,197)	(1,006)	(15,754)
Net cash flows from operating activities	<u>2,372,171</u>	<u>857,239</u>	<u>751,475</u>	<u>(544,836)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenues	-	-	8,329	-
Contributions	-	-	-	-
Transfers in from other funds	210,065	-	-	-
Transfers out to other funds	(9,018)	(58,876)	(100,000)	-
Net cash flows from noncapital financing activities	<u>201,047</u>	<u>(58,876)</u>	<u>(91,671)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(1,437,355)	(84,423)	(510,494)	-
Contributions	-	-	-	-
Proceeds from sale of capital assets	200,852	-	1,229	-
Net cash flows from capital and related financing activities	<u>(1,236,503)</u>	<u>(84,423)</u>	<u>(509,265)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	<u>99,752</u>	<u>84,753</u>	<u>78,903</u>	<u>113,173</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,436,467	798,693	229,442	(431,663)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>7,049,058</u>	<u>5,696,441</u>	<u>5,050,875</u>	<u>7,270,261</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 8,485,525</u></u>	<u><u>\$ 6,495,134</u></u>	<u><u>\$ 5,280,317</u></u>	<u><u>\$ 6,838,598</u></u>

(Continued...)

	Employee Benefits	Resource Planning	Totals	
			2017	2016
\$	3,691,647	\$ 150,108	\$ 12,064,815	\$ 12,316,990
	211,261	(546,137)	(3,836,974)	(3,725,983)
	(3,826,369)	-	(5,093,116)	(4,793,089)
	(79)	34,566	16,321	47,392
	<u>76,460</u>	<u>(361,463)</u>	<u>3,151,046</u>	<u>3,845,310</u>
	-	38,095	46,424	7,661
	71,114	70,971	142,085	125,956
	-	300,500	510,565	422,841
	-	(11,665)	(179,559)	(640,279)
	<u>71,114</u>	<u>397,901</u>	<u>519,515</u>	<u>(83,821)</u>
	-	(146,985)	(2,179,257)	(2,193,182)
	-	-	-	72,051
	-	-	202,081	126,524
	<u>-</u>	<u>(146,985)</u>	<u>(1,977,176)</u>	<u>(1,994,607)</u>
	<u>98,467</u>	<u>48,464</u>	<u>523,512</u>	<u>278,745</u>
	246,041	(62,083)	2,216,897	2,045,627
	<u>4,986,056</u>	<u>3,065,930</u>	<u>33,118,621</u>	<u>31,072,994</u>
<u>\$</u>	<u>5,232,097</u>	<u>\$ 3,003,847</u>	<u>\$ 35,335,518</u>	<u>\$ 33,118,621</u>

CITY OF PLYMOUTH, MINNESOTA
INTERNAL SERVICE FUNDS
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

(Continued from previous page)

	<u>Central Equipment</u>	<u>Public Facilities</u>	<u>Information Technology</u>	<u>Risk Management</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 783,913	\$ 739,499	\$ 454,197	\$ (150,849)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	1,415,700	113,871	216,652	-
Other revenues (expenses)	(209)	(1,197)	(1,006)	(15,754)
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
Accounts receivable	2,697	-	-	3,026
Due from other governments	(11,928)	-	(413)	-
Inventory	8,286	-	-	-
Prepaid expenses	(2,113)	226	42,631	10,060
Deferred outflow for pension plan deferments	-	-	-	-
Accounts payable	181,258	6,185	33,275	(391,831)
Due to other funds	522	1,151	-	-
Due to other governments	-	(2,049)	(3)	-
Accrued salaries payable	(5,955)	(447)	6,142	512
OPEB	-	-	-	-
Pension liability	-	-	-	-
Compensated absences payable	-	-	-	-
Unearned revenue	-	-	-	-
Deferred inflow for pension plan deferments	-	-	-	-
Total adjustments	<u>1,588,258</u>	<u>117,740</u>	<u>297,278</u>	<u>(393,987)</u>
Net cash flows from operating activities	<u>\$ 2,372,171</u>	<u>\$ 857,239</u>	<u>\$ 751,475</u>	<u>\$ (544,836)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets from City funds	416,814	31,150	-	-
Trade-in values on capital asset purchases	66,882	-	-	-
Transfer of capital assets to other City funds	-	-	-	-
Increase (decrease) in capital assets from accounts and contracts payable	-	29,876	-	-

Employee Benefits	Resource Planning	Totals	
		2017	2016
\$ (2,126,927)	\$ (548,823)	\$ (848,990)	\$ (3,222,367)
-	-	1,746,223	1,570,354
(79)	34,566	16,321	47,392
-	-	5,723	(3,763)
-	-	(12,341)	(3,928)
-	-	8,286	16,050
210,968	(250)	261,522	(56,004)
9,673,752	-	9,673,752	(24,104,885)
2,050	152,718	(16,345)	336,130
-	-	1,673	-
-	326	(1,726)	2,007
623	-	875	(64,276)
211,743	-	211,743	205,863
(21,736,584)	-	(21,736,584)	26,477,019
(92,680)	-	(92,680)	227,143
-	-	-	(2,895)
13,933,594	-	13,933,594	2,421,470
<u>2,203,387</u>	<u>187,360</u>	<u>4,000,036</u>	<u>7,067,677</u>
\$ 76,460	\$ (361,463)	\$ 3,151,046	\$ 3,845,310
-	-	447,964	987,117
-	-	66,882	23,944
-	(146,985)	(146,985)	-
-	-	29,876	-

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COMPONENT UNIT FINANCIAL STATEMENTS

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH (HRA)

The HRA is a component unit of the City. Its operations are presented as a separate column on the combined financial statements labeled component unit.

GOVERNMENTAL FUNDS

Housing and Redevelopment Authority General Fund - This fund is used to account for the general programs and activities of the HRA. Revenues are derived from the HRA property tax levy. Expenditures include rental subsidies for senior citizens, housing planning, and other general housing and redevelopment activities.

Housing Assistance Special Revenue Fund - This fund is used to account for federal grants used for low-income rental assistance.

PROPRIETARY FUNDS

Plymouth Towne Square Enterprise Fund - This fund accounts for the operation of the Plymouth Towne Square Senior Housing Development. This development is a 99-unit senior independent living community for moderate and low-income Plymouth citizens. A portion of the HRA property tax levy subsidizes the project.

Vicksburg Crossing Enterprise Fund - This fund accounts for the operation of the Vicksburg Crossing Senior Housing Development. This development is a 96-unit senior independent living community for Plymouth citizens. A portion of the units are rented at affordable rental rates and the remainder are at market rates.

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments	\$ 2,909,029	\$ 2,191,388	\$ 5,100,417
Accounts receivable	12,958	1,759	14,717
Notes receivable	1,112,179	-	1,112,179
Taxes receivable	6,414	-	6,414
Accrued interest receivable	121,902	5,748	127,650
Due from the City of Plymouth	-	80,000	80,000
Due from other governments	9,600	-	9,600
Prepaid items	347	32,225	32,572
Capital assets:			
Nondepreciable:			
Land	-	1,333,840	1,333,840
Construction in progress	-	757,489	757,489
Depreciable (net):			
Buildings	133,323	7,860,696	7,994,019
Improvements other than buildings	-	206,052	206,052
Machinery and equipment	-	200,222	200,222
TOTAL ASSETS	<u>\$ 4,305,752</u>	<u>\$ 12,669,419</u>	<u>\$ 16,975,171</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 17,550	\$ 31,947	\$ 49,497
Accrued salaries and benefits payable	16,816	4,563	21,379
Deposits payable	-	130,215	130,215
Due to other governments	1,659	91,111	92,770
Unearned revenue	-	73	73
Accrued interest payable	-	114,530	114,530
Noncurrent liabilities:			
Due within one year	-	715,729	715,729
Due in more than one year	-	10,490,152	10,490,152
Total liabilities	<u>36,025</u>	<u>11,578,320</u>	<u>11,614,345</u>
<u>NET POSITION</u>			
Net investment in capital assets	133,323	(841,853)	(708,530)
Restricted for:			
Debt Service	-	570,580	570,580
Housing projects	4,136,404	-	4,136,404
Unrestricted	-	1,362,372	1,362,372
Total net position	<u>4,269,727</u>	<u>1,091,099</u>	<u>5,360,826</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,305,752</u>	<u>\$ 12,669,419</u>	<u>\$ 16,975,171</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

<u>Functions / Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
Public service	\$ 3,416,573	\$ 9,900	\$ 3,010,608	\$ -
Business-type activities:				
Plymouth Towne Square	763,277	683,494	-	80,000
Vicksburg Crossing	1,078,083	1,231,353	-	-
Total business-type activities	1,841,360	1,914,847	-	80,000
Total HRA government	<u>\$ 5,257,933</u>	<u>\$ 1,924,747</u>	<u>\$ 3,010,608</u>	<u>\$ 80,000</u>

GENERAL REVENUES:

Property taxes

Unrestricted interest income

Other

TRANSFERS

Total general revenues

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (396,065)	\$ -	\$ (396,065)
-	217	217
-	153,270	153,270
	153,487	153,487
(396,065)	153,487	(242,578)
562,131	-	562,131
38,482	7,494	45,976
6,847	9,752	16,599
(188,000)	188,000	-
419,460	205,246	624,706
23,395	358,733	382,128
4,246,332	732,366	4,978,698
\$ 4,269,727	\$ 1,091,099	\$ 5,360,826

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)

	General	Housing Assistance	Totals	
			2017	2016
ASSETS				
Cash and investments	\$ 2,345,710	\$ 563,319	\$ 2,909,029	\$ 2,818,096
Accounts receivable	825	12,133	12,958	11,679
Notes receivable	1,112,179	-	1,112,179	1,118,626
Taxes receivable	6,414	-	6,414	8,163
Accrued interest receivable	121,902	-	121,902	115,470
Due from other governments	-	9,600	9,600	5,803
Prepaid items	347	-	347	225,668
TOTAL ASSETS	\$ 3,587,377	\$ 585,052	\$ 4,172,429	\$ 4,303,505
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 17,489	\$ 61	\$ 17,550	\$ 2,621
Accrued salaries and benefits payable	8,180	8,636	16,816	17,747
Deposits Payable	-	-	-	20,000
Due to other governments	-	1,659	1,659	2,529
Unearned revenue	-	-	-	14,902
Total liabilities	25,669	10,356	36,025	57,799
Deferred inflows of resources:				
Unavailable revenue	1,227,195	21,733	1,248,928	1,244,366
Housing assistance received for subsequent years	-	-	-	138,536
Total deferred inflows of resources	1,227,195	21,733	1,248,928	1,382,902
Fund balances:				
Nonspendable				
Prepaid items	347	-	347	225,668
Restricted for housing projects	2,334,166	552,963	2,887,129	2,637,136
Total fund balances	2,334,513	552,963	2,887,476	2,862,804
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,587,377	\$ 585,052	\$ 4,172,429	\$ 4,303,505

**HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2017**

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS \$ 2,887,476

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

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

Capital assets	175,169	
Accumulated depreciation	<u>(41,846)</u>	133,323

2. Unavailable revenue in governmental funds is susceptible to full accrual on government-wide statements.

	<u>1,248,928</u>	
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NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 4,269,727

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	General	Housing Assistance	Totals	
			2017	2016
REVENUES:				
Property taxes	\$ 564,830	\$ -	\$ 564,830	\$ 558,673
Intergovernmental	7	3,003,340	3,003,347	3,128,912
Charges for services	9,900	-	9,900	9,900
Interest income	38,240	242	38,482	29,854
Other revenues	6,847	-	6,847	7,132
Total revenues	<u>619,824</u>	<u>3,003,582</u>	<u>3,623,406</u>	<u>3,734,471</u>
EXPENDITURES:				
Current:				
Public service	<u>388,762</u>	<u>3,021,972</u>	<u>3,410,734</u>	<u>3,584,789</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>231,062</u>	<u>(18,390)</u>	<u>212,672</u>	<u>149,682</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>(188,000)</u>	<u>-</u>	<u>(188,000)</u>	<u>(198,000)</u>
NET CHANGE IN FUND BALANCE	43,062	(18,390)	24,672	(48,318)
FUND BALANCES AT BEGINNING OF YEAR	<u>2,291,451</u>	<u>571,353</u>	<u>2,862,804</u>	<u>2,911,122</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,334,513</u>	<u>\$ 552,963</u>	<u>\$ 2,887,476</u>	<u>\$ 2,862,804</u>

**HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2017**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 24,672

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

1. 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.

Depreciation expense	(5,839)
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2. Revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.

	4,562
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 23,395

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	2017		Variance with Final Budget	2016
	Original and Final Budget	Actual		Actual
REVENUES:				
Property taxes	\$ 567,589	\$ 564,830	\$ (2,759)	\$ 558,673
Intergovernmental	-	7	7	125,009
Charges for services	9,900	9,900	-	9,900
Interest income	37,150	38,240	1,090	29,762
Other revenues	10,000	6,847	(3,153)	7,132
Total revenues	<u>624,639</u>	<u>619,824</u>	<u>(4,815)</u>	<u>730,476</u>
EXPENDITURES:				
Public service:				
Personal services	250,233	243,159	7,074	229,123
Materials and supplies	700	-	700	977
Contractual services:				
Grant awards	-	-	-	127,361
Other	144,876	145,603	(727)	222,397
Total expenditures	<u>395,809</u>	<u>388,762</u>	<u>7,047</u>	<u>579,858</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>228,830</u>	<u>231,062</u>	<u>2,232</u>	<u>150,618</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	5,000	-	(5,000)	-
Transfers out	(233,830)	(188,000)	45,830	(198,000)
Total other financing sources (uses)	<u>(228,830)</u>	<u>(188,000)</u>	<u>40,830</u>	<u>(198,000)</u>
NET CHANGE IN FUND BALANCE	-	43,062	43,062	(47,382)
FUND BALANCES AT BEGINNING OF YEAR	<u>2,291,451</u>	<u>2,291,451</u>	<u>-</u>	<u>2,338,833</u>
FUND BALANCES AT END OF YEAR	<u>\$ 2,291,451</u>	<u>\$ 2,334,513</u>	<u>\$ 43,062</u>	<u>\$ 2,291,451</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
HOUSING ASSISTANCE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2017
(with comparative actual amounts for year ended December 31, 2016)

	2017		2016	
	Original and Final Budget	Actual	Variance with Final Budget	Actual
REVENUES:				
Intergovernmental	\$ 3,179,250	\$ 3,003,340	\$ (175,910)	\$ 3,003,903
Interest income	-	242	242	92
Total revenues	<u>3,179,250</u>	<u>3,003,582</u>	<u>(175,668)</u>	<u>3,003,995</u>
EXPENDITURES:				
Public service:				
Personal services	239,673	219,805	19,868	211,145
Materials and supplies	100	-	100	-
Contractual services:				
Housing assistance	2,924,500	2,763,008	161,492	2,740,223
Other	49,158	39,159	9,999	53,563
Total expenditures	<u>3,213,431</u>	<u>3,021,972</u>	<u>191,459</u>	<u>3,004,931</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(34,181)</u>	<u>(18,390)</u>	<u>15,791</u>	<u>(936)</u>
OTHER FINANCING SOURCES:				
Transfers in	<u>34,181</u>	<u>-</u>	<u>(34,181)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(18,390)	(18,390)	(936)
FUND BALANCES AT BEGINNING OF YEAR	<u>571,353</u>	<u>571,353</u>	<u>-</u>	<u>572,289</u>
FUND BALANCES AT END OF YEAR	<u>\$ 571,353</u>	<u>\$ 552,963</u>	<u>\$ (18,390)</u>	<u>\$ 571,353</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
ENTERPRISE FUNDS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2017
(with comparative totals for December 31, 2016)

	Plymouth	Vicksburg	Totals	
	Towne Square	Crossing	2017	2016
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 422,644	\$ 1,768,744	\$ 2,191,388	\$ 2,822,321
Accounts receivable	628	1,131	1,759	73,735
Accrued interest receivable	1,451	4,297	5,748	4,539
Due from the City of Plymouth	80,000	-	80,000	-
Prepaid items	14,931	17,294	32,225	38,708
Total current assets	519,654	1,791,466	2,311,120	2,939,303
Noncurrent assets:				
Capital assets:				
Land	459,247	874,593	1,333,840	1,333,840
Construction in progress	757,489	-	757,489	29,199
Buildings	6,053,911	9,025,428	15,079,339	15,079,339
Improvements other than buildings	182,420	238,793	421,213	421,213
Machinery and equipment	449,044	382,845	831,889	787,028
Total capital assets	7,902,111	10,521,659	18,423,770	17,650,619
Less accumulated depreciation	(4,113,226)	(3,952,245)	(8,065,471)	(7,576,873)
Net capital assets	3,788,885	6,569,414	10,358,299	10,073,746
Total noncurrent assets	3,788,885	6,569,414	10,358,299	10,073,746
TOTAL ASSETS	\$ 4,308,539	\$ 8,360,880	\$ 12,669,419	\$ 13,013,049
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	\$ 14,956	\$ 16,991	\$ 31,947	\$ 37,039
Accrued salaries and benefits payable	2,474	2,089	4,563	3,782
Deposits payable	62,627	67,588	130,215	125,748
Due to other governments	31,682	59,429	91,111	90,312
Unearned revenue	64	9	73	1,398
Accrued interest payable	14,197	100,333	114,530	120,047
Compensated absences payable	557	5,172	5,729	7,126
Revenue bonds payable	285,000	425,000	710,000	690,000
Total current liabilities	411,557	676,611	1,088,168	1,075,452
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized premiums/discounts)	1,616,332	8,873,820	10,490,152	11,205,231
Total liabilities	2,027,889	9,550,431	11,578,320	12,280,683
<u>NET POSITION</u>				
Net investment in capital assets	1,887,553	(2,729,406)	(841,853)	(1,821,485)
Restricted for debt service	140,485	430,095	570,580	508,802
Unrestricted	252,612	1,109,760	1,362,372	2,045,049
Total net position	2,280,650	(1,189,551)	1,091,099	732,366
TOTAL LIABILITIES AND NET POSITION	\$ 4,308,539	\$ 8,360,880	\$ 12,669,419	\$ 13,013,049

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
ENTERPRISE FUNDS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	Plymouth Towne Square	Vicksburg Crossing	Totals	
			2017	2016
OPERATING REVENUES:				
Rental revenue	\$ 683,494	\$ 1,231,353	\$ 1,914,847	\$ 1,896,314
Other	4,929	4,823	9,752	4,705
Total operating revenues	<u>688,423</u>	<u>1,236,176</u>	<u>1,924,599</u>	<u>1,901,019</u>
OPERATING EXPENSES:				
Personal services	126,958	126,435	253,393	246,237
Materials and supplies	25,593	27,053	52,646	49,763
Contractual services	369,533	376,517	746,050	726,616
Depreciation	183,863	304,735	488,598	529,822
Total operating expenses	<u>705,947</u>	<u>834,740</u>	<u>1,540,687</u>	<u>1,552,438</u>
OPERATING INCOME (LOSS)	<u>(17,524)</u>	<u>401,436</u>	<u>383,912</u>	<u>348,581</u>
NONOPERATING REVENUES (EXPENSES):				
Interest income (loss)	10,812	(3,318)	7,494	16,867
Amortization	6,319	(1,240)	5,079	(18,858)
Interest expense	(63,649)	(242,103)	(305,752)	(322,482)
Total nonoperating revenues (expenses)	<u>(46,518)</u>	<u>(246,661)</u>	<u>(293,179)</u>	<u>(324,473)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(64,042)	154,775	90,733	24,108
CAPITAL CONTRIBUTIONS	80,000	-	80,000	73,412
TRANSFERS IN	<u>170,000</u>	<u>18,000</u>	<u>188,000</u>	<u>198,000</u>
CHANGES IN NET POSITION	185,958	172,775	358,733	295,520
NET POSITION AT BEGINNING OF YEAR	<u>2,094,692</u>	<u>(1,362,326)</u>	<u>732,366</u>	<u>436,846</u>
NET POSITION AT END OF YEAR	<u>\$ 2,280,650</u>	<u>\$ (1,189,551)</u>	<u>\$ 1,091,099</u>	<u>\$ 732,366</u>

HOUSING AND REDEVELOPMENT AUTHORITY OF PLYMOUTH, MINNESOTA
ENTERPRISE FUNDS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(with comparative totals for year ended December 31, 2016)

	Plymouth Towne Square	Vicksburg Crossing	Totals	
			2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers or users	\$ 679,108	\$ 1,230,857	\$ 1,909,965	\$ 1,827,260
Payments to suppliers	(399,433)	(397,072)	(796,505)	(767,289)
Payments to employees	(129,144)	(124,865)	(254,009)	(242,892)
Other operating revenue	4,929	4,823	9,752	4,705
Net cash flows from operating activities	<u>155,460</u>	<u>713,743</u>	<u>869,203</u>	<u>821,784</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in from other funds	<u>170,000</u>	<u>18,000</u>	<u>188,000</u>	<u>198,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(760,296)	(12,855)	(773,151)	(43,200)
Contributions	80,000	-	80,000	73,412
Principal paid on capital debt	(280,000)	(410,000)	(690,000)	(670,000)
Interest paid on capital debt	(65,749)	(245,520)	(311,269)	(329,840)
Net cash flows from capital and related financing activities	<u>(1,026,045)</u>	<u>(668,375)</u>	<u>(1,694,420)</u>	<u>(969,628)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	<u>12,474</u>	<u>(6,190)</u>	<u>6,284</u>	<u>18,530</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(688,111)</u>	<u>57,178</u>	<u>(630,933)</u>	<u>68,686</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,110,755</u>	<u>1,711,566</u>	<u>2,822,321</u>	<u>2,753,635</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 422,644</u>	<u>\$ 1,768,744</u>	<u>\$ 2,191,388</u>	<u>\$ 2,822,321</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (17,524)	\$ 401,436	\$ 383,912	\$ 348,581
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	183,863	304,735	488,598	529,822
Changes in assets and liabilities:				
Accounts receivable	72,897	(921)	71,976	(72,493)
Due from the City of Plymouth	(80,000)	-	(80,000)	-
Prepaid expenses	2,952	3,531	6,483	(2,891)
Accounts payable	(7,352)	2,261	(5,091)	11,735
Accrued salaries payable	451	330	781	1,105
Deposits payable	3,221	1,246	4,467	2,041
Due to other governments	93	706	799	246
Unearned revenue	(504)	(821)	(1,325)	1,398
Compensated absences payable	(2,637)	1,240	(1,397)	2,240
Total adjustments	<u>172,984</u>	<u>312,307</u>	<u>485,291</u>	<u>473,203</u>
Net cash flows from operating activities	<u>\$ 155,460</u>	<u>\$ 713,743</u>	<u>\$ 869,203</u>	<u>\$ 821,784</u>

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - HOUSING CHOICE VOUCHERS
FINANCIAL DATA SCHEDULE
BALANCE SHEET
DECEMBER 31, 2017**

ASSETS

Current assets:

111	Cash - unrestricted	\$ 558,090
113	Cash - other restricted	5,229
128	Fraud recovery	20,274
144	Inter-program - due from	1,459
190	Total assets	<u>\$ 585,052</u>

LIABILITIES

Current liabilities:

312	Accounts payable <= 90 days	\$ 61
321	Accrued wage/payroll taxes payable	8,636
332	Accounts payable - PHA projects	1,659
300	Total liabilities	<u>10,356</u>

NET POSITION

511.4	Restricted net position	15,166
512.4	Unrestricted net position	<u>559,530</u>
513	Total net position	<u>574,696</u>
600	Total liabilities, deferred inflows of resources and net position	<u>\$ 585,052</u>

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

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - HOUSING CHOICE VOUCHERS
FINANCIAL DATA SCHEDULE
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2017**

REVENUES:		
70600	HUD PHA operating grants	\$ 1,764,610
71100	Investment Income - unrestricted	242
71400	Fraud recovery	12,587
71500	Other revenue	<u>1,130,694</u>
70000	Total revenue	<u>2,908,133</u>
OPERATING EXPENSES:		
Administrative:		
91100	Administrative salaries	164,835
91200	Auditing fees	7,360
91500	Employee benefit contributions - administrative	45,079
91600	Office expenses	24,704
91800	Travel	278
91900	Other	<u>3,588</u>
91000	Total administrative	<u>245,844</u>
General expenses:		
96140	All other insurance	<u>1,421</u>
96100	Total insurance premium	<u>1,421</u>
Other general expenses:		
96200	Other general expenses	<u>12,803</u>
96900	Total operating expenses	<u>260,068</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER (UNDER) OPERATING EXPENSES		2,648,065
OTHER EXPENSES:		
97300	Housing assistance payments	1,603,100
97350	HAP Portability-In	<u>1,057,086</u>
90000	Total expenses	<u>2,920,254</u>
EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES		(12,121)
NET POSITION AT BEGINNING OF YEAR		<u>586,817</u>
NET POSITION AT END OF YEAR		<u>\$ 574,696</u>
MEMO ACCOUNT INFORMATION:		
11170	Administrative fee equity	559,530
11180	Housing assistance payments equity	<u>15,166</u>
	Total net position	<u>\$ 574,696</u>
11190	Unit months available	2,515
11210	Number of unit months leased	2,515

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

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - MAINSTREAM VOUCHERS
FINANCIAL DATA SCHEDULE
BALANCE SHEET
DECEMBER 31, 2017**

ASSETS

Current assets:

122	Account receivable - HUD other projects	<u>\$ 1,459</u>
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LIABILITIES

Current liabilities:

347	Inter program - due to	<u>\$ 1,459</u>
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The notes to the financial data schedule are an integral part of this statement.

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - MAINSTREAM VOUCHERS
FINANCIAL DATA SCHEDULE
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2017**

REVENUES:		
70600 HUD PHA operating grants		<u>\$ 101,718</u>
OPERATING EXPENSES:		
Administrative:		
91100 Administrative salaries		7,767
91200 Auditing fees		347
91500 Employee benefit contributions - administrative		2,124
91600 Office expenses		1,292
91900 Other		<u>169</u>
96900 Total operating expenses		<u>11,699</u>
EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER (UNDER) OPERATING EXPENSES		90,019
OTHER EXPENSES:		
97300 Housing assistance payments		<u>90,019</u>
90000 Total expenses		<u>101,718</u>
EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES		-
NET POSITION AT BEGINNING OF YEAR		<u>-</u>
NET POSITION AT END OF YEAR		<u><u>\$ -</u></u>
MEMO ACCOUNT INFORMATION:		
11190 Unit months available		180
11210 Number of unit months leased		180

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

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - STATE/LOCAL
FINANCIAL DATA SCHEDULE
BALANCE SHEET
DECEMBER 31, 2017**

ASSETS

Current assets:

111	Cash - unrestricted	\$ 2,345,710
124	Accounts receivable - other government	6,414
125	Accounts receivable - miscellaneous	825
129	Accrued interest receivable	121,902
142	Prepaid expenses and other assets	347
150	Total current assets	<u>2,475,198</u>

Non-current assets:

162	Buildings	175,169
166	Accumulated depreciation	(41,846)
171	Notes, loans, and mortgages receivable - non-current	1,112,179
180	Total non-current assets	<u>1,245,502</u>
190	Total assets	<u>\$ 3,720,700</u>

LIABILITIES

Current liabilities:

312	Accounts payable <= 90 days	\$ 17,489
321	Accrued wage/payroll taxes payable	8,180
300	Total liabilities	<u>25,669</u>

NET POSITION

508.4	Net investment in capital assets	133,323
512.4	Unrestricted net position	3,561,708
513	Total net position	<u>3,695,031</u>
600	Total liabilities and net position	<u>\$ 3,720,700</u>

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

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - STATE/LOCAL
FINANCIAL DATA SCHEDULE
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2017**

REVENUES:

71100	Investment income - unrestricted	\$ 38,240
71500	Other revenue	<u>579,877</u>
70000	Total revenue	618,117

OPERATING EXPENSES:

Administrative:

91100	Administrative salaries	190,768
91200	Auditing fees	1,812
91500	Employee benefit contributions - administrative	52,392
91600	Office expenses	25,828
91700	Legal expense	2,838
91900	Other	<u>23,830</u>
91000	Total administrative	297,468

Ordinary maintenance and operations:

94300	Contracts	<u>8,746</u>
94000	Total maintenance	8,746

General expenses:

96140	All other insurance	983
96100	Total insurance premium	<u>983</u>

Other general expenses:

96200	Other general expenses	<u>81,565</u>
96900	Total operating expenses	<u>388,762</u>

EXCESS (DEFICIENCY) OF OPERATING REVENUES
OVER (UNDER) OPERATING EXPENSES

229,355

OTHER EXPENSES:

97400	Depreciation	<u>5,839</u>
90000	Total expenses	<u>394,601</u>

OTHER FINANCING SOURCES (USES):

10020	Operating transfers out	<u>(188,000)</u>
10100	Total other financing sources (uses)	<u>(188,000)</u>

EXCESS (DEFICIENCY) OF TOTAL REVENUE
OVER (UNDER) TOTAL EXPENSES

35,516

NET POSITION AT BEGINNING OF YEAR

3,659,515

NET POSITION AT END OF YEAR

\$ 3,695,031

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

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - BUSINESS ACTIVITIES
FINANCIAL DATA SCHEDULE
BALANCE SHEET
DECEMBER 31, 2017**

ASSETS

Current assets:

114	Cash - tenant security deposit	\$	131,445
131	Investments - unrestricted		779,363
132	Investments - restricted		570,580
135	Investments - restricted for payment of current liabilities		710,000
124	Accounts receivable - other government		80,000
125	Accounts receivable - miscellaneous		572
126	Accounts receivable - tenants		1,187
129	Accrued interest receivable		5,748
142	Prepaid expenses and other assets		32,225
150	Total current assets		<u>2,311,120</u>

Non-current assets:

161	Land		1,333,840
162	Buildings		15,500,552
163	Furniture, equipment & machinery - dwellings		801,453
164	Furniture, equipment & machinery - administration		30,436
166	Accumulated depreciation		(8,065,471)
167	Construction in progress		757,489
180	Total non-current assets		<u>10,358,299</u>
190	Total assets		<u>\$12,669,419</u>

LIABILITIES

Current liabilities:

312	Accounts payable <= 90 days	\$	31,947
321	Accrued wage/payroll taxes payable		4,563
322	Accrued compensated absences - current portion		5,729
325	Accrued interest payable		114,530
333	Accounts payable - other government		91,111
341	Tenant security deposit		130,215
342	Unearned revenue		73
343	Current portion of long-term debt - capital projects and mortgage revenue bonds		710,000
310	Total current liabilities		<u>1,088,168</u>

Noncurrent liabilities:

351	Long-term debt, net of current - capital projects and mortgage revenue bonds		10,490,152
300	Total liabilities		<u>11,578,320</u>

NET POSITION

508.4	Net investment in capital assets		(841,853)
511.4	Restricted net position		570,580
512.4	Unrestricted net position		1,362,372
513	Total net position		<u>1,091,099</u>
600	Total liabilities and net position		<u>\$12,669,419</u>

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

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - BUSINESS ACTIVITIES
FINANCIAL DATA SCHEDULE
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2017**

REVENUES:

70300	Net tenant rental revenue	\$ 1,822,218
70400	Tenant revenue - other	<u>92,629</u>
70500	Total tenant revenue	1,914,847
71100	Investment income - unrestricted	19,821
71500	Other revenue	89,752
72000	Investments income - restricted	<u>(12,327)</u>
70000	Total revenue	<u>2,012,093</u>

OPERATING EXPENSES:

Administrative:

91100	Administrative salaries	105,715
91200	Auditing fees	1,633
91300	Management fee	108,600
91400	Advertising and marketing	1,385
91500	Employee benefit contributions - administrative	56,124
91600	Office expenses	<u>27,859</u>
91000	Total administrative	301,316

Tenant services:

92400	Other	14,817
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Utilities:

93100	Water	33,141
93200	Electricity	47,359
93300	Gas	<u>35,983</u>
93000	Total utilities	116,483

Ordinary maintenance and operations:

94100	Labor	90,547
94200	Materials and other	38,219
94300	Contracts	<u>337,175</u>
94000	Total maintenance and operations	465,941

General expenses:

96110	Property insurance	62,421
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Other general expenses:

96300	Payments in lieu of taxes	91,111
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Interest expense:

96710	Interest on mortgage (or bonds) payable	305,752
96730	Amortization of bond issue costs	<u>(5,079)</u>
96700	Total interest expense and amortization costs	<u>300,673</u>
96900	Total operating expenses	<u>1,352,762</u>

(Continued...)

**CITY OF PLYMOUTH, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY - BUSINESS ACTIVITIES
FINANCIAL DATA SCHEDULE
INCOME STATEMENT
YEAR ENDED DECEMBER 31, 2017**

(Continued from previous page)

EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER (UNDER) OPERATING EXPENSES	659,331
OTHER EXPENSES:	
97400 Depreciation	488,598
OTHER FINANCING SOURCES (USES):	
10010 Operating transfers in	<u>188,000</u>
10100 Total other financing sources (uses)	<u>188,000</u>
EXCESS (DEFICIENCY) OF TOTAL REVENUE OVER (UNDER) TOTAL EXPENSES	358,733
NET POSITION AT BEGINNING OF YEAR	<u>732,366</u>
NET POSITION AT END OF YEAR	<u><u>\$ 1,091,099</u></u>
MEMO ACCOUNT INFORMATION:	
11020 Required annual debt principal payments	\$ 690,000
11190 Unit months available	2,340
11210 Number of unit months leased	2,264

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

CITY OF PLYMOUTH, MINNESOTA
NOTES TO FINANCIAL DATA SCHEDULE
Year Ended December 31, 2017

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial data schedules are presented on a full accrual basis of accounting. The information in these schedules is presented in accordance with the U.S. Department of Housing and Urban Development (HUD), Office of Public and Indian Housing, Real Estate Assessment Center and the Financial Assessment Subsystem-Public Housing (FASS-PH). Therefore, some of the amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.



STATISTICAL SECTION

CITY OF PLYMOUTH, MINNESOTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 155,191	\$ 154,183	\$ 155,551	\$ 161,820	\$ 166,158	\$ 166,354	\$ 188,060	\$ 192,834	\$ 223,538	\$ 224,669
Restricted	5,324	5,615	5,744	16,127	16,637	17,234	13,365	24,401	25,313	23,182
Unrestricted	73,960	76,294	79,792	76,773	79,439	83,007	88,808	76,392	59,654	64,680
Total government activities net position	<u>\$ 234,475</u>	<u>\$ 236,092</u>	<u>\$ 241,087</u>	<u>\$ 254,720</u>	<u>\$ 262,234</u>	<u>\$ 266,595</u>	<u>\$ 290,233</u>	<u>\$ 293,627</u>	<u>\$ 308,505</u>	<u>\$ 312,531</u>
Business-type activities										
Net investment in capital assets	\$ 91,502	\$ 92,630	\$ 92,171	\$ 98,947	\$ 101,819	\$ 106,156	\$ 108,738	\$ 109,940	\$ 121,172	\$ 130,912
Restricted	19,658	18,876	20,833	22,515	24,362	26,906	27,846	24,095	19,850	22,209
Unrestricted	16,054	15,756	13,541	12,781	12,870	9,382	8,231	9,127	8,249	8,173
Total business-type activities net position	<u>\$ 127,214</u>	<u>\$ 127,262</u>	<u>\$ 126,545</u>	<u>\$ 134,243</u>	<u>\$ 139,051</u>	<u>\$ 142,444</u>	<u>\$ 144,815</u>	<u>\$ 143,162</u>	<u>\$ 149,271</u>	<u>\$ 161,294</u>
Primary government										
Net investment in capital assets	\$ 246,693	\$ 246,813	\$ 247,722	\$ 260,767	\$ 267,977	\$ 272,510	\$ 296,798	\$ 302,774	\$ 344,710	\$ 355,581
Restricted	24,982	24,491	26,577	38,642	40,999	44,140	41,211	48,496	45,163	45,391
Unrestricted	90,014	92,050	93,333	89,554	92,309	92,389	97,039	85,519	67,903	72,853
Total primary government net position	<u>\$ 361,689</u>	<u>\$ 363,354</u>	<u>\$ 367,632</u>	<u>\$ 388,963</u>	<u>\$ 401,285</u>	<u>\$ 409,039</u>	<u>\$ 435,048</u>	<u>\$ 436,789</u>	<u>\$ 457,776</u>	<u>\$ 473,825</u>

CITY OF PLYMOUTH, MINNESOTA
CHANGES IN NET POSITION-CONTINUED ON FOLLOWING PAGE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 5,398	\$ 4,979	\$ 4,733	\$ 4,300	\$ 4,736	\$ 4,483	\$ 4,743	\$ 5,836	\$ 7,742	\$ 6,596
Economic development	-	-	226	353	354	345	653	679	724	2,178
Parks and recreation	7,914	7,498	7,977	8,115	8,044	7,987	8,427	8,833	9,216	9,206
Public safety	14,214	14,214	14,296	13,714	14,310	15,311	16,111	16,815	22,203	19,476
Public service	4,541	4,323	5,102	4,431	4,020	4,310	4,131	4,410	4,669	5,147
Public works	10,374	10,876	10,615	11,936	12,189	12,164	12,700	13,610	12,253	16,642
Interest on long-term debt	772	757	648	636	808	624	592	553	301	272
Total governmental activities expenses	<u>43,213</u>	<u>42,647</u>	<u>43,597</u>	<u>43,485</u>	<u>44,461</u>	<u>45,224</u>	<u>47,357</u>	<u>50,736</u>	<u>57,108</u>	<u>59,517</u>
Business-type activities:										
Water sewer utility	14,620	14,789	14,234	14,497	15,045	15,404	15,664	17,384	16,869	15,622
Ice center	1,761	1,623	1,669	1,726	1,695	1,734	1,708	1,717	1,906	1,901
Water resources	1,922	2,086	1,829	1,818	1,932	1,966	1,996	2,751	2,660	2,303
Solid waste management	1,029	944	1,049	1,055	900	916	922	1,060	1,082	1,087
Field house	299	293	255	230	236	310	324	284	292	287
Total business-type activities expenses	<u>19,631</u>	<u>19,736</u>	<u>19,036</u>	<u>19,326</u>	<u>19,808</u>	<u>20,330</u>	<u>20,614</u>	<u>23,196</u>	<u>22,809</u>	<u>21,200</u>
Total primary government expenses	<u>\$ 62,844</u>	<u>\$ 62,382</u>	<u>\$ 62,633</u>	<u>\$ 62,811</u>	<u>\$ 64,269</u>	<u>\$ 65,554</u>	<u>\$ 67,971</u>	<u>\$ 73,932</u>	<u>\$ 79,917</u>	<u>\$ 80,717</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 46	\$ 333	\$ 469	\$ 539	\$ 423	\$ 487	\$ 416	\$ 487	\$ 1,470	\$ 1,443
Economic development	-	-	7	7	-	-	-	-	-	-
Parks and recreation	1,451	1,312	1,461	1,519	1,582	1,525	1,599	1,520	1,989	1,534
Public safety	3,931	2,176	2,385	3,884	3,705	4,032	4,516	5,641	4,434	4,211
Public service	1,098	1,009	953	1,078	979	895	1,007	994	1,019	1,055
Public works	902	576	1,503	1,935	1,479	1,644	2,833	1,910	2,701	1,171
Operating grants and contributions	9,346	7,118	6,910	5,579	7,770	7,858	9,405	9,393	9,434	10,241
Capital grants and contributions	3,485	2,138	3,578	9,094	4,582	5,525	15,343	9,871	14,970	9,268
Total governmental activities program revenues	<u>\$ 20,259</u>	<u>\$ 14,662</u>	<u>\$ 17,266</u>	<u>\$ 23,635</u>	<u>\$ 20,520</u>	<u>\$ 21,966</u>	<u>\$ 35,119</u>	<u>\$ 29,816</u>	<u>\$ 36,017</u>	<u>\$ 28,923</u>

CITY OF PLYMOUTH, MINNESOTA
CHANGES IN NET POSITION-CONTINUED
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Business-type activities:										
Charges for services:										
Water sewer utility	\$ 12,276	\$ 13,089	\$ 12,950	\$ 13,546	\$ 14,238	\$ 15,059	\$ 14,354	\$ 15,315	\$ 15,314	\$ 17,019
Ice center	1,372	1,406	1,401	1,407	1,465	1,471	1,508	1,603	1,608	1,537
Water resources	2,366	2,547	2,591	2,562	2,573	2,619	2,705	2,816	3,045	3,251
Solid waste management	1,296	411	710	941	632	523	498	519	596	764
Field house	358	364	369	348	335	393	378	392	376	389
Operating grants and contributions	717	236	1,087	372	329	446	327	378	629	262
Capital grants and contributions	1,071	589	778	10,564	5,036	2,417	3,970	1,987	6,200	5,208
Total business-type activities program revenues	19,456	18,642	19,886	29,740	24,608	22,928	23,740	23,010	27,768	28,430
Total primary government program revenues	\$ 39,715	\$ 33,304	\$ 37,152	\$ 53,375	\$ 45,128	\$ 44,894	\$ 58,859	\$ 52,826	\$ 63,785	\$ 57,353
Net (expense) revenue										
Governmental activities	\$ (22,954)	\$ (27,985)	\$ (26,331)	\$ (19,850)	\$ (23,941)	\$ (23,258)	\$ (12,238)	\$ (20,920)	\$ (21,091)	\$ (30,594)
Business-type activities	(175)	(1,094)	850	10,414	4,800	2,598	3,126	(186)	4,959	7,230
Total primary government	\$ (23,129)	\$ (29,078)	\$ (25,481)	\$ (9,436)	\$ (19,141)	\$ (20,660)	\$ (9,112)	\$ (21,106)	\$ (16,132)	\$ (23,364)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 27,543	\$ 29,057	\$ 28,581	\$ 28,551	\$ 29,256	\$ 29,695	\$ 30,038	\$ 31,108	\$ 32,191	\$ 33,824
Franchise fees	-	-	-	-	-	-	-	2,631	2,164	2,211
Investment earnings	2,881	732	361	1,704	1,109	(1,594)	3,448	1,644	1,116	1,472
Gain on sale of capital assets	59	102	81	-	133	91	144	83	39	111
Other	162	195	348	12	233	290	326	432	993	1,197
Transfers	1,328	(485)	1,954	3,216	724	(863)	1,920	(299)	(534)	(4,195)
Total governmental activities	31,973	29,602	31,325	33,483	31,455	27,619	35,876	35,599	35,969	34,620
Business-type activities:										
Investment earnings	1,433	571	366	489	671	(68)	1,165	676	616	598
Other	125	85	21	11	61	-	-	-	-	-
Transfers	(1,328)	485	(1,954)	(3,216)	(724)	863	(1,920)	299	534	4,195
Total business-type activities	230	1,142	(1,567)	(2,716)	8	795	(755)	975	1,150	4,793
Total primary government	\$ 32,203	\$ 30,743	\$ 29,758	\$ 30,767	\$ 31,463	\$ 28,414	\$ 35,121	\$ 36,574	\$ 37,119	\$ 39,413
Change in Net Position										
Governmental activities	\$ 9,019	\$ 1,617	\$ 4,994	\$ 13,633	\$ 7,514	\$ 4,361	\$ 23,638	\$ 14,679	\$ 14,878	\$ 4,026
Business-type activities	55	48	(717)	7,698	4,808	3,393	2,371	789	6,109	12,023
Total primary government	\$ 9,074	\$ 1,665	\$ 4,277	\$ 21,331	\$ 12,322	\$ 7,754	\$ 26,009	\$ 15,468	\$ 20,987	\$ 16,049

CITY OF PLYMOUTH, MINNESOTA
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax
2008	\$ 27,543
2009	29,057
2010	28,581
2011	28,551
2012	29,256
2013	29,695
2014	30,038
2015	31,108
2016	32,191
2017	33,824

CITY OF PLYMOUTH, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General fund										
Nonspendable	\$ 8	\$ 7	\$ 6	\$ 10	\$ 62	\$ 37	\$ 474	\$ 69	\$ 81	\$ 69
Assigned	1,333	246	585	633	447	518	689	180	160	57
Unassigned	9,927	11,478	11,246	11,365	11,814	12,234	12,240	14,349	14,836	15,710
Total general fund	<u>\$ 11,268</u>	<u>\$ 11,731</u>	<u>\$ 11,837</u>	<u>\$ 12,008</u>	<u>\$ 12,323</u>	<u>\$ 12,789</u>	<u>\$ 13,403</u>	<u>\$ 14,598</u>	<u>\$ 15,077</u>	<u>\$ 15,836</u>
All other governmental funds										
Nonspendable	\$ 46	\$ 46	\$ 46	\$ 46	\$ 52	\$ 51	\$ 60	\$ 54	\$ 53	\$ 54
Restricted	12,568	16,777	14,515	15,289	19,475	20,227	16,233	19,065	20,422	17,822
Assigned	32,571	33,505	34,137	38,214	41,654	43,961	48,901	48,915	34,509	39,427
Unassigned	-	(1)	(1)	(1)	-	-	(542)	-	-	-
Total all other governmental funds	<u>45,185</u>	<u>50,327</u>	<u>48,697</u>	<u>53,548</u>	<u>61,181</u>	<u>64,239</u>	<u>64,652</u>	<u>68,034</u>	<u>54,984</u>	<u>57,303</u>
Total Governmental Funds	<u>\$ 56,453</u>	<u>\$ 62,058</u>	<u>\$ 60,534</u>	<u>\$ 65,556</u>	<u>\$ 73,504</u>	<u>\$ 77,028</u>	<u>\$ 78,055</u>	<u>\$ 82,632</u>	<u>\$ 70,061</u>	<u>\$ 73,139</u>

CITY OF PLYMOUTH, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property taxes	\$ 27,465	\$ 29,037	\$ 28,633	\$ 28,547	\$ 29,336	\$ 29,721	\$ 30,017	\$ 31,184	\$ 32,100	\$ 33,974
Special assessments	134	128	86	88	92	82	76	36	20	32
Licenses and permits	3,828	2,272	2,466	3,242	3,942	4,232	5,078	5,954	4,643	4,982
Intergovernmental	8,099	7,687	8,399	6,809	4,923	5,658	13,181	11,569	15,138	11,772
Charges for services	3,238	3,422	4,061	4,635	4,235	4,483	4,840	4,680	6,212	5,263
Franchise fees	-	-	-	-	-	-	839	2,631	2,164	2,211
Fines and forfeitures	897	798	733	878	847	683	606	636	444	539
Contributions	705	92	1,151	1,476	897	2,178	1,301	3,582	2,157	2,365
Interest income (loss)	2,095	568	290	1,234	831	(1,093)	2,525	1,225	853	997
Loan repayments	-	5	7	7	7	7	8	8	8	8
Other revenue	278	227	333	262	207	226	291	389	946	1,181
Total Revenue	46,739	44,236	46,159	47,178	45,317	46,177	58,762	61,894	64,685	63,324
Expenditures										
General government	4,341	4,103	4,365	4,177	4,627	4,579	4,492	5,598	7,348	6,391
Economic development	-	-	226	953	354	346	673	690	694	2,161
Parks and recreation	6,219	6,300	6,621	6,744	6,815	6,821	7,314	7,624	7,708	7,737
Public safety	13,222	13,511	13,856	13,478	14,173	15,014	15,913	16,720	17,801	18,942
Public service	4,452	4,449	4,017	4,248	3,892	4,139	4,021	4,284	4,545	5,016
Public works	4,294	4,155	5,065	5,118	4,873	5,184	5,353	6,223	4,864	8,309
Interest on interfund advances	51	39	27	76	56	51	45	56	64	54
Debt service:										
Principal retirement	1,600	1,690	1,920	1,445	1,915	1,320	1,345	1,810	995	2,595
Interest and fiscal charges	752	759	682	652	649	727	646	601	408	348
Bond issuance costs	-	49	37	-	-	-	-	63	-	-
Capital outlay	11,235	7,636	11,909	10,289	8,255	7,788	23,691	15,773	35,874	12,020
Total Expenditures	46,166	42,691	48,725	47,180	45,609	45,969	63,493	59,442	80,301	63,573
Excess of revenues over (under) expenditures	573	1,545	(2,566)	(2)	(292)	208	(4,731)	2,452	(15,616)	(249)

CITY OF PLYMOUTH, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS-CONTINUED
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other financing sources (uses)										
Transfers in	\$ 11,858	\$ 8,505	\$ 16,611	\$ 16,988	\$ 12,006	\$ 12,377	\$ 30,790	\$ 24,202	\$ 27,623	\$ 25,585
Transfers out	(10,384)	(8,449)	(14,658)	(11,965)	(8,926)	(9,061)	(25,033)	(20,918)	(24,577)	(22,258)
Bonds issued	-	3,935	2,990	-	4,815	-	-	3,295	-	-
Premium (discount) on debt	-	69	49	-	345	-	-	121	-	-
Payment on refunded bonds	-	-	(3,950)	-	-	-	-	(4,575)	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,474</u>	<u>4,060</u>	<u>1,042</u>	<u>5,023</u>	<u>8,240</u>	<u>3,316</u>	<u>5,757</u>	<u>2,125</u>	<u>3,046</u>	<u>3,327</u>
Net change in fund balances	<u>\$ 2,047</u>	<u>\$ 5,605</u>	<u>\$ (1,524)</u>	<u>\$ 5,021</u>	<u>\$ 7,948</u>	<u>\$ 3,524</u>	<u>\$ 1,026</u>	<u>\$ 4,577</u>	<u>\$ (12,570)</u>	<u>\$ 3,078</u>
Capitalized expenditures	\$ 10,669	\$ 6,141	\$ 11,909	\$ 10,289	\$ 8,255	\$ 8,005	\$ 23,860	\$ 15,963	\$ 36,323	\$ 12,444
Debt service as a percentage of noncapital expenditures	6.63%	6.70%	7.07%	5.68%	6.86%	5.39%	5.02%	5.55%	3.19%	5.76%

CITY OF PLYMOUTH, MINNESOTA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Property Tax</u>
2008	\$ 27,465
2009	29,037
2010	28,633
2011	28,547
2012	29,336
2013	29,721
2014	30,017
2015	31,184
2016	32,100
2017	33,974

CITY OF PLYMOUTH, MINNESOTA
ASSESSED VALUE/TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except for population and direct tax rate)

	FISCAL YEAR									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Population (1)	71,536	72,268	70,576	71,263	72,644	72,969	73,633	74,592	75,452	75,791
Real Property										
Assessed/tax capacity value	\$ 121,295	\$ 122,107	\$ 116,187	\$ 108,748	\$ 103,968	\$ 103,542	\$ 105,159	\$ 112,282	\$ 117,851	\$ 127,423
Estimated market value	\$ 10,041,803	\$ 10,012,350	\$ 9,548,268	\$ 8,973,492	\$ 8,802,943	\$ 8,704,104	\$ 8,872,822	\$ 9,510,688	\$ 9,966,663	\$ 10,707,728
Personal Property										
Assessed/tax capacity value	\$ 943	\$ 942	\$ 944	\$ 1,021	\$ 1,071	\$ 1,219	\$ 1,296	\$ 1,378	\$ 1,466	\$ 1,633
Estimated market value	\$ 47,578	\$ 47,640	\$ 47,820	\$ 51,696	\$ 54,454	\$ 61,736	\$ 65,587	\$ 69,647	\$ 74,290	\$ 82,544
Total Real and Personal Property										
Assessed/tax capacity value	\$ 122,238	\$ 123,048	\$ 117,131	\$ 109,769	\$ 105,039	\$ 104,761	\$ 106,455	\$ 113,660	\$ 119,317	\$ 129,056
Estimated market value	\$ 10,089,381	\$ 10,059,990	\$ 9,596,088	\$ 9,025,188	\$ 8,857,397	\$ 8,765,840	\$ 8,938,409	\$ 9,580,335	\$ 10,040,953	\$ 10,790,272
Total direct tax rate (2)	23.35	24.86	26.01	27.49	28.72	29.81	30.12	28.38	27.84	26.96

Source: Hennepin County

(1) See the Schedule of Demographic and Economic Statistics for population data.

(2) See the Schedule of Direct and Overlapping Property Tax Rates for the direct tax rate data.

**CITY OF PLYMOUTH, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31	City of Plymouth Rates			Overlapping Rates (1)									
	Operating	Housing & Redevelopment Authority	Total City Rate	Hennepin County Operating	Other Districts Operating	School Districts				Watershed Districts			
		Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating	Operating
2008	22.89	0.46	23.35	38.57	7.40	19.22	19.71	27.24	19.67	-	1.40	0.65	0.27
2009	24.37	0.49	24.86	40.41	7.15	20.08	21.03	27.21	20.41	-	1.49	0.54	0.05
2010	25.50	0.51	26.01	42.64	8.14	23.05	22.38	28.62	23.31	-	1.51	0.69	0.08
2011	26.94	0.55	27.49	45.84	9.17	26.46	24.22	34.39	24.03	-	1.61	0.67	0.57
2012	28.15	0.57	28.72	48.23	9.52	29.27	24.93	32.81	25.33	-	1.71	0.62	-
2013	29.24	0.57	29.81	49.46	10.09	29.73	27.97	32.35	25.24	-	1.77	0.84	0.10
2014	29.55	0.57	30.12	49.96	10.56	32.36	29.82	34.78	24.57	-	1.81	0.75	-
2015	27.85	0.53	28.38	46.40	9.80	30.34	27.16	33.23	26.25	0.13	1.74	0.78	0.26
2016	27.33	0.51	27.84	45.36	9.53	28.51	26.27	33.83	26.11	0.22	1.72	0.90	0.25
2017	26.48	0.48	26.96	44.09	9.33	25.61	26.73	31.61	26.29	0.40	1.74	0.90	0.27

Source: Hennepin County

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Plymouth. Not all overlapping rates apply to all City of Plymouth property owners (e.g., only one school district will assess taxes to any one given property).

**CITY OF PLYMOUTH, MINNESOTA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (amounts expressed in thousands)**

Taxpayer	2017			2008		
	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
LCS-Westminster Prtshp V LLP	\$ 1,322	1	1.02%	\$ -	-	-
TFO Reva Wildamere PCC LLC	1,009	2	0.78%	-	-	-
RREF Park Place LLC	950	3	0.74%	-	-	-
Talcott III Atria LLC	907	4	0.70%	829	5	0.68%
St Paul Properties Inc	877	5	0.68%	1,226	2	1.01%
Stoneleigh Apartments LLC	742	6	0.57%	-	-	-
HSRE-WH Mob LLC	696	7	0.54%	-	-	-
505 Waterford LLC	679	8	0.53%	581	10	0.48%
One Two Holding LLC	659	9	0.51%	-	-	-
FW MN-Rockford Road LLC	638	10	0.49%	-	-	-
Carlson Companies	-	-	-	1,994	1	1.64%
Liberty Property Ltd. Partnership	-	-	-	1,012	3	0.83%
Shoppes at Plymouth Creek	-	-	-	885	4	0.73%
Plymouth Properties Realty	-	-	-	794	6	0.65%
James Campbell Estate aka FE Trotter	-	-	-	642	7	0.53%
Principal Insurance	-	-	-	595	8	0.49%
Park Place Portfolio	-	-	-	593	9	0.49%
	<u>\$ 8,479</u>		<u>6.58%</u>	<u>\$ 9,151</u>		<u>7.53%</u>

Source: Hennepin County.

CITY OF PLYMOUTH, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended December 31	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 27,485	\$ 26,960	98.09%	\$ 275	\$ 27,235	99.09%
2009	28,899	27,915	96.60%	264	28,179	97.51%
2010	28,727	27,797	96.76%	231	28,028	97.57%
2011	28,728	27,748	96.59%	224	27,972	97.37%
2012	28,728	28,411	98.90%	164	28,575	99.47%
2013	29,185	28,870	98.92%	134	29,004	99.38%
2014	29,770	29,511	99.13%	95	29,606	99.45%
2015	30,365	30,298	99.78%	54	30,352	99.96%
2016	31,273	30,966	99.02%	161	31,127	99.53%
2017	32,805	32,391	98.74%	-	32,391	98.74%

CITY OF PLYMOUTH, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended December 31	Governmental Activities			Business- Type Activities	Total Primary Government	Percentage of Personal Income (1)	Per Capita(1)
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Financing Bonds	Water Revenue Bonds			
2008	\$ 13,349	\$ 1,575	\$ 3,990	\$ 9,885	\$ 28,799	0.87%	\$ 403
2009	13,861	980	6,382	9,127	30,350	0.90%	420
2010	14,259	370	3,741	8,344	26,714	0.82%	379
2011	13,044	285	3,575	7,541	24,445	0.73%	343
2012	16,732	-	3,374	12,042	32,148	0.96%	443
2013	15,576	-	3,163	11,073	29,812	0.85%	409
2014	14,420	-	2,938	5,127	22,485	0.65%	305
2015	12,494	-	1,852	4,176	18,522	0.54%	248
2016	11,586	-	1,685	3,210	16,481	0.46%	218
2017	9,144	-	1,493	2,214	12,851	0.35%	170

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

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF PLYMOUTH, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

Fiscal Year Ended December 31	General Obligation Bonds	Less: Amounts Available in Debt Service Fund(2)	Total	Percentage of Estimated Actual Taxable Value of Property(1)	Per Capita(1)
2008	\$ 28,799	\$ 2,248	\$ 26,551	0.11%	\$ 154
2009	30,350	3,913	26,437	0.26%	366
2010	26,714	2,505	24,209	0.25%	343
2011	24,445	3,311	21,134	0.23%	297
2012	32,148	8,192	23,956	0.27%	330
2013	29,812	7,767	22,045	0.25%	302
2014	22,485	7,523	14,962	0.17%	203
2015	18,522	2,213	16,309	0.17%	218
2016	16,481	2,344	14,137	0.14%	187
2017	12,851	2,012	10,839	0.10%	143

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

(1) See the Schedule of Assessed Value/Tax Capacity Value and Estimated Market Value for property value data and population.

(2) The City is using governmental net position restricted for debt service. We believe this to be the best amount available to present a consistent net amount when refunding bonds are held for payment, which are not restricted on entity-wide statements due to conversion for full accrual accounting.

CITY OF PLYMOUTH, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2017
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable *</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hennepin County	\$ 1,110,220	7.1%	\$ 64,332
ISD #270 (Hopkins)	143,265	3.7%	5,149
ISD #279 (Osseo)	161,580	9.9%	7,729
ISD #281 (Robbinsdale)	196,919	23.9%	46,493
IDS #284 (Wayzata)	156,210	55.3%	81,915
Metropolitan Council	1,484,038	3.6%	455
Three Rivers Park District	68,265	9.9%	4,514
Hennepin County Regional Railroad Auth.	31,535	9.9%	2,657
Subtotal, overlapping debt			<u>213,244</u>
City of Plymouth direct debt			<u>10,637</u>
Total direct and overlapping debt			<u>\$ 223,881</u>

Source: Hennepin County, Minnesota

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Plymouth. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Plymouth. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire 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.

* The percentage applicable to the City of Plymouth was determined by dividing the portion of tax capacity within the City by the total tax capacity of the taxing jurisdiction.

**CITY OF PLYMOUTH, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 301,248	\$ 301,800	\$ 287,883	\$ 270,756	\$ 265,722	\$ 262,975	\$ 268,152	\$ 287,410	\$ 301,229	\$ 323,708
Total net debt applicable to limit	11,022	9,827	11,605	10,388	8,844	8,274	7,690	10,183	9,435	7,218
Legal debt margin	<u>\$ 290,226</u>	<u>\$ 291,973</u>	<u>\$ 276,278</u>	<u>\$ 260,368</u>	<u>\$ 256,878</u>	<u>\$ 254,701</u>	<u>\$ 260,462</u>	<u>\$ 277,227</u>	<u>\$ 291,794</u>	<u>\$ 316,490</u>
Total net debt applicable to the limit as a percentage of debt limit	3.66%	3.26%	4.03%	3.84%	3.33%	3.15%	2.87%	3.54%	3.13%	2.23%

Legal Debt Margin Calculation for Fiscal Year 2017

Estimated taxable market value	\$ 10,790,272
Debt limit (3% of total market value)	323,708
Debt applicable to limit:	
Open Space Bonds 2010A	1,965
Refunding Bonds 2012A	3,825
Open Space Bonds 2015A	3,045
Less: Amount set aside for repayment of general obligation debt	(1,617)
Total net debt applicable to limit	<u>7,218</u>
Legal debt margin	<u>\$ 316,490</u>

Note: Under State of Minnesota law, the City of Plymouth's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

CITY OF PLYMOUTH, MINNESOTA
PLEDGED-REVENUE COVERAGE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year Ended December 31	Water Revenue Bonds						Special Assessment Bonds				
	Water-Sewer Utility Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	
				Principal(1)	Interest			Principal	Interest		
2008	\$ 13,567	\$ 10,682	\$ 2,885	\$ 745	\$ 382	2.56	\$ 1,437	\$ 585	\$ 66	2.21	
2009	13,677	11,136	2,541	760	360	2.27	1,489	595	49	2.31	
2010	13,380	10,523	2,857	785	336	2.55	1,253	610	31	1.95	
2011	13,712	10,654	3,058	805	309	2.75	1,264	85	19	12.15	
2012	14,900	10,900	4,000	830	280	3.60	1,541	285	20	5.05	
2013	15,158	11,132	4,026	940	432	2.93	-	-	-	-	
2014	15,386	11,408	3,978	950	253	3.31	-	-	-	-	
2015	15,856	13,066	2,790	920	87	2.77	-	-	-	-	
2016	15,816	12,987	2,829	935	60	2.84	-	-	-	-	
2017	17,535	11,872	5,663	965	31	5.69	-	-	-	-	

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

Gross Revenue includes operating revenue, investment income and non-operating revenues exclusive of connection fees plus operating transfers in for other funds' share of debt service requirements.

Operating Expenses include personal services, materials and supplies, and contractual services.

(1) Refunding payments have been excluded.

**CITY OF PLYMOUTH, MINNESOTA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Fiscal Year	Population (A)	Personal Income (In Thousands)	Per Capita Personal Income (B)	School Enrollment (C)	Unemployment Rate (A)
2008	71,536	\$ 3,293,231	\$ 46,036	51,262	6.4%
2009	72,268	3,370,869	46,644	51,215	6.0%
2010 (D)	70,576	3,275,079	46,405	51,116	6.1%
2011	71,263	3,363,257	47,195	51,807	4.6%
2012	72,644	3,346,927	46,073	51,553	4.3%
2013	72,969	3,515,428	48,177	51,480	3.6%
2014	73,633	3,456,922	46,948	51,613	2.6%
2015	74,592	3,459,204	46,375	51,425	2.6%
2016	75,452	3,556,053	47,130	51,697	3.0%
2017	75,791	3,721,187	49,098	52,169	2.4%

- Source:
- (A) Minnesota Department of Employment and Economic Development
 - (B) Metropolitan Council
 - (C) School district boundaries do not conform to city boundaries; enrollment totals include students from surrounding communities.
 - (D) US population census data; available every 10 years

**CITY OF PLYMOUTH, MINNESOTA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO**

Employer	2017			2008		
	Employees	Rank	Percentage of Total Plymouth Employment	Employees	Rank	Percentage of Total Plymouth Employment
I.S.D. No. 284 (Wayzata)	1,660	1	3.39%	-	-	-
TCF Bank	1,433	2	2.92%	-	-	-
Medtronic	1,300	3	2.65%	-	-	-
Aimia	1,000	4	2.04%	-	-	-
Honeywell	900	5	1.84%	500	5	1.20%
Prudential Insurance	755	6	1.54%	1,600	2	3.85%
Smith's Medical	635	7	1.30%	-	-	-
City of Plymouth	547	8	1.12%	-	-	-
U.S. Foods	500	9	1.02%	400	8	0.96%
Banner Engineering	488	10	1.00%	-	-	-
Carlson Companies	-	-	-	2,225	1	5.35%
Qwest Companies	-	-	-	700	3	1.68%
Boston Scientific	-	-	-	600	4	1.44%
Select Comfort	-	-	-	475	6	1.14%
Upsher-Smith Laboratories, Inc.	-	-	-	400	7	0.96%
Fortis Health	-	-	-	390	9	0.94%
Deltak Corp	-	-	-	370	10	0.89%
	<u>9,218</u>		<u>18.81%</u>	<u>7,660</u>		<u>18.41%</u>

Note: Data is based on the most current information available.

Sources: City Community Development Department, 2017 Ehlers

**CITY OF PLYMOUTH, MINNESOTA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Administration	10	10	11	8	9	8	8	12	12	13
Assessing	6	6	7	7	7	7	-	-	-	-
Finance	15	14	13	10	12	12	11	9	9	8
Inspection	12	12	12	10	11	11	11	12	12	11
Planning	11	11	11	11	11	11	12	12	12	12
Information Technology	8	7	7	5	6	6	6	6	6	6
Parks										
Administration	5	5	9	9	9	9	9	10	10	10
Park Maintenance	26	26	21	20	20	19	20	22	23	22
Plymouth Creek	5	6	5	5	5	5	5	5	5	5
Ice Center	5	5	4	5	5	5	5	4	4	4
Public Safety										
Police- Sworn	70	70	66	68	64	67	71	71	73	78
Police - Civilian	17	16	17	15	16	17	17	13	16	14
Fire Prevention	2	2	-	-	-	-	-	-	-	-
Full Time Fire Fighters	7	6	6	6	6	6	6	6	7	12
Public Works										
Engineering	17	17	13	13	10	9	11	11	11	9
Streets	19	19	13	13	13	13	15	16	14	15
Central Equipment	4	4	5	5	6	6	6	5	7	6
Recycling Administration	1	1	2	2	1	1	1	1	1	-
Risk Management	1	1	1	1	1	1	1	1	1	1
Building Management	2	2	2	2	3	2	2	2	1	1
Public Service										
House and Development	6	6	3	3	3	2	2	2	2	2
Sewer/Water	23	23	23	23	23	24	25	22	24	22
Transit	2	2	1	1	1	1	-	-	1	1
	<u>274</u>	<u>271</u>	<u>252</u>	<u>242</u>	<u>242</u>	<u>241</u>	<u>243</u>	<u>241</u>	<u>249</u>	<u>252</u>

**CITY OF PLYMOUTH, MINNESOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Medical calls	2,314	2,962	3,257	3,284	3,417	3,564	3,765	3,892	4,043	4,267
Traffic incidents	18,471	15,771	16,380	20,318	17,632	16,161	14,473	14,186	10,965	15,951
Citations	12,742	11,313	11,072	13,729	10,925	11,712	10,140	11,580	7,113	9,659
Other	10,772	17,118	17,398	13,582	14,254	12,831	13,982	15,063	20,477	17,688
Fire										
Inspections	1,758	1,629	1,007	1,221	1,093	1,070	1,191	1,488	1,305	1,112
Fire calls - Fire	164	182	162	161	164	123	165	182	203	193
Fire calls - Pressure rupture/explosion	3	7	6	8	5	11	5	11	6	7
Fire calls - Rescue & EMS	151	153	172	194	207	208	235	222	234	341
Fire calls - Hazardous condition	143	145	202	152	141	185	128	129	159	135
Fire calls - Service calls	94	112	135	148	144	146	165	115	159	227
Fire calls - Good intent	333	302	377	411	347	378	381	386	394	336
Fire calls - False alarm/call	453	347	348	455	362	452	440	433	367	410
Fire calls - Severe weather/disaster	2	1	3	2	1	1	2	-	-	1
Fire calls - Special incidents	1	-	3	1	-	-	-	-	1	1
Inspections										
Permit related	17,464	14,568	18,036	18,043	19,641	17,750	20,370	23,468	21,098	21,433
Non-permit related	10,940	7,627	2,185	2,240	2,556	2,564	2,595	2,244	2,005	1,874
Recreation										
Hours of ice time	6,612	6,801	7,166	7,315	6,847	6,784	6,889	6,902	6,713	6,235
Number of programs	1,862	1,908	2,011	2,003	2,079	2,146	2,113	2,150	2,191	1,615
Plymouth Creek Center rentals	3,838	3,757	3,956	4,218	4,068	4,086	4,204	4,081	3,998	3,567
Water										
Gallons of water production (in thousands)	3,399,495	3,524,110	3,183,085	3,146,805	3,629,615	3,198,740	2,898,520	2,925,594	2,944,140	3,006,304
Watermain breaks	54	43	29	53	34	35	39	35	35	39
Publicworks										
Snowplowing hours	1,954	2,179	3,003	970	3,023	2,786	1,682	1,749	1,872	4,008

**CITY OF PLYMOUTH, MINNESOTA
 CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	38	38	33	23	17	19	21	21	23
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works										
Trunk highways (miles)	20	20	20	20	20	20	20	20	20	20
Paved - County (miles)	28	26	26	26	26	26	26	26	26	26
Other streets & alleys (miles)	287	287	290	294	297	300	305	310	313	320
Sidewalks (miles)	11	11	12	12	12	12	12	17	17	17
Streetlights	2,973	2,984	3,028	3,059	3,042	3,133	3,181	3,219	3,322	3,313
Parks and recreation										
Acreage	1,273	1,273	1,400	1,410	1,685	1,688	1,691	1,670	1,672	1,728
Number of parks and playgrounds	49	50	50	50	50	52	54	65	75	79
Trails (miles)	136	136	136	137	140	145	145	158	164	168
Community center	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	353	353	354	361	366	369	373	381	385	389
Fire hydrants:										
Private	1,562	1569	1571	1571	1573	1579	1588	1599	1610	1618
Public	4,345	4429	4434	4528	4580	4638	4703	4700	4700	4957
Wastewater										
Sanitary sewer (miles)	309	309	309	319	322	325	328	334	338	342
Storm sewer (miles)	134	134	134	140	143	146	150	157	162	168

Sources: Various city departments.

Note: No capital asset indicators are available for the general government function.