PRELIMINARY OFFICIAL STATEMENT DATED JULY 24, 2019

NEW ISSUE **S&P Rating: Requested**
NOT BANK QUALIFIED

In the opinion of Kennedy & Graven, Chartered, Bond Counsel for the Series 2019A Bonds, based on present federal and Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), and assuming compliance with certain covenants, interest to be paid on the Series 2019A Bonds is excluded from gross income for federal income tax purposes and, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Kennedy & Graven, Chartered regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Series 2019A Bonds or arising with respect to ownership of the Series 2019A Bonds. The Series 2019A Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations. See "TAX EXEMPTION" and "OTHER FEDERAL AND STATE TAX CONSIDERATIONS" herein.

$9,850,000*

City of Brooklyn Center, Minnesota

General Obligation Improvement and Utility Revenue Bonds, Series 2019A
(the “Series 2019A Bonds”)

(Book Entry Only)

Dated Date: Date of Delivery **Interest Due: Each February 1 and August 1, commencing August 1, 2020**

The Bonds will mature February 1 in the years and amounts* as follows:

2021	$760,000	2023	$930,000	2025	$ 945,000	2027	$1,085,000	2029	$1,100,000
2022	$810,000	2024	$935,000	2026	$1,070,000	2028	$1,095,000	2030	$1,120,000

Proposals for the Series 2019A Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above.

The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019A Bonds due on or after February 1, 2029 at a price of par plus accrued interest.

The Series 2019A Bonds are general obligations of the City for which the City pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties and net revenues of the City’s water, sanitary sewer, and storm drainage utility funds for repayment of a portion of the Series 2019A Bonds. The proceeds of the Series 2019A Bonds will be used to finance (i) various street improvements within the City and (ii) various utility improvements within the City.

Proposals shall be for not less than $9,771,200 plus accrued interest, if any, on the total principal amount of the Series 2019A Bonds. Proposals shall specify rates in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Following receipt of proposals, a good faith deposit will be required to be delivered to the City by the lowest bidder as described in the “Terms of Proposal” herein. Award of the Series 2019A Bonds will be made on the basis of True Interest Cost (TIC).

The Series 2019A Bonds will be issued as fully registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Series 2019A Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Investors will not receive physical certificates representing their interest in the Series 2019A Bonds purchased. (See “Book Entry System” herein.) Zions Bancorporation, National Association, Chicago, Illinois will serve as registrar (the “Registrar”) for the Series 2019A Bonds. The Series 2019A Bonds will be available for delivery at DTC on or about September 12, 2019.

PROPOSALS RECEIVED: Monday, August 12, 2019 until 10:00 A.M., Central Time
CONSIDERATION OF AWARD: Council meeting commencing at 7:00 P.M., Central Time on Monday, August 12, 2019

bakertilly
MUNICIPAL ADVISORS
now joined with
Springsted and Umbaugh

Further information may be obtained from Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887 (651) 223-3000.

* *Preliminary; subject to change.*

CITY OF BROOKLYN CENTER, MINNESOTA

CITY COUNCIL

Mike Elliott	Mayor
Marquita Butler	Council Member
April Graves	Council Member
Kris Lawrence-Anderson	Council Member
Dan Ryan	Council Member

CITY MANAGER

Cornelius L. Boganey

DIRECTOR OF FISCAL AND SUPPORT SERVICES

Nathan Reinhardt

MUNICIPAL ADVISOR

Baker Tilly Municipal Advisors, LLC
Saint Paul, Minnesota

BOND COUNSEL

Kennedy & Graven, Chartered
Minneapolis, Minnesota

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the City from time to time, may be treated as a Preliminary Official Statement with respect to the Series 2019A Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the City.

By awarding the Series 2019A Bonds to any underwriter or underwriting syndicate submitting a Proposal therefor, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the senior managing underwriter of the syndicate to which the Series 2019A Bonds are awarded copies of the Final Official Statement in the amount specified in the Terms of Proposal.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Series 2019A Bonds, other than as contained in the Preliminary Official Statement or the Final Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

Certain information contained in the Preliminary Official Statement or the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE PRELIMINARY OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE PRELIMINARY OFFICIAL STATEMENT NOR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATE THEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Preliminary Official Statement or the Final Official Statement, they will be furnished upon request.

Any CUSIP numbers for the Series 2019A Bonds included in the Final Official Statement are provided for convenience of the owners and prospective investors. The CUSIP numbers for the Series 2019A Bonds are assigned by an organization unaffiliated with the City. The City is not responsible for the selection of the CUSIP numbers and makes no representation as to the accuracy thereof as printed on the Series 2019A Bonds or as set forth in the Final Official Statement. No assurance can be given by the City that the CUSIP numbers for the Series 2019A Bonds will remain the same after the delivery of the Final Official Statement or the date of issuance and delivery of the Series 2019A Bonds.

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THE CITY HAS AUTHORIZED BAKER TILLY MUNICIPAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

TERMS OF PROPOSAL

$9,850,000*

CITY OF BROOKLYN CENTER, MINNESOTA

GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE BONDS, SERIES 2019A

(BOOK ENTRY ONLY)

Proposals for the above-referenced obligations (the "Series 2019A Bonds") will be received by the City of Brooklyn Center, Minnesota (the "City") on Monday, August 12, 2019 (the "Sale Date") until 10:00 A.M., Central Time at the offices of Baker Tilly Municipal Advisors, LLC ("Baker Tilly MA"), 380 Jackson Street, Suite 300, Saint Paul, Minnesota, 55101, after which time proposals will be opened and tabulated. Consideration for award of the Series 2019A Bonds will be by the City Council at its meeting commencing at 7:00 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

Baker Tilly MA will assume no liability for the inability of a bidder to reach Baker Tilly MA prior to the time of sale specified above. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the City to purchase the Series 2019A Bonds regardless of the manner in which the proposal is submitted.

(a) ***Sealed Bidding.*** Proposals may be submitted in a sealed envelope or by fax (651) 223-3046 to Baker Tilly MA. Signed proposals, without final price or coupons, may be submitted to Baker Tilly MA prior to the time of sale. The bidder shall be responsible for submitting to Baker Tilly MA the final proposal price and coupons, by telephone (651) 223-3000 or fax (651) 223-3046 for inclusion in the submitted proposal.

OR

(b) ***Electronic Bidding.*** Notice is hereby given that electronic proposals will be received via PARITY®. For purposes of the electronic bidding process, the time as maintained by PARITY® shall constitute the official time with respect to all proposals submitted to PARITY®. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY® for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Terms of Proposal*. Neither the City, its agents, nor PARITY® shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the City, its agents, nor PARITY® shall be responsible for a bidder's failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY®. The City is using the services of PARITY® solely as a communication mechanism to conduct the electronic bidding for the Series 2019A Bonds, and PARITY® is not an agent of the City.

If any provisions of this Terms of Proposal conflict with information provided by PARITY®, this Terms of Proposal shall control. Further information about PARITY®, including any fee charged, may be obtained from:

> PARITY®, 1359 Broadway, 2nd Floor, New York, New York 10018
> Customer Support: (212) 849-5000

* *Preliminary; subject to change.*

DETAILS OF THE SERIES 2019A BONDS

The Series 2019A Bonds will be dated as of the date of delivery and will bear interest payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2019A Bonds will mature February 1 in the years and amounts* as follows:

2021	$760,000	2023	$930,000	2025	$ 945,000	2027	$1,085,000	2029	$1,100,000
2022	$810,000	2024	$935,000	2026	$1,070,000	2028	$1,095,000	2030	$1,120,000

* *The City reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2019A Bonds or the amount of any maturity or maturities in multiples of $5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per $1,000 of Series 2019A Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the City for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

Proposals for the Series 2019A Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth above. In order to designate term bonds, the proposal must specify "Years of Term Maturities" in the spaces provided on the proposal form.

BOOK ENTRY SYSTEM

The Series 2019A Bonds will be issued by means of a book entry system with no physical distribution of Series 2019A Bonds made to the public. The Series 2019A Bonds will be issued in fully registered form and one Series 2019A Bond, representing the aggregate principal amount of the Series 2019A Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2019A Bonds. Individual purchases of the Series 2019A Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2019A Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the "Purchaser"), as a condition of delivery of the Series 2019A Bonds, will be required to deposit the Series 2019A Bonds with DTC.

REGISTRAR

The City will name the registrar which shall be subject to applicable regulations of the Securities and Exchange Commission. The City will pay for the services of the registrar.

OPTIONAL REDEMPTION

The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019A Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all Series 2019A Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

SECURITY AND PURPOSE

The Series 2019A Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties and net revenues of the City's water, sanitary sewer, and storm drainage utility funds for repayment of a portion of the Series 2019A Bonds. The proceeds of the Series 2019A Bonds will be used to finance (i) various street improvements within the City and (ii) various utility improvements within the City.

BIDDING PARAMETERS

Proposals shall be for not less than $9,771,200 plus accrued interest, if any, on the total principal amount of the Series 2019A Bonds. No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the City scheduled for award of the Series 2019A Bonds is adjourned, recessed, or continued to another date without award of the Series 2019A Bonds having been made. Rates shall be in integral multiples of 1/100 or 1/8 of 1%. The initial price to the public for each maturity as stated on the proposal must be 98.0% or greater. Series 2019A Bonds of the same maturity shall bear a single rate from the date of the Series 2019A Bonds to the date of maturity. No conditional proposals will be accepted.

ESTABLISHMENT OF ISSUE PRICE

In order to provide the City with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the "Code"), the Purchaser will be required to assist the City in establishing the issue price of the Series 2019A Bonds and shall complete, execute, and deliver to the City prior to the closing date, a written certification in a form acceptable to the Purchaser, the City, and Bond Counsel (the "Issue Price Certificate") containing the following for each maturity of the Series 2019A Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the "public" (as said term is defined in Treasury Regulation Section 1.148-1(f) (the "Regulation")) or the sale price; and (iii) pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Baker Tilly MA.

The City intends that the sale of the Series 2019A Bonds pursuant to this Terms of Proposal shall constitute a "competitive sale" as defined in the Regulation based on the following:

- (i) the City shall cause this Terms of Proposal to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the City reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Series 2019A Bonds; and
- (iv) the City anticipates awarding the sale of the Series 2019A Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Terms of Proposal (See "AWARD" herein).

Any bid submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Series 2019A Bonds, as specified in the proposal. The Purchaser shall constitute an "underwriter" as said term is defined in the Regulation. By submitting its proposal, the Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the Series 2019A Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2019A Bonds.

If all of the requirements of a "competitive sale" are not satisfied, the City shall advise the Purchaser of such fact prior to the time of award of the sale of the Series 2019A Bonds to the Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Series 2019A Bonds, the Purchaser shall advise the City and Baker Tilly MA if 10% of any maturity of the Series 2019A Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The City will treat such sale price as the "issue price" for such maturity, applied on a maturity-by-maturity basis. The City will not require the Purchaser to comply with that portion of the Regulation commonly described as the "hold-the-offering-price" requirement for the remaining maturities, but the Purchaser may elect such option. If the Purchaser exercises such option, the City will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the Purchaser does not exercise that option, it shall thereafter promptly provide the City and Baker Tilly MA the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the City and Baker Tilly MA notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Series 2019A Bonds or until all of the Series 2019A Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the Purchaser is required to submit a good faith deposit to the City in the amount of $98,500 (the "Deposit") no later than 1:00 P.M., Central Time on the Sale Date. The Deposit may be delivered as described herein in the form of either (i) a certified or cashier's check payable to the City; or (ii) a wire transfer. The Purchaser shall be solely responsible for the timely delivery of its Deposit whether by check or wire transfer. Neither the City nor Baker Tilly MA have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the City may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

Certified or Cashier's Check. A Deposit made by certified or cashier's check will be considered timely delivered to the City if it is made payable to the City and delivered to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101 by the time specified above.

Wire Transfer. A Deposit made by wire will be considered timely delivered to the City upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Baker Tilly MA following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the Purchaser will be retained by the City and no interest will accrue to the Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the Purchaser fails to comply with the accepted proposal, said amount will be retained by the City.

AWARD

The Series 2019A Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the City. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The City will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2019A Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the City determines to have failed to comply with the terms herein.

BOND INSURANCE AT PURCHASER'S OPTION

The City has **not** applied for or pre-approved a commitment for any policy of municipal bond insurance with respect to the Series 2019A Bonds. If the Series 2019A Bonds qualify for municipal bond insurance and a bidder desires to purchase a policy, such indication, the maturities to be insured, and the name of the desired insurer must be set forth on the bidder's proposal. The City specifically reserves the right to reject any bid specifying municipal bond insurance, even though such bid may result in the lowest TIC to the City. All costs associated with the issuance and administration of such policy and associated ratings and expenses (other than any independent rating requested by the City) shall be paid by the successful bidder. Failure of the municipal bond insurer to issue the policy after the award of the Series 2019A Bonds shall not constitute cause for failure or refusal by the successful bidder to accept delivery of the Series 2019A Bonds.

CUSIP NUMBERS

If the Series 2019A Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2019A Bonds; however, neither the failure to print such numbers on any Series 2019A Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Series 2019A Bonds. Baker Tilly MA will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

On or about September 12, 2019, the Series 2019A Bonds will be delivered without cost to the Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Kennedy & Graven, Chartered of Minneapolis, Minnesota, and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2019A Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the City or its designee not later than 12:00 Noon, Central Time. Unless compliance with the terms of payment for the Series 2019A Bonds has been made impossible by action of the City, or its agents, the Purchaser shall be liable to the City for any loss suffered by the City by reason of the Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the City will undertake, pursuant to the resolution awarding sale of the Series 2019A Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The Purchaser's obligation to purchase the Series 2019A Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2019A Bonds.

OFFICIAL STATEMENT

The City has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2019A Bonds, and said Preliminary Official Statement has been deemed final by the City as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the City, Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101, telephone (651) 223-3000.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2019A Bonds, together with any other information required by law. By awarding the Series 2019A Bonds to the Purchaser, the City agrees that, no more than seven business days after the date of such award, it shall provide without cost to the Purchaser up to 25 copies of the Final Official Statement. The City designates the Purchaser as its agent for purposes of distributing copies of the Final Official Statement to each syndicate member, if applicable. The Purchaser agrees that if its proposal is accepted by the City, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

Dated July 22, 2019

BY ORDER OF THE CITY COUNCIL

/s/ Barb Suciu
City Clerk

OFFICIAL STATEMENT

$9,850,000*

CITY OF BROOKLYN CENTER, MINNESOTA

GENERAL OBLIGATION IMPROVEMENT AND UTILITY REVENUE BONDS, SERIES 2019A

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement contains certain information relating to the City of Brooklyn Center, Minnesota (the "City") and its issuance of $9,850,000* General Obligation Improvement and Utility Revenue Bonds, Series 2019A (the "Series 2019A Bonds"). The Series 2019A Bonds are general obligations of the City for which it pledges its full faith and credit and power to levy direct general ad valorem taxes. In addition, the City will pledge special assessments against benefited properties and net revenues of the City's water, sanitary sewer, and storm drainage utility funds for repayment of a portion of the Series 2019A Bonds.

Inquiries may be directed to Mr. Nathan Reinhardt, Director of Fiscal and Support Services, City of Brooklyn Center, 6301 Shingle Creek Parkway, Brooklyn Center, Minnesota 55430, by telephoning (763) 569-3345, or by e-mailing nreinhardt@ci.brooklyn-center.mn.us. Inquiries may also be made to Baker Tilly Municipal Advisors, LLC, 380 Jackson Street, Suite 300, Saint Paul, Minnesota 55101-2887, by telephoning (651) 223-3000, or by e-mailing bo bond_services@bakertilly.com.

CONCURRENT FINANCING

By means of a separate Official Statement, the Economic Development Authority of the City of Brooklyn Center, Minnesota (the "Authority") expects to price its $2,620,000* Lease Revenue Bonds (Liquor Store Project), Series 2019B (the "Series 2019B Bonds") via a negotiated sale. The Series 2019B Bonds are being issued by the Authority pursuant to Minnesota Statutes, Sections 426.19 and 465.71, as amended. Proceeds of the Series 2019B Bonds will be used by the Authority to finance the acquisition of property and construction for a new municipal liquor store.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 (the "Rule"), pursuant to the Awarding Resolution, the City has covenanted to comply with the continuing disclosure undertaking (the "Undertaking") for the benefit of holders or beneficial owners of the Series 2019A Bonds to provide certain financial information and operating data relating to the City to the Municipal Securities Rulemaking Board annually, and to provide notices of the occurrence of certain events enumerated in the Rule to the Municipal Securities Rulemaking Board and to any state information depository. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events, is set forth in the Undertaking in substantially the form attached hereto as Appendix II, subject to such modifications thereof or additions thereto as: (i) consistent with requirements under the Rule, (ii) required by the purchaser of the Bonds from the City, and (iii) acceptable to the Mayor and the Manager of the City.

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* *Preliminary; subject to change.*

The City believes it has complied for the past five years in accordance with the terms of its previous continuing disclosure undertakings entered into pursuant to the Rule, except to the extent the following are deemed to be material. In reviewing its past disclosure practices, the City notes the following:

- Prior continuing disclosure undertakings entered into by the City included language stating that the City's audited financial statements would be filed "as soon as available." Although not always filed "as soon as available," the audited financial statements were filed within the required twelve (12) month timeframe as required in each undertaking.

A failure by the City to comply with the Undertaking will not constitute an event of default on the Series 2019A Bonds (although holders or other beneficial owners of the Series 2019A Bonds will have the sole remedy of bringing an action for specific performance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2019A Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2019A Bonds and their market price.

THE SERIES 2019A BONDS

General Description

The Series 2019A Bonds are dated as of the date of delivery and will mature annually on February 1 as set forth on the front cover of this Official Statement. The Series 2019A Bonds are issued in book entry form. Interest on the Series 2019A Bonds is payable on February 1 and August 1 of each year, commencing August 1, 2020. Interest will be payable to the holder (initially Cede & Co.) registered on the books of the Registrar as of the fifteenth day of the calendar month next preceding such interest payment date. Interest will be computed on the basis of a 360-day year of twelve 30-day months. Principal of and interest on the Series 2019A Bonds will be paid as described in the section herein entitled "Book Entry System." Zions Bancorporation, National Association, Chicago, Illinois will serve as Registrar for the Series 2019A Bonds, and the City will pay for registrar services.

Redemption Provisions

Mailed notice of redemption shall be given to the registered owner(s) of the Series 2019A Bonds in accordance with the requirements of DTC which currently requires no less than twenty (20) days nor more than sixty (60) days prior to the redemption date. Failure to give such written notice to any registered owner of the Series 2019A Bonds or any defect therein shall not affect the validity of any proceedings for the redemption of the Series 2019A Bonds. All Series 2019A Bonds or portions thereof called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit at the place of payment.

Optional Redemption

The City may elect on February 1, 2028, and on any day thereafter, to redeem Series 2019A Bonds due on or after February 1, 2029. Redemption may be in whole or in part and if in part at the option of the City and in such manner as the City shall determine. If less than all the Series 2019A Bonds of a maturity are called for redemption, the City will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par plus accrued interest.

Book Entry System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2019A Bonds. The Series 2019A Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Series 2019A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2019A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2019A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2019A Bonds, except in the event that use of the book-entry system for the Series 2019A Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2019A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2019A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2019A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2019A Bond documents. For example, Beneficial Owners of the Series 2019A Bonds may wish to ascertain that the nominee holding the Series 2019A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2019A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2019A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2019A Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2019A Bonds at any time by giving reasonable notice to City or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

AUTHORITY AND PURPOSE

The Series 2019A Bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, and 475. The proceeds of the Series 2019A Bonds will be used to finance (i) various street improvements within the City (the "Improvement Portion") and (ii) various utility improvements within the City (the "Utility Portion").

SOURCES AND USES OF FUNDS

The composition of the Series 2019A Bonds is estimated to be as follows:

	Improvement Portion	Utility Portion	Total
Sources of Funds:			
Principal Amount	$4,050,000	$5,800,000	$9,850,000
Total Sources of Funds	$4,050,000	$5,800,000	$9,850,000
Uses of Funds:			
Deposit to Project Funds	$3,987,586	$5,710,614	$9,698,200
Allowance for Discount Bidding	32,400	46,400	78,800
Estimated Costs of Issuance	30,014	42,986	73,000
Total Uses of Funds	$4,050,000	$5,800,000	$9,850,000

SECURITY AND FINANCING

The Series 2019A Bonds will be general obligations of the City for which the City will pledge its full faith and credit and power to levy direct general ad valorem taxes. Additional sources of security for the Series 2019A Bonds are discussed below.

Improvement Portion

The City pledges special assessments against benefited properties for repayment of the Improvement Portion of the Series 2019A Bonds. Special assessments in the principal amount of approximately $2,371,810 are expected to be filed in 2019 for first collection in 2020. Assessments will be filed over a term of ten years with equal annual payments of principal. Interest on the unpaid balance will be charged at an interest rate of 4.00%.

The City will also levy taxes for repayment of a portion of the Improvement Portion of the Series 2019A Bonds, and will make its first levy in 2019 for collection in 2020. Each year's collection of taxes and special assessments, if collected in full, will be sufficient to pay 105% of the interest payment due August 1 of the collection year and the principal and interest payment due February 1 of the following year.

Utility Portion

Pursuant to Minnesota Statutes, Chapter 444, and the resolution awarding the sale of the Series 2019A Bonds, the City will covenant to impose and collect charges for the service, use, availability and connection to the water, storm drainage, and sanitary sewer utilities (the "Utilities") to produce net revenues in amounts sufficient to support the operation of the Utilities and to pay 105% of debt service on obligations to which it has pledged the net revenues of the Utilities, including the Utility Portion of the Series 2019A Bonds. The City is required to annually review the budget of the Utilities to determine whether current rates and charges are sufficient and to adjust such rates and charges as necessary. The City does not anticipate the need to levy taxes for repayment of the Utility Portion of the Series 2019A Bonds.

FUTURE FINANCING

With the exception of the issue discussed in the "CONCURRENT FINANCING" section herein, the City does not anticipate issuing any additional long-term general obligation debt for at least the next 90 days.

LITIGATION

The City is not aware of any threatened or pending litigation affecting the validity of the Series 2019A Bonds or the City's ability to meet its financial obligations.

LEGALITY

The Series 2019A Bonds are subject to approval as to certain matters by Kennedy & Graven, Chartered, of Minneapolis, Minnesota, as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify any of the financial or statistical statements or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix I herein will be delivered at closing.

TAX EXEMPTION

At closing Kennedy & Graven, Chartered, of Minneapolis, Minnesota, Bond Counsel for the Series 2019A Bonds, will render an opinion that, at the time of their issuance and delivery to the original purchaser, under present federal and State of Minnesota laws, regulations, rulings and decisions (which excludes any pending legislation which may have a retroactive effect), the interest on the Series 2019A Bonds is excluded from gross income for purposes of United States income tax and is excluded, to the same extent, from taxable net income of individuals, estates and trusts for Minnesota income purposes, and is not a preference item for purposes of computing the federal alternative minimum tax or the Minnesota alternative minimum tax imposed on individuals, trusts, and estates. Such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. No opinion will be expressed by Kennedy & Graven regarding other federal or state tax consequences caused by the receipt or accrual of interest on the Series 2019A Bonds or arising with respect to ownership of the Series 2019A Bonds. Preservation of the exclusion of interest on the Series 2019A Bonds from federal gross income and state gross and taxable net income, however, depends upon compliance by the City with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Series 2019A Bonds in order that interest thereon be (or continue to be) excluded from federal gross income and state gross and taxable net income.

The City will covenant to comply with requirements necessary under the Code to establish and maintain the Series 2019A Bonds as tax-exempt under Section 103 thereof, including without limitation, requirements relating to temporary periods for investments and limitations on amounts invested at a yield greater than the yield on the Series 2019A Bonds.

OTHER FEDERAL AND STATE TAX CONSIDERATIONS

Property and Casualty Insurance Companies

Property and casualty insurance companies are required to reduce the amount of their loss reserve deduction by the applicable percentage of the amount of tax-exempt interest received or accrued during the taxable year on certain obligations, including interest on the Series 2019A Bonds.

Foreign Insurance Companies

Foreign companies carrying on an insurance business in the United States are subject to a tax on income which is effectively connected with their conduct of any trade or business in the United States, including "net investment income." Net investment income includes tax-exempt interest such as interest on the Series 2019A Bonds.

Branch Profits Tax

A foreign corporation is subject to a branch profits tax imposed by Section 884 of the Code. A branch's earnings and profits may include tax-exempt municipal bond interest, such as interest on the Series 2019A Bonds.

Passive Investment Income of S Corporations

Passive investment income, including interest on the Series 2019A Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than a certain percentage of the gross receipts of such S corporation is passive investment income.

General

The preceding is not a comprehensive list of all federal or State tax consequences which may arise from the receipt or accrual of interest on the Series 2019A Bonds. The receipt or accrual of interest on the Series 2019A Bonds may otherwise affect the federal income tax (or Minnesota income tax or franchise tax) liability of the recipient based on the particular taxes to which the recipient is subject and the particular tax status of other items of income or deductions. All prospective purchasers of the Series 2019A Bonds are advised to consult their own tax advisors as to the tax consequences of, or tax considerations for, purchasing or holding the Series 2019A Bonds.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The City will not designate the Series 2019A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code, relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

RATING

Application for a rating of the Series 2019A Bonds has been made to S&P Global Ratings ("S&P"), 55 Water Street, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised, suspended or withdrawn, if, in the judgment of S&P, circumstances so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Series 2019A Bonds.

MUNICIPAL ADVISOR

The City has retained Baker Tilly Municipal Advisors, LLC, of Saint Paul, Minnesota as municipal advisor in connection with certain aspects of the issuance of the Series 2019A Bonds. In preparing this Official Statement, Baker Tilly Municipal Advisors, LLC has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for this Official Statement. Baker Tilly Municipal Advisors, LLC has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Baker Tilly Municipal Advisors, LLC is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CERTIFICATION

The City has authorized the distribution of the Preliminary Official Statement for use in connection with the initial sale of the Series 2019A Bonds and a Final Official Statement following award of the Series 2019A Bonds. The Purchaser will be furnished with a certificate signed by the appropriate officers of the City stating that the City examined each document and that, as of the respective date of each and the date of such certificate, each document did not and does not contain any untrue statement of material fact or omit to state a material fact necessary, in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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CITY PROPERTY VALUES

Trend of Values[(a)]

Assessment/ Collection Year	Assessor's Estimated Market Value	Sales Ratio[(b)]	Economic Market Value[(c)]	Market Value Homestead Exclusion	Taxable Market Value	Adjusted Taxable Net Tax Capacity
2018/19	$2,234,245,900	89.6%	$2,499,069,716	$144,494,942	$2,081,039,958	$26,538,221
2017/18	2,054,586,200	94.5	2,178,582,990	154,116,646	1,892,639,554	25,120,921
2016/17	1,870,150,101	92.5	2,028,801,815	163,771,285	1,699,535,316	22,841,269
2015/16	1,778,802,900	93.7	1,898,823,284	166,968,111	1,605,660,789	21,570,419
2014/15	1,667,663,500	83.0	2,008,478,171	173,160,024	1,489,548,076	20,703,061

(a) *For a description of the Minnesota property tax system, see Appendix III.*

(a) *Sales Ratio Study for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

(c) *Economic market values for the year of assessment as posted by the Minnesota Department of Revenue, https://www.revenue.state.mn.us/economic-market-values.*

Source: Hennepin County, Minnesota, April 2019, except as otherwise noted.

2018/19 Adjusted Taxable Net Tax Capacity: $26,538,221

Real Estate:		
Residential Homestead	$13,248,557	51.10%
Commercial/Industrial, Railroad, and Public Utility	9,066,714	34.97
Residential Non-Homestead	3,197,885	12.33
Seasonal Recreational and Other	11,910	0.05
Personal Property	412,752	1.59
2018/19 Net Tax Capacity	$25,937,818	100.00%
Less: Captured Tax Increment	(3,873,826)	
Contribution to Fiscal Disparities	(3,196,246)	
Plus: Distribution from Fiscal Disparities	7,670,475	
2018/19 Adjusted Taxable Net Tax Capacity	$26,538,221	

Ten of the Largest Taxpayers in the City

Taxpayer	Type of Property	2018/19 Net Tax Capacity
The Luther Company LLC	Car Dealer	$ 806,610
The Molasky Group of COS	FBI Regional Headquarters	471,050
TLN Lanel Ltd Partnership	Apartments	259,088
Brookdale Corner LLC	Retail	253,010
Lake Point Apartments LLC	Apartments	252,150
G B Homes LLC	Custom Home Builders	251,863
Brooklyn Hotel Partners	Hotel	244,250
Medtronic Inc.	Industrial	227,630
Melrose Gates LLC	Apartments	217,888
Wal-Mart Stores Inc.	Retail	199,250
Total		$3,182,789*

* *Represents 12.0% of the City's 2018/19 adjusted taxable net tax capacity.*

CITY INDEBTEDNESS

Legal Debt Limit and Debt Margin*

Legal Debt Limit (3% of 2018/19 Estimated Market Value)	$67,027,377
Less: Outstanding Debt Subject to Limit	0
Legal Debt Margin as of September 26, 2019	$67,027,377

* *The legal debt margin is referred to statutorily as the "Net Debt Limit" and may be increased by debt service funds and current revenues which are applicable to the payment of debt in the current fiscal year.*

NOTES: Certain types of debt are not subject to the legal debt limit. See Appendix III – Debt Limitations.

General Obligation Special Assessment Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 9-26-19
12-19-13	$4,920,000	Improvements	2-1-2024	$ 2,030,000
7-9-15	5,240,000	Improvements	2-1-2026	3,720,000
10-13-16	1,820,000	Street Improvements	2-1-2027	1,495,000
6-8-17	3,735,000	Street Improvements	2-1-2028	3,385,000
7-10-18	3,835,000	Street Improvements	2-1-2029	3,835,000
9-12-19	4,050,000	Street Improvements (the Improvement Portion of the Series 2019A Bonds)	2-1-2030	4,050,000
Total				$18,515,000

General Obligation Tax Increment Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 9-26-19
12-19-13	$6,040,000	Taxable Tax Increment	2-1-2022	$4,670,000
7-9-15	6,600,000	Taxable Tax Increment Refunding	2-1-2020	1,730,000
12-8-16	2,075,000	Tax Increment Refunding	2-1-2029	2,075,000
12-8-16	1,725,000	Taxable Tax Increment Refunding	2-1-2023	1,175,000
Total				$9,650,000

General Obligation Utility Revenue Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 9-26-19
7-9-15	$1,660,000	Utility Revenue Refunding	2-1-2025	$ 1,025,000
10-13-16	3,605,000	Utility Revenue	2-1-2027	2,965,000
6-8-17	4,880,000	Utility Revenue	2-1-2028	4,220,000
7-10-18	4,350,000	Utility Revenue	2-1-2029	4,350,000
9-12-19	5,800,000	Utility Revenue (the Utility Portion of the Series 2019A Bonds)	2-1-2030	5,800,000
Total				$18,360,000

Revenue Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 9-26-19
1-20-15	$19,662,798	Taxable GO PFA Water Loan	8-20-2034	$15,773,445

Liquor Enterprise Debt

Date of Issue	Original Amount	Purpose	Final Maturity	Est. Principal Outstanding As of 9-26-19
9-26-19	$2,620,000	Lease Revenue (Liquor Store Project) (the Series 2019B Bonds)	2-1-2035	$2,620,000*

* *These bonds are being issued through means of an operating lease-purchase agreement between the City and the Economic Development Authority of Brooklyn Center, Minnesota (the "EDA"). This issue is repaid with annual appropriation lease payments to be made by the City.*

Estimated Calendar Year Debt Service Payments Including the Series 2019A Bonds

	G.O. Special Assessment Debt		G.O. Tax Increment Debt	
Year	Principal	Principal & Interest(a)	Principal	Principal & Interest
2019 (at 9-26)	(Paid)	(Paid)	(Paid)	(Paid)
2020	$ 1,920,000	$2,386,589	$ 2,350,000	$ 2,585,345
2021	2,250,000	2,664,249	2,430,000	2,596,520
2022	2,285,000	2,635,990	2,490,000	2,582,680
2023	2,100,000	2,390,728	305,000	355,333
2024	2,130,000	2,362,775	330,000	373,525
2025	1,940,000	2,115,458	335,000	371,875
2026	1,960,000	2,079,493	340,000	369,700
2027	1,430,000	1,504,893	350,000	371,938
2028	1,240,000	1,283,780	355,000	368,563
2029	840,000	858,690	365,000	369,563
2030	420,000	424,200		
Total	$18,515,000(b)	$20,706,845	$9,650,000	$10,345,042

(a) *Includes the Improvement Portion of the Series 2019A Bonds at an assumed average annual interest rate of 1.76%.*

(b) *97.7% of this debt will be retired within ten years.*

Estimated Calendar Year Debt Service Payments Including the Series 2019A Bonds (Continued)

	G.O. Utility Revenue Debt		Revenue Debt	
Year	Principal	Principal & Interest(a)	Principal	Principal & Interest
2019 (at 9-26)	(Paid)	(Paid)	(Paid)	1,140,860
2020	$ 1,275,000	$ 1,730,252	$ 982,000	1,140,130
2021	1,755,000	2,177,493	992,000	1,140,310
2022	1,855,000	2,228,191	1,002,000	1,140,390
2023	1,890,000	2,211,904	1,012,000	1,140,370
2024	1,940,000	2,208,773	1,022,000	1,140,250
2025	1,995,000	2,208,184	1,033,000	1,141,030
2026	1,995,000	2,151,281	1,043,000	1,140,700
2027	2,055,000	2,160,011	1,053,000	1,140,270
2028	1,700,000	1,762,359	1,064,000	1,140,740
2029	1,200,000	1,228,260	1,075,000	1,141,100
2030	700,000	707,000	1,085,000	1,140,350
2031			1,096,000	1,140,500
2032			1,107,000	1,140,540
2033			1,118,000	1,140,470
2034			1,089,445	1,100,735
Total	$18,360,000(b)	$20,773,708	$15,773,445(c)	$17,067,885

	Liquor Enterprise Debt	
Year	Principal	Principal & Interest(d)
2019 (at 9-26)	-0-	-0-
2020	-0-	$ 69,648
2021	$ 115,000	191,875
2022	145,000	217,975
2023	150,000	218,550
2024	155,000	218,975
2025	160,000	219,250
2026	165,000	219,375
2027	170,000	219,350
2028	175,000	219,175
2029	180,000	218,850
2030	185,000	218,375
2031	190,000	217,750
2032	200,000	221,900
2033	205,000	220,825
2034	210,000	219,600
2035	215,000	218,225
Total	$2,620,000(e)	$3,329,698

(a) *Includes the Utility Portion of the Series 2019A Bonds at an assumed average annual interest rate of 1.77%.*

(b) *96.2% of this debt will be retired within ten years.*

(c) *65.2% of this debt will be retired within ten years.*

(d) *Includes the Series 2019B Bonds at an assumed average annual interest rate of 3.00%.*

(e) *54.0% of this debt will be retired within ten years.*

Other Debt Obligations

Operating Leases

The City has leased a portion of the police second floor expansion area to the Local Government Information Systems Association (LOGIS) as a backup computer facility. The lease has a term of ten years, commencing on January 12, 2016 and calls for monthly lease payments based on square-footage. Lease revenue for the year ended December 31, 2018 was $12,000. Future minimum lease revenues under the current agreement is as follows:

Year Ending December 31	
2019	$12,000
2020	12,000
2021	12,000
2022	12,000
2023	12,000
2024-2025	24,000
Total	$84,000

The City has entered into two operating leases for its municipal liquor stores. Rent expenses for the fiscal year ended December 31, 2018 were $327,672. The following is a schedule by years of future minimum rental payments required under these operating leases as of December 31, 2018:

Year Ending December 31	
2019	$234,888
2020	164,124
2021	93,360
2022	93,360
2023	93,360
Total	$679,092

The City has entered into two operating leases for golf carts used at Centerbrook Golf Course. The leases were originally signed in 2016 with four year terms. Total rental expenses under the lease agreements for the year ended December 31, 2018 was $12,174. Future minimum base rent payments under the current agreement are as follows:

Year Ending December 31	
2019	$8,742

Overlapping Debt

Taxing Unit[(a)]	2018/19 Adjusted Taxable Net Tax Capacity	Est. G.O. Debt As of 9-26-19[(b)]	Debt Applicable to Tax Capacity in City Percent	Amount
Hennepin County	$1,979,015,644	$1,047,495,000	1.3%	$13,617,435
Hennepin County Regional Railroad	1,979,015,644	109,865,000	1.3	1,428,245
Three Rivers Park District	1,392,585,502	51,690,000	1.9	982,110
I.S.D. No. 11 (Anoka-Hennepin)	54,705,676	176,075,000	6.7	11,797,025
I.S.D. No. 279 (Osseo)	193,705,139	164,220,000	4.5	7,389,900
I.S.D. No. 281 (Robbinsdale)	114,722,950	184,250,459	5.1	9,396,773
I.S.D. No. 286 (Brooklyn Center)	8,375,567	49,605,000	100.0	49,605,000
Metropolitan Council	4,281,620,797	5,735,000[(c)]	0.6	34,410
Metropolitan Transit	3,433,535,041	262,085,000	0.8	2,096,680
Total				$96,347,578

(a) *Only those units with outstanding general obligation debt are shown here.*

(b) *Excludes general obligation tax and aid anticipation certificates and revenue-supported debt.*

(c) *Excludes general obligation debt supported by wastewater revenues and housing rental payments. Includes certificates of participation.*

Debt Ratios*

	G.O. Direct Debt	G.O. Direct & Overlapping Debt
To 2018/19 Preliminary Estimated Market Value ($2,234,245,900)	1.26%	5.57%
Per Capita - (32,299 – 2018 Metropolitan Council Estimate)	$872	$3,855

* *Excludes general obligation utility revenue debt, revenue debt, liquor enterprise debt, and other debt obligations.*

CITY TAX RATES, LEVIES AND COLLECTIONS

Tax Capacity Rates for a Resident in Independent School District No. 286 (Brooklyn Center)

	2014/15	2015/16	2016/17	2017/18	2018/19
Hennepin County	46.398%	45.356%	44.087%	42.808%	41.861%
City of Brooklyn Center	71.256	73.292	71.904	68.432	71.860
I.S.D. No. 286 (Brooklyn Center)[a]	52.984	54.573	40.438	46.098	50.075
Special Districts[b]	9.314	9.091	8.822	8.516	8.015
Total	179.952%	182.312%	165.251%	165.854%	171.811%

(a) *In addition, Independent School District No. 286 (Brooklyn Center) has a 2018/19 market value tax rate of 0.16424% spread across the market value of property in support of an excess operating levy.*

(b) *Special districts include Metropolitan Council, Metropolitan Transit, Metropolitan Mosquito Control, Hennepin Park Museum, Hennepin County Regional Rail Authority, Three Rivers Park District, and the Hennepin County Housing and Redevelopment Authority.*

NOTE: This table includes only net tax capacity-based rates. Certain other tax rates are based on market value. See Appendix III.

Tax Levies and Collections

		Collected During Collection Year		Collected and/or Abated as of 12-31-18	
Levy/Collect	Net Levy*	Amount	Percent	Amount	Percent
2018/19	$18,807,475	(In Process of Collection)			
2017/18	17,415,844	$17,320,084	99.5%	$17,320,084	99.5%
2016/17	16,455,160	16,342,413	99.3	16,408,486	99.7
2015/16	15,577,940	15,464,594	99.3	15,533,907	99.7
2014/15	14,988,762	14,770,223	98.5	14,988,762	100.0

* *The net levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net levy is the basis for computing tax capacity rates. See Appendix III.*

FUNDS ON HAND
As of May 31, 2019

General Fund	$ 4,728,575
Special Revenue Funds	4,570,050
Debt Service Funds	1,278,558
Capital Project Funds	12,778,140
Enterprise Fund	17,346,090
Internal Service	6,323,505
Total Cash and Investments	$47,024,918

INVESTMENTS

The City's investment policy, last revised in April 2016, has the objectives of preserving safety of principal, retaining sufficient liquidity, providing a market rate of return, and yielding stable earnings on invested City funds.

Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Safety of principal is the foremost objective.

Liquidity and yield are also important considerations. It is essential that the investment portfolio remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

The investment portfolio of the City shall be designed to attain a market-average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and liquidity needs. Return on investment is of least importance compared to the objectives for safety and liquidity. Securities shall be held to maturity with the exceptions of meeting the liquidity needs of the portfolio and minimizing loss of principal for a security of declining credit.

Minnesota Statutes, Chapter 118A, authorizes and defines an investment program for municipal governments. The City may invest in the following instruments allowed by Minnesota Statutes:

a. United States Securities: including bonds, notes, bills or other securities which are direct obligations of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, which carry the full faith and credit of the United States.

b. Commercial paper issued by U.S. corporations or their Canadian subsidiaries that is rated in the highest quality by at least two nationally recognized rating agencies and matures in 90 days or less.

c. Certificates of Deposit (Time Deposits) that are fully insured by the Federal Deposit Insurance Corporation.

d. Repurchase agreements and reverse repurchase agreements may be entered into with financial institutions identified by Minnesota Statutes, Chapter 118A. Reverse repurchase agreements may only be entered into for a period of 90 days or less and only to meet short-term cash flow needs.

e. Securities lending agreements may be entered into with financial institutions identified by Minnesota Statutes, Chapter 118A.

f. Minnesota joint powers investment trusts may be entered into with trusts identified by Minnesota Statutes, Chapter 118A

g. Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of short-term securities permitted by Minnesota Statutes, Chapter 118A.

h. Bonds of the City of Brooklyn Center issued in prior years may be redeemed at current market price, which may include a premium, prior to maturity using surplus funds of the debt service fund set up for that issue. Such repurchased bonds shall be canceled and removed from the obligation of the fund.

i. General obligation bonds of state or local governments rated A or better by a national bond rating services.

j. Revenue obligations of state or local governments rated AA or better by a national bond rating agency.

k. The Minnesota Municipal Money Market Fund (4M) that was established by the League of Minnesota Cities to address the investment needs of the Minnesota cities.

Authority to manage the investment program is vested in the City Manager and City Treasurer/Director of Fiscal and Support Services, with the City Treasurer responsible for establishing and maintaining an internal control structure to provide reasonable assurance that the objectives of the investment policy are met.

As of May 31, 2019, the City had $43,173,090 invested, with a market value of $43,089,725 (99.8%). The market value of the City's investments includes the following: $15,093,370 (35.0%) in government agency securities; $24,998,844 (58.3%) in certificates of deposit; $193,681 (0.5%) in money market accounts and $2,803,831 (6.5%) in municipal bonds. All of the investments in the City's portfolio mature within 72 months or less. The longest investment held by the City is currently scheduled to mature in May 2025.

GENERAL INFORMATION CONCERNING THE CITY

The City is a northern suburb of the Minneapolis/Saint Paul metropolitan area, adjacent to the City of Minneapolis. The City is wholly within Hennepin County and encompasses an area of approximately 8.5 square miles (5,440 acres). The Mississippi River forms the City's eastern boundary.

Population

The City's population trend is shown below.

	Population	Percent Change
2018 Metropolitan Council Estimate	32,299	7.3%
2010 U.S. Census	30,104	3.2
2000 U.S. Census	29,172	1.0
1990 U.S. Census	28,887	(7.5)
1980 U.S. Census	31,230	--

Sources: Metropolitan Council, https://metrocouncil.org and United States Census Bureau, http://www.census.gov/.

The City's population by age group for the past five years is as follows:

Data Year/ Report Year	0-17	18-34	35-64	65 and Over
2018/19	9,050	7,607	11,312	3,938
2017/18	8,970	7,568	11,254	3,896
2016/17	8,956	7,650	11,255	3,879
2015/16	8,906	7,664	11,211	3,847
2014/15	8,786	7,734	11,171	3,811

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Transportation

Major transportation routes in and through the City, including Interstate Highways 94 and 694 and State Highways 100 and 252, have provided a continued impetus for the development of the City's commercial tax base.

Major Employers

Employer	Product/Service	Approximate Number of Employees
Hennepin County	Government	9,300[(a)]
Promeon, Inc. (a division of Medtronic)	Medical devices	1,100[(b)]
City of Brooklyn Center	Government	437[(d)]
Independent School District No. 286 (Brooklyn Center)	Education	436
Walmart	Retail	278[(d)(f)]
Caribou Coffee (Headquarters)	Coffee retailer	225[(f)]
University of Minnesota Physicians	Healthcare	212[(f)]
Maranatha Care Center, Presbyterian Homes	Continuing care/retirement community	200[(d)(f)]
Luther Auto Group (three locations)	Automobile dealership	196[(c)(d)(f)]
TCR Corporation	Metal components	150[(e)]
Cass Screw Machine Products	Screw machine parts	124[(f)]
Cub Foods	Grocery	125[(f)]
Health Partners-Brooklyn Center	Medical and dental clinic	97[(f)]

(a) *Not all employees are located within the City.*

(b) *As of August 2016, Promeon no longer releases this information.*

(c) *In past surveys, Luther Brookdale Chevrolet and Luther Brookdale Buick GMC were each counted, however these businesses share a location and this number includes all employess at this shared location.*

(d) *Includes full-time and part-time employees.*

(e) *As of April 2017, most recent information available.*

(f) *As of May 2018, most recent information available.*

Source: *This does not purport to be a comprehensive list and is based on a July 2019 best efforts telephone survey of individual employers. Some employers do not respond to inquiries.*

Labor Force Data

	Annual Average				May
	2015	2016	2017	2018	2019
Labor Force:					
City of Brooklyn Center	15,153	15,280	15,349	15,428	15,461
Hennepin County	676,722	687,472	698,548	703,310	705,681
Minneapolis-Saint Paul MSA	1,916,011	1,938,642	1,979,780	2,016,208	2,005,534
State of Minnesota	2,997,748	3,033,406	3,057,014	3,070,223	3,097,429
Unemployment Rate:					
City of Brooklyn Center	4.5%	4.3%	3.9%	3.3%	3.3%
Hennepin County	3.3	3.3	3.0	2.5	2.7
Minneapolis-Saint Paul MSA	3.5	3.6	3.3	2.7	2.7
State of Minnesota	2.9	3.4	3.9	3.7	2.9

Source: Minnesota Department of Employment and Economic Development, https://apps.deed.state.mn.us/lmi/laus. 2019 data are preliminary.

Retail Sales and Effective Buying Income (EBI)

City of Brooklyn Center

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2018/19	$650,264	$630,186	$46,331
2017/18	571,339	582,953	43,718
2016/17	623,655	545,667	40,885
2015/16	561,219	550,267	41,469
2014/15	505,332	531,155	40,188

Hennepin County

Data Year/ Report Year	Total Retail Sales ($000)	Total EBI ($000)	Median Household EBI
2018/19	$35,994,743	$46,545,289	$63,176
2017/18	32,491,357	43,417,597	60,957
2016/17	33,502,543	40,956,757	57,190
2015/16	26,004,909	38,495,032	55,756
2014/15	21,713,206	36,578,500	52,644

The 2018/19 Median Household EBI for the State of Minnesota was $58,776. The 2018/19 Median Household EBI for the United States was $52,468.

Sources: Environics Analytics, Claritas, Inc. and The Nielsen Company.

Permits Issued by the City

	Total Permits		Commercial Permits		Residential Permits	
Year	Number	Value	Number	Value	Number	Value
2019 (to 5-31)	1,200	$27,895,603	163	$ 19,780,258	1,037	$ 8,115,345
2018	3,181	77,347,546	481	63,424,938	2,700	13,922,608
2017	5,758	59,017,940	3,042	41,405,474	2,716	17,612,466
2016	4,745	71,232,941	2,547	48,819,051	2,198	22,413,890
2015	4,834	51,457,015	2,655	34,769,633	2,179	16,687,382
2014	5,251	125,369,473	2,844	109,829,770	2,407	15,539,703
2013	7,309	67,228,061	3,874	42,049,442	3,435	25,178,619
2012	5,188	31,227,915	2,811	21,729,528	2,377	9,498,387
2011	4,852	29,571,594	2,556	21,424,919	2,296	8,146,675
2010	5,198	76,149,738	2,739	66,911,018	2,459	9,238,720

Includes all permits except for temporary land use and vacant building registrations. Classification is based on zoning type.

Source: City of Brooklyn Center.

Growth and Development

Successful redevelopment continues to be the key to commercial and industrial tax base growth within the City, including the following:

The southern portion of the 80 acre Opportunity Site, comprises 46 acres planned for a mixed use commercial, office and residential redevelopment.

- Since 2008 the EDA has acquired approximately 35 acres of land within the Opportunity Site. This includes the former Brookdale Square shopping center site and former Brookdale Ford dealership property.
- In 2016, the City Council approved the creation of a 25-year tax increment redevelopment district and completed the soil corrections and final demolition of the former Brookdale Ford building, floor lifts, and underground LP tank.
- The EDA entered into a Preliminary Development Agreement (PDA) with Alatus, LLC, a Minneapolis-based developer, in April 2018. The PDA identified Alatus as the master developer to plan the site and initiate a Phase I development within the EDA-owned portion of the site. Over the course of the past year, Alatus has started the master planning work, completed environmental and geotechnical analysis, initiated a public engagement process, identified a movie theater and hotel tenant, and engaged a number of other potential users of the site.
- In May 2018, the census tract (27053020200) that the Opportunity Site is located within was selected by the Treasury Department as a federally designated Opportunity Zone, which opens up investment opportunities for the site.
- Alatus is in predevelopment on a Phase I of the development, which they intend to move ahead with in 2019. Phase I would include 350 units of market-rate multi-family housing, and may include a commercial component either within the building or on an adjacent site.
- The City has engaged a consultant to update the 2006 Opportunity Site Master Plan, which encompasses the entire 80-acre area. As part of that scope, the City will be taking the lead on the master planning of the EDA-owned portion of the site as well, in cooperation with Alatus. The timing is being structured to allow Alatus to move forward with a Phase I in conjunction with the creation of a master plan. The master planning will include identifying a land use and transportation framework for the site, with a more refined focus on the southern portion of the site, as well as identification of public infrastructure needs such as parks and open space, storm water, streets, and utilities.

Additional development activities in 2018/19 include:

- TOPGOLF USA purchased the existing 85,240 square foot Regal Theater to allow for the construction of a 65,000 square-foot commercial recreational/entertainment development. The three-level facility opened in September 2018 and includes 103 hitting bays, restaurant and lounge, a 3,000 square-foot roof terrace, a 3,000 square-foot event area and a 220-yard driving range with 11 outfield targets.
- In January 2019, HOM Furniture opened in the renovated former Kohl's building. The project includes a 24,822 addition, which is not yet complete but anticipated to open in the summer of 2019. The project also features the future development of a three-story 32,800 square-foot medical center/office building.
- In fall 2018, a new 4,000 square-foot Bank of America opened in the City.
- On April 23, 2018 Medtronic received approval for a substantial renovation and 13,427 square-foot expansion of their dry room facilities, which will allow for production of their lithium ion batteries for pacemakers. This expansion is currently underway and is anticipated to be completed in the summer of 2019.
- On November 13, 2017, Luther Automotive received approval for a new 35,424 square-foot Mazda Mitsubishi dealership. The project is currently under construction and is anticipated to open in the summer of 2019.
- An 82-room Fairfield Inn and Suites on an EDA-owned site located at 6250 Earle Brown Drive is currently under construction, and is anticipated to open during fall of 2019.
- In July 2018, the City Council approved the conversion of a vacant former senior assisted-living facility into market-rate apartments. The project, called LUX Apartments, includes 143 fully-renovated units, community space, as well as the installation of additional parking. The project began renting over the winter during construction, and is now complete and fully-leased.
- In July 2019, Casey's Gas Station and Convenience Stores received approval for a new 4,600 square-foot store at 2101 Freeway Boulevard. The project has begun construction in spring of 2019.
- The City has entered into a Preliminary Development Agreement with Centra Homes for 30 single-family homes on an 8-acre EDA-owned site at Highway 252 and 69th Avenue North. Centra anticipates applying for a preliminary and final plat in May and commencing construction in the summer of 2019.
- The City has received an application for land use approval from Real Estate Equities for a 267-unit multi-family housing project at 5801 Xerxes Avenue North. The project would include a mix of affordable independent senior units and workforce units. The application was approved by the City Council in June 2019.
- The City has entered into a Preliminary Development Agreement with Coalition Development for an 80-unit multi-family apartment on the EDA-owned properties at Brooklyn Boulevard and 61st Avenue North. The developer anticipates coming forward with a request for approval in summer 2019.

Financial Institutions*

City residents are served by branch facilities of Wells Fargo Bank, National Association; Bremer Bank, National Association; Bank of America; and TCF National Bank, as well as numerous credit unions.

* *This does not purport to be a comprehensive list.*

Source: Federal Deposit Insurance Corporation, https://research.fdic.gov/bankfind/.

Health Care Services

The following is a summary of inpatient health care facilities located in and around the City:

Facility	Location	No. of Beds
Maranatha Care Center	City of Brooklyn Center	97 Nursing Home
Living Well Lyndale	City of Brooklyn Center	8 Supervised Living
MTAI Brooklyn Center	City of Brooklyn Center	6 Supervised Living
North Memorial Medical Center	City of Robbinsdale	518 Hospital 42 Infant Bassinets

In addition, senior living options including assisted living and memory support are also provided through The Sanctuary at Brooklyn Center.

Source: Minnesota Department of Health, http://www.health.state.mn.us/.

Education

Public Education

The following districts serve the residents of the City:

School	Location	Grades	2018/19 Enrollment
ISD No. 11 (Anoka-Hennepin)	City of Anoka	PK-12	38,802
ISD No. 279 (Osseo)	City of Osseo	PK-12	21,472
ISD No. 281 (Robbinsdale)	City of Robbinsdale	PK-12	12,546
ISD No. 286 (Brooklyn Center)	City of Brooklyn Center	PK-12	2,492

Source: Minnesota Department of Education, www.education.state.mn.us.

The City's taxable net tax capacity is attributable to each of the four school districts as follows:

	Portion of 2018/19 Taxable Net Tax Capacity Located in the City	% of Total
ISD No. 279 (Osseo)	$ 8,680,671	32.7%
ISD No. 286 (Brooklyn Center)*	8,375,567	31.6
ISD No. 281 (Robbinsdale)	5,824,469	21.9
ISD No. 11 (Anoka-Hennepin)	3,657,514	13.8
Total	$26,538,221	100.0%

* *Located entirely within the City.*

Non-Public Education

City residents are also served by the following private schools:

School	Location	Grades	2018/19 Enrollment
King of Grace Lutheran School	City of Golden Valley	K-8	169
Sacred Heart Catholic School	City of Robbinsdale	K-8	157
St. Raphael Catholic School	City of Crystal	K-8	128
St. Alphonsus	City of Brooklyn Center	K-8	154
RiverTree School	City of Crystal	K-12	139
Holy Trinity Lutheran School	City of New Hope	K-8	60

Source: Minnesota Department of Education, www.education.state.mn.us.

Post-Secondary Education

City residents have access to various colleges and universities located throughout the Minneapolis/St. Paul metropolitan area.

GOVERNMENTAL ORGANIZATION AND SERVICES

Organization

The City has been a municipal corporation since 1911 and is governed under a Home Rule Charter adopted in 1966 and subsequently amended. The City has a Council-Manager form of government and the Mayor and four Council Members are elected to serve overlapping four-year terms. The following individuals comprise the current City Council:

		Expiration of Term
Mike Elliott	Mayor	December 31, 2022
Marquita Butler	Council Member	December 31, 2020
April Graves	Council Member	December 31, 2022
Kris Lawrence-Anderson	Council Member	December 31, 2020
Dan Ryan	Council Member	December 31, 2022

The City Manager, Mr. Cornelius L. Boganey, is responsible for the administration of Council policy and the daily management of the City. The Manager is appointed by the Council and serves at its discretion. Mr. Boganey has served the City in this position since June 2006. Prior to that, Mr. Boganey served as the City's Assistant Manager since March 2003. He has also served as City Manager in the cities of Brooklyn Park, Minnesota and Port Arthur, Texas, and as Assistant City Manager in the City of Kalamazoo, Michigan.

The Director of Fiscal and Support Services, Mr. Nathan Reinhardt, is responsible for directing the City's financial operations, including preparation of the comprehensive annual financial report and interim reports, and the investment of City funds. Mr. Reinhardt has served as the City's Finance Director since November 2013. Previously, Mr. Reinhardt served as Finance Director for the City of Waseca, Minnesota.

The City has 166 regular full-time and 271 seasonal full- and part-time employees.

Services

Forty-nine full-time sworn police officers and a support staff of 12 provide protective services in the City. Fire protection is provided by one full-time Chief, one full-time Deputy Chief, one full-time fire inspector/educator, and a 32-member volunteer force. The City has two fire stations and a class 4 insurance rating.

All areas of the City are serviced by municipal water and sewer systems, with exception to one property located at 5306 Perry Avenue North. Water is supplied by nine wells and storage is provided by three elevated tanks with a combined total capacity of 3.0 million gallons. The municipal water system has a pumping capacity of 16.4 million gallons per day (mgd). In 2016, the City brought a new water treatment plant online, capable of filtering 10 mgd. When combined with the capacity of 1.7 mdg from Well #2, the City now has a total finished water capacity of 11.7 mgd. The average daily water demand is estimated to be 2.9 mgd and peak demand is estimated to be 9.7 mgd. Water connections totaled 8,965 as of May 31, 2019.

Although the City owns and maintains its own sanitary and storm sewer collection systems, wastewater treatment facilities are owned and operated by the Metropolitan Council Environmental Services (MCES). The City is billed an annual service charge by MCES, which is adjusted each year based on the prior years' actual usage. The City had 8,798 sewer connections as of May 31, 2019.

Labor Contracts

The status of labor contracts in the City are as follows:

Bargaining Unit	No. of Employees	Expiration Date of Current Contract
IUOE Local 49	26	December 31, 2021
LELS Local 82	35	December 31, 2019
LELS Local 86	10	December 31, 2021
Subtotal	71	
Non-unionized employees	316	
Total employees	387	

Employee Pensions

All full-time employees and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing multiple-employer retirement plans. GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security and Basic members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers who qualify for membership by statute are covered by PEPFF. The City's contributions to GERF and PEPFF are equal to the contractually required contributions for each year as set by State Statute, and are as follows for the past five years:

	GERF	PEPFF
2018	$612,983	$761,952
2017	572,442	720,865
2016	550,846	689,601
2015	564,168	687,935
2014	531,385	600,402

For more information regarding the liability of the City with respect to its employees, please reference "Note 4. Defined Benefit Pension Plan – City Employees" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Multiple-Employer Defined Benefit Pension

City employees belonging to the International Union of Operating Engineers (IUOE) are participants in a multiple-employer defined benefit pension plan, the Central Pension Fund of the International Union of Operating Engineers and Participating Employers (CPF), administered by the Board of Trustees of the Central Pension Fund. The plan is a cost-sharing pension plan that is not a state or local governmental pension plan, is used to provide defined benefit pensions to employers that are not state or local governmental employers, and has no predominate state or local government employer. The plan issues a publicly available financial report located on their website at www.cpfiuoe.org.

The City has 22 employees who are covered by this pension plan. The plan provides benefits such as monthly retirement income, special and early retirement benefits, post-retirement surviving spouse benefits, pre-retirement surviving spouse benefits, and disability benefits.

The City's contributions to the plan are pursuant to a collective bargaining agreement with the IUOE which expires December 31, 2018. The required contribution rate is $0.96 per hour, which is applied to all compensated hours, and capped at $5,000 per year. With regards to withdrawal from the pension plan, the parties agree that the amount that would otherwise be paid in salary or wages will be contributed instead to the CPF as pre-tax employer contributions.

The City's contributions to IOUE for the past five years are as follows:

	IUOE
2018	$51,152
2017	50,782
2016	51,410
2015	51,699
2014	51,868

For more information regarding the liability of the City with respect to its employees, please reference "Note 6. Multiple-Employer Defined Benefit Pension Plan" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

PEDCP

Five Council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by 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 the time of withdrawal. Plan benefits depend solely on the amounts contributed to the plan plus investment earnings less administrative expenses. An eligible elected official who chooses to participate in the plan contributes 5% of their salary, which is matched by the elected official's employer. PERA receives 2% of employer contributions and 0.025% of the assets in each member's account annually for administering the plan.

The City's contributions to PEDCP for the past five years are as follows:

	PEDCP
2018	$944
2017	925
2016	907
2015	907

For more information regarding the liability of the City with respect to its employees, please reference "Note 7. Defined Contribution Plan" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

City Firefighter's Association

The City contributes to the Brooklyn Center Fire Department Relief Association (the "Association"), which is the administrator of a single employer, public employee defined benefit retirement system to provide a retirement plan (the "Plan") to volunteer firefighters of the City who are members of the Association. The Association is organized and operates under the provisions of the Minnesota State Statutes 424A, and provides benefits in accordance with those statutes.

The Association provides retirement benefits to members and survivors upon death of eligible members. Benefits are established by the Association and approved by the City Council under the applicable statutes. The defined retirement benefits are based on a member's years of service. Vesting begins after the tenth year of service with a 60% benefit increasing to 100% after the 20th year of service.

Full benefits are available to members after 20 years of service and having attained the age of 50. The current benefit available is a lump sum distribution of $7,600 per year of service. Vested, terminated members who are entitled to benefits but are not yet receiving them are bound by the provisions in effect at the time of termination of membership.

The City levies property taxes at the direction of and for the benefit of this plan and passes through state aids allocated to the plan, all in accordance with State statutes. The minimum tax levy obligation is the financial contribution requirement for the year less anticipated state aids.

The City's contributions to the Firefighter's Association for the past five years are as follows:

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
December 31, 2018	$ 85,089	181%	-0-
December 31, 2017	71,203	206	-0-
December 31, 2016	101,453	141	-0-
December 31, 2015	101,453	156	-0-
December 31, 2014	108,883	129	-0-

Funded status of the Association as reported to-date:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of Unfunded Accrued Liability	Funded Ratio
January 1, 2017	$3,673,474	$3,036,210	$637,264	121.0%
January 1, 2015	3,508,210	3,084,717	423,493	113.7
January 1, 2013	3,282,317	3,279,231	3,086	100.1

For more information regarding the liability of the City with respect to its employees, please reference "Note 5. Defined Benefit Pension Plan – Single Employer – Fire Relief Association" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City's Comprehensive Annual Financial Reports.

GASB 68

The Government Accounting Standards Board (GASB) has issued Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment to GASB 68, which revised existing standards for measuring and reporting pension liabilities for pension plans provided to City employees and require recognition of a liability equal to the City's proportionate share of net pension liability, which is measured as the total pension liability less the amount of the pension plan's fiduciary net position.

The City's proportionate shares of the pension costs and the City's net pension liability for GERF and PEPFF for the past four years are as follows:

	Proportionate Share of Pension Costs	Net Pension Liability	Proportionate Share of Pension Costs	Net Pension Liability
2018	0.1194%	$6,623,822	0.4330%	$ 4,615,334
2017	0.1201	7,667,105	0.4410	5,954,026
2016	0.1172	9,516,059	0.4290	17,216,516
2015	0.1243	6,441,872	0.4460	5,067,604

For more information regarding GASB 68 with respect to the City, please reference "Note 4. Defined Benefit Pension Plan" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Additional and detailed information about GERF's net position is available in a separately-issued PERA financial report, which may be obtained at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling 1-800-652-9026.

Sources: City's Comprehensive Annual Financial Reports.

Other Postemployment Benefits

The Government Accounting Standards Board (GASB) has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75), establishing new accounting and financial reporting requirements related to post-employment healthcare and other non-pension benefits (referred to as Other Postemployment Benefits or "OPEB"). The implementation of GASB 75 required the restatement of the City's beginning net position for the fiscal year ended December 31, 2018. Please see "Note 8. Other Post-Employment Benefits (OPEB) Plan" in the City's Comprehensive Annual Financial Report for the fiscal year ended December 31, 2018 for this calculation.

The City provides continued health insurance coverage for retired City employees who, on the date of their retirement, meet PERA or PEPFF eligibility requirements for a full retirement annuity, without reduction of benefits because of age, disability, or any other reason. This coverage does not extend to the retiree's family, except that if the retiree desires to continue additional coverage, the cost in excess of the single premium must be paid by the retiree. This benefit began in 1986 and was subsequently discontinued for employees hired after January 31, 1992.

The City currently finances the plan on a pay-as-you-go basis. During 2018, the City expended $130,222 for these benefits. The following employees were covered by the benefit terms as of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefit payments	12
Active employees	150
Total	162

The City's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2018. Components of the City's OPEB liability and related ratios for the fiscal year ended December 31, 2018 are as follows:

Service cost	$ 130,096
Interest	71,659
Differences between expected and actual experience	73,751
Changes of assumptions	51,929
Benefit payments	(156,791)
Net change in total OPEB liability	$ 170,644
Total OPEB liability – beginning of year	1,844,035
Total OPEB liability – end of year	$2,014,679

Funded status of the City's OPEB as reported in the actuarial reports received to-date:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2018	$2,014,679	$2,014,679	$10,800,000	18.65%
January 1, 2016	1,901,745	1,901,745	10,471,960	18.16
January 1, 2014	2,574,529	2,574,529	9,934,960	25.91
January 1, 2012	2,620,367	2,620,367	9,472,237	27.66

For more information regarding GASB 75 with respect to the City, please reference "Note 8. Other Post-Employment Benefits" of the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018, an excerpt of which is included as Appendix IV of this Official Statement.

Sources: City's Comprehensive Annual Financial Reports.

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General Fund Budget Summary

	2018 Budget	2018 Actual	2019 Budget
January 1 Fund Balance	$11,355,203	$11,355,203	$11,563,825
Revenues:			
Taxes	$17,339,417	$17,361,854	$18,380,591
Licenses and Permits	776,625	1,209,029	861,315
Intergovernmental	1,594,819	1,658,391	1,634,150
Charges for Services	922,500	861,965	834,650
Fines & Forfeits	231,500	273,507	231,500
Special Assessments	100,000	51,075	85,000
Investment Earnings	-	88,534	93,663
Transfers In	150,000	150,000	150,000
Miscellaneous	231,175	179,178	145,700
Total Revenues	$21,346,036	$21,833,533	$22,416,569
Expenditures:			
General Government	$ 4,154,642	$ 3,605,573	$ 4,262,386
Public Safety	11,488,936	11,201,317	11,712,277
Public Works	3,914,319	2,234,407	4,059,089
CARS	1,729,949	2,761,005	1,813,072
Non-Departmental	(141,810)	1,379,179	359,745
Transfers Out	200,000	443,430	210,000
Total Expenditures	$21,346,036	$21,624,911	$22,416,569
December 31 Fund Balance	$11,355,203	$11,563,825	$11,563,825

Sources: City's Comprehensive Annual Financial Reports and 2019 Budget.

Major General Fund Revenue Sources

Revenue	2014	2015	2016	2017	2018
Taxes	$14,991,781	$15,532,039	$16,128,373	$16,766,847	$17,361,854
Intergovernmental	1,401,447	1,410,695	1,466,341	1,496,165	1,658,391
Licenses and Permits	1,021,410	859,534	932,051	904,785	1,209,029
Charges for Services	810,597	749,569	765,831	809,031	861,965
Fines & Forfeits	312,130	268,116	211,712	243,915	273,507

Sources: City's Comprehensive Annual Financial Reports.

PROPOSED FORM OF LEGAL OPINION

$9,850,000
General Obligation Improvement and Utility Revenue Bonds
Series 2019A
City of Brooklyn Center
Hennepin County, Minnesota

We have acted as bond counsel to the City of Brooklyn Center, Hennepin County, Minnesota (the "Issuer") in connection with the issuance by the Issuer of its General Obligation Improvement and Utility Revenue Bonds, Series 2019A (the "Bonds"), originally dated the date hereof, and issued in the original aggregate principal amount of $9,850,000. In such capacity and for the purpose of rendering this opinion we have examined such certified copies of certain proceedings, certifications and other documents, and applicable laws as we have deemed necessary. Regarding questions of fact material to this opinion, we have relied on certified proceedings and other certifications of public officials and other documents furnished to us without undertaking to verify the same by independent investigation. Under existing laws, regulations, rulings and decisions in effect on the date hereof, and based on the foregoing we are of the opinion that:

1. The Bonds have been duly authorized and executed, and are valid and binding general obligations of the Issuer, enforceable against the Issuer in accordance with their terms.

2. The principal of and interest on the Bonds are payable primarily from special assessments levied or to be levied on property specially benefited by local improvements, ad valorem taxes for the Issuer's share of the cost of the improvements and revenues of the water, storm drainage and sanitary sewer systems of the Issuer, but if necessary for the payment thereof additional ad valorem taxes are required by law to be levied on all taxable property of the Issuer, which taxes are not subject to any limitation as to rate or amount.

3. Interest on the Bonds is excludable from gross income of the recipient for federal income tax purposes and, to the same extent, is excludable from taxable net income of individuals, trusts, and estates for Minnesota income tax purposes, and is not a preference item for purposes of the computation of the federal alternative minimum tax, or the computation of the Minnesota alternative minimum tax imposed on individuals, trusts and estates. However, such interest is subject to Minnesota franchise taxes on corporations (including financial institutions) measured by income. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes and from taxable net income for Minnesota income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes and taxable net income for Minnesota income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

4. The rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditor's rights generally and by equitable principles, whether considered at law or in equity.

We have not been asked and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds, and accordingly we express no opinion with respect thereto.

* *Preliminary; subject to change.*

This opinion is given as of the date hereof and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Dated __________, 2019 at Minneapolis, Minnesota.

CONTINUING DISCLOSURE CERTIFICATE

$9,850,000
City of Brooklyn Center, Minnesota
General Obligation Improvement and Utility Revenue Bonds
Series 2019A

_______________, 2019

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Brooklyn Center, Minnesota (the "Issuer") in connection with the issuance of its General Obligation Improvement and Utility Revenue Bonds, Series 2019A (the "Bonds") in the original aggregate principal amount of $9,850,000. The Bonds are being issued pursuant to resolutions adopted by the City Council of the Issuer (the "Resolutions"). The Bonds are being delivered to ____________________________ (the "Purchaser") on the date hereof. Pursuant to the Resolutions, the Issuer has covenanted and agreed to provide continuing disclosure of certain financial information and operating data and timely notices of the occurrence of certain events. The Issuer hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders (as defined herein) of the Bonds in order to provide for the public availability of such information and assist the Participating Underwriter(s) (as defined herein) in complying with the Rule (as defined herein). This Disclosure Certificate, together with the Resolutions, constitutes the written agreement or contract for the benefit of the Holders of the Bonds that is required by the Rule.

Section 2. Definitions. In addition to the defined terms set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any annual report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Audited Financial Statements" means annual financial statements of the Issuer, prepared in accordance with GAAP as prescribed by GASB.

"Bonds" means the General Obligation Improvement and Utility Revenue Bonds, Series 2019A, issued by the Issuer in the original aggregate principal amount of $9,850,000.

"Disclosure Certificate" means this Continuing Disclosure Certificate.

"EMMA" means the Electronic Municipal Market Access system operated by the MSRB and designated as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule.

"Final Official Statement" means the deemed final Official Statement, dated _______, 2019, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a Financial Obligation as described in clause (a) or (b). The term "Financial

* *Preliminary; subject to change.*

Obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the Issuer.

"GAAP" means generally accepted accounting principles for governmental units as prescribed by GASB.

"GASB" means the Governmental Accounting Standards Board.

"Holder" means the person in whose name a Bond is registered or a beneficial owner of such a Bond.

"Issuer" means the City of Brooklyn Center, Minnesota, which is the obligated person with respect to the Bonds.

"Material Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds (including the Purchaser) required to comply with the Rule in connection with the offering of the Bonds.

"Purchaser" means __________________.

"Repository" means EMMA, or any successor thereto designated by the SEC.

"Rule" means SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

"SEC" means Securities and Exchange Commission, and any successor thereto.

Section 3. Provision of Annual Financial Information and Audited Financial Statements.

(a) The Issuer shall provide to the Repository not later than 12 months after the end of the Fiscal Year commencing with the year that ends December 31, 2019, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the Audited Financial Statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable or fails to provide to the Repository an Annual Report by the date required in subsection (a), the Issuer shall send a notice of that fact to the Repository and the MSRB.

(c) The Issuer shall determine each year prior to the date for providing the Annual Report the name and address of each Repository.

Section 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following sections of the Final Official Statement:

1. City Property Values
2. City Indebtedness
3. City Tax Rates, Levies and Collections

In addition to the items listed above, the Annual Report shall include Audited Financial Statements submitted in accordance with Section 3 of this Disclosure Certificate.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the Repository or the SEC. If the document incorporated by reference is a final official statement, it must also be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. Reporting of Material Events.

(a) This Section 5 shall govern the giving of notice of the occurrence of any of the following events ("Material Events") with respect to the Bonds:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB), or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

7. Modifications to rights of security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person;

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer shall file a notice of such occurrence with the Repository or with the MSRB within 10 business days of the occurrence of the Material Event.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the Issuer shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the Issuer's information.

Section 6. EMMA. The SEC has designated EMMA as a nationally recognized municipal securities information repository and the exclusive portal for complying with the continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB and the SEC, the Issuer shall make all filings required under this Disclosure Certificate solely with EMMA.

Section 7. Termination of Reporting Obligation. The Issuer's obligations under the Resolutions and this Disclosure Certificate shall terminate upon [the legal defeasance,] the redemption in full of all Bonds or payment in full of all Bonds.

Section 8. Agent. The Issuer may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under the Resolutions and this Disclosure Certificate, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of the Resolutions or this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause a violation of the Rule. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Issuer delivers to the Repository an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which impose the continuing disclosure requirements of the Resolutions and the execution and delivery of this Disclosure Certificate are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of the Resolutions requiring continuing disclosure pursuant to the Rule and this Disclosure Certificate may be amended without the consent of the Holders of the Bonds, but only upon the delivery by the Issuer to the Repository of the proposed amendment and an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance with the Rule.

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Holder of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under the Resolutions and this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Participating Underwriters, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, we have executed this Disclosure Certificate in our official capacities effective as of the date and year first written above.

CITY OF BROOKLYN CENTER, MINNESOTA

____
Mayor

____
Its Manager

SUMMARY OF TAX LEVIES, PAYMENT PROVISIONS, AND MINNESOTA REAL PROPERTY VALUATION

Following is a summary of certain statutory provisions relative to tax levy procedures, tax payment and credit procedures, and the mechanics of real property valuation. The summary does not purport to be inclusive of all such provisions or of the specific provisions discussed, and is qualified by reference to the complete text of applicable statutes, rules and regulations of the State of Minnesota.

Property Valuations (Chapter 273, Minnesota Statutes)

Assessor's Estimated Market Value. Each parcel of real property subject to taxation must, by statute, be appraised at least once every five years as of January 2 of the year of appraisal. With certain exceptions, all property is valued at its market value, which is the value the assessor determines to be the price the property to be fairly worth, and which is referred to as the "Estimated Market Value." The 2013 Minnesota Legislature established the Estimated Market Value as the value used to calculate a municipality's legal debt limit.

Economic Market Value. The Economic Market Value is the value of locally assessed real property (Assessor's Estimated Market Value) divided by the sales ratio as provided by the State of Minnesota Department of Revenue plus the estimated market value of personal property, utilities, railroad, and minerals.

Taxable Market Value. The Taxable Market Value is the value that Net Tax Capacity is based on, after all reductions, limitations, exemptions and deferrals.

Net Tax Capacity. The Net Tax Capacity is the value upon which net taxes are levied, extended and collected. The Net Tax Capacity is computed by applying the class rate percentages specific to each type of property classification against the Taxable Market Value. Class rate percentages vary depending on the type of property as shown on the last page of this Appendix. The formulas and class rates for converting Taxable Market Value to Net Tax Capacity represent a basic element of the State's property tax relief system and are subject to annual revisions by the State Legislature. Property taxes are the sum of the amounts determined by (i) multiplying the Net Tax Capacity by the tax capacity rate, and (ii) multiplying the referendum market value by the market value rate.

Market Value Homestead Exclusion. In 2011, the Market Value Homestead Exclusion Program (MVHE) was implemented to offset the elimination of the Market Value Homestead Credit Program that provided relief to certain homesteads. The MVHE reduces the taxable market value of a homestead with an Assessor's Estimated Market Value up to $413,800 in an attempt to result in a property tax similar to the effective property tax prior to the elimination of the homestead credit. The MVHE applies to property classified as Class 1a or 1b and Class 2a, and causes a decrease in the City's aggregate Taxable Market Value, even if the Assessor's Estimated Market Value on the same properties did not decline.

Property Tax Payments and Delinquencies (Chapters 275, 276, 277, 279-282 and 549, Minnesota Statutes)

Ad valorem property taxes levied by local governments in Minnesota are extended and collected by the various counties within the State. Each taxing jurisdiction is required to certify the annual tax levy to the county auditor within five (5) working days after December 20 of the year preceding the collection year. A listing of property taxes due is prepared by the county auditor and turned over to the county treasurer on or before the first business day in March.

The county treasurer is responsible for collecting all property taxes within the county. Real estate and personal property tax statements are mailed out by March 31. One-half (1/2) of the taxes on real property is due on or before May 15. The remainder is due on or before October 15. Real property taxes not paid by their due date are assessed a penalty on homestead property of 2% until May 31 and increased to 4% on June 1. The penalty on nonhomestead property is assessed at a rate of 4% until May 31 and increased to 8% on June 1. Thereafter, an additional 1% penalty shall accrue each month through October 1 of the collection year for unpaid real property taxes. In the case of the second installment of real property taxes due October 15, a penalty of 2% on homestead property and 4% on nonhomestead property is assessed. The penalty for homestead property increases to 6% on November 1 and again to 8% on December 1. The penalty for nonhomestead property increases to 8% on November 1 and again to 12% on December 1. Personal property taxes remaining unpaid on May 16 are deemed to be delinquent and a penalty of 8% attaches to the unpaid tax. However, personal property that is owned by a tax-exempt entity, but is treated as taxable by virtue of a lease agreement, is subject to the same delinquent property tax penalties as real property.

On the first business day of January of the year following collection all delinquencies are subject to an additional 2% penalty, and those delinquencies outstanding as of February 15 are filed for a tax lien judgment with the district court. By March 20 the county auditor files a publication of legal action and a mailing of notice of action to delinquent parties. Those property interests not responding to this notice have judgment entered for the amount of the delinquency and associated penalties. The amount of the judgment is subject to a variable interest determined annually by the Department of Revenue, and equal to the adjusted prime rate charged by banks but in no event is the rate less than 10% or more than 14%.

Property owners subject to a tax lien judgment generally have three years (3) to redeem the property. After expiration of the redemption period, unredeemed properties are declared tax forfeit with title held in trust by the State of Minnesota for the respective taxing districts. The county auditor, or equivalent thereof, then sells those properties not claimed for a public purpose at auction. The net proceeds of the sale are first dedicated to the satisfaction of outstanding special assessments on the parcel, with any remaining balance in most cases being divided on the following basis: county - 40%; town or city - 20%; and school district - 40%.

Property Tax Credits (Chapter 273, Minnesota Statutes)

In addition to adjusting the taxable value for various property types, primary elements of Minnesota's property tax relief system are: property tax levy reduction aids; the homestead credit refund and the renter's property tax refund, which relate property taxes to income and provide relief on a sliding income scale; and targeted tax relief, which is aimed primarily at easing the effect of significant tax increases. The homestead credit refund, the renter's property tax refund, and targeted credits are reimbursed to the taxpayer upon application by the taxpayer. Property tax levy reduction aid includes educational aids, local governmental aid, equalization aid, county program aid and disparity reduction aid.

Debt Limitations

All Minnesota municipalities (counties, cities, towns and school districts) are subject to statutory "net debt" limitations under the provisions of Minnesota Statutes, Section 475.53. Net debt is defined as the amount remaining after deducting from gross debt the amount of current revenues that are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.

2. Warrants or orders having no definite or fixed maturity.

3. Obligations payable wholly from the income from revenue producing conveniences.

4. Obligations issued to create or maintain a permanent improvement revolving fund.

5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.

6. Debt service loans and capital loans made to a school district under the provisions of Minnesota Statutes, Sections 126C.68 and 126C.69.

7. Amount of all money and the face value of all securities held as a debt service fund for the extinguishment of obligations other than those deductible under this subdivision.

8. Obligations to repay loans made under Minnesota Statutes, Section 216C.37.

9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of federal petroleum pricing regulations.

10. Obligations issued to pay pension fund or other postemployment benefit liabilities under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

11. Obligations issued to pay judgments against the municipality under Minnesota Statutes, Section 475.52, subdivision 6, or any charter authority.

12. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Levies for General Obligation Debt
(Sections 475.61 and 475.74, Minnesota Statutes)

Any municipality that issues general obligation debt must, at the time of issuance, certify levies to the county auditor of the county(ies) within which the municipality is situated. Such levies shall be in an amount that if collected in full will, together with estimates of other revenues pledged for payment of the obligations, produce at least five percent in excess of the amount needed to pay principal and interest when due. Notwithstanding any other limitations upon the ability of a taxing unit to levy taxes, its ability to levy taxes for a deficiency in prior levies for payment of general obligation indebtedness is without limitation as to rate or amount.

Metropolitan Revenue Distribution (Chapter 473F, Minnesota Statutes)
"Fiscal Disparities Law"

The Charles R. Weaver Metropolitan Revenue Distribution Act, more commonly known as "Fiscal Disparities," was first implemented for taxes payable in 1975. Forty percent of the increase in commercial-industrial (including public utility and railroad) net tax capacity valuation since 1971 in each assessment district in the Minneapolis/Saint Paul seven-county metropolitan area (Anoka, Carver, Dakota, excluding the City of Northfield, Hennepin, Ramsey, Scott, excluding the City of New Prague, and Washington Counties) is contributed to an area-wide tax base. A distribution index, based on the factors of population and real property market value per capita, is employed in determining what proportion of the net tax capacity value in the area-wide tax base shall be distributed back to each assessment district.

STATUTORY FORMULAE: CONVERSION OF TAXABLE MARKET VALUE (TMV) TO NET TAX CAPACITY FOR MAJOR PROPERTY CLASSIFICATIONS

Property Type	**Local Tax Payable 2015-2019**
Residential Homestead (1a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Residential Non-homestead	
Single Unit (4bb)	
Up to $500,000	1.00%
Over $500,000	1.25%
1-3 unit and undeveloped land (4b1)	1.25%
Market Rate Apartments	
Regular (4a)	1.25%
Low-Income (4d)	
Up to $139,000[c]	0.75%
Over $139,000[c]	0.25%
Commercial/Industrial/Public Utility (3a)	
Up to $150,000	1.50%[a]
Over $150,000	2.00%[a]
Electric Generation Machinery	2.00%
Commercial Seasonal Residential	
Homestead Resorts (1c)	
Up to $600,000	0.50%
$600,000 - $2,300,000	1.00%
Over $2,300,000	1.25%[a]
Seasonal Resorts (4c)	
Up to $500,000	1.00%[a]
Over $500,000	1.25%[a]
Non-Commercial (4c12)	
Up to $500,000	1.00%[a][b]
Over $500,000	1.25%[a][b]
Disabled Homestead (1b)	
Up to $50,000	0.45%
Agricultural Land & Buildings	
Homestead (2a)	
Up to $500,000	1.00%
Over $500,000	1.25%
Remainder of Farm	
Up to $1,900,000[d]	0.50%[b]
Over $1,900,000[d]	1.00%[b]
Non-homestead (2b)	1.00%[b]

[a] *State tax is applicable to these classifications.*

[b] *Exempt from referendum market value based taxes.*

[c] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $121,000; Payable 2017 - $115,000; Payable 2016 - $106,000; and Payable 2015 - $100,000.*

[d] *Legislative increases, payable 2019. Historical valuations are: Payable 2018 - $1,940,000; Payable 2017 - $2,050,000; Payable 2016 - $2,140,000; and Payable 2015 - $1,900,000.*

NOTE: For purposes of the State general property tax only, the net tax capacity of non-commercial class 4c(1) seasonal residential recreational property has the following class rate structure: First $76,000 – 0.40%; $76,000 to $500,000 – 1.00%; and over $500,000 – 1.25%. In addition to the State tax base exemptions referenced by property classification, airport property exempt from city and school district property taxes under M.S. 473.625 is exempt from the State general property tax (MSP International Airport and Holman Field in Saint Paul are exempt under this provision).

EXCERPT OF 2018 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Data on the following pages was extracted from the City's Comprehensive Annual Financial Report for fiscal year ended December 31, 2018. The reader should be aware that the complete financial statements may contain additional information which may interpret, explain or modify the data presented here.

The City's comprehensive annual financial reports for the years ending 1966 through 2017 were awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA). The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. The City has submitted its CAFR for the 2018 fiscal year to GFOA.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

Financial Section

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Brooklyn Center, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brooklyn Center, Minnesota (the City) as of and for the year ended December 31, 2018, 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.

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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund and budgeted major special revenue funds for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As described in Note 1 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 GASB, 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, combining and individual fund statements and schedules, 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 combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2019 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
May 15, 2019

As management of the City of Brooklyn Center (the City), we offer readers of the City's Comprehensive Annual Financial Report (CAFR), this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018. 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 1-8 of this CAFR.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $144,965,121 (net position). Of this amount, $18,837,398 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by $8,113,380 (5.93%) from the previous year, excluding the change in accounting principle and prior period adjustments reported in the current year. The increase can be primarily attributed to a significant amount of tax increment revenues and utility revenues being used for debt service and capital outlay.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $46,839,361, which is an increase of $3,013,642 (6.88%) from the previous year. Of the total fund balance, $10,102,668 (21.57%) is unassigned, which is free from any internal or external constraints of its use.
- The General fund has a fund balance of $11,563,825 at the close of the current fiscal year. During 2018, the fund balance increased $208,622 (1.84%) from the previous year. The unassigned fund balance at year end is $11,475,016, which represents 51.19% of the following year's budget. The remaining portion of the fund balance is nonspendable or assigned.
- The City's total outstanding bonded debt increased by $3,302,000 during the current fiscal year, from $54,879,445 to $58,181,445. The City retired $4,883,000 in principal in 2018, and issued $8,185,000 in new debt for infrastructure projects that included the rehabilitation of Water Tower #2 and the Firehouse Park Area neighborhood reconstruction project.
- The City recorded prior period adjustments that reduced beginning net position for Construction in Progress on Brooklyn Boulevard which is owned by Hennepin County ($1,209,231), previously unrecorded bond premiums and discounts ($1,075,058), and a change in accounting principle for OPEB liabilities ($894,030).

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: general government, public safety, public works, community services, parks & recreation, economic development, and interest on long-term debt. The business- type activities of the City include: municipal liquor, golf course, Earle Brown Heritage Center, water utility, sanitary sewer utility, storm drainage utility, street light utility, and the recycling utility.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate Housing and Redevelopment Authority and Economic Development Authority, for which the City is financially accountable. Although legally separate, these component units, function for all practical purposes as a department of the City, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 29 through 31 of this CAFR.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the following: General, Tax Increment District No. 3, Debt Service, Capital Improvements, Municipal State Aid for Construction, and the Special Assessment Construction, which are considered to be major funds. Data from the other 13 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements or schedules, elsewhere in this CAFR.

The City adopts an annual appropriated budget for nearly all funds presented in this CAFR. A budgetary comparison statement has been provided in the basic financial statements for the General fund and the Tax Increment District No. 3 fund. The budgetary comparison statements for any nonmajor funds are provided elsewhere in this CAFR.

The basic governmental fund financial statements can be found on pages 32 through 40 of this CAFR.

Proprietary Funds: Proprietary funds provide similar information to the government-wide financial statements, but in more detail. The City maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its: municipal liquor, golf course, Earle Brown Heritage Center, water utility, sanitary sewer utility, storm drainage utility, street light utility, and recycling utility. All of the City's enterprise funds are considered to be major funds, and separate information is provided for each of them in the basic financial statements.

Internal service funds are an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its: central garage, employee retirement benefits, pension - coordinated, pension - police and fire, and compensated absences accumulations. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual data for the internal service funds is provided in the form of combining statements elsewhere in this CAFR. Because all of these services predominately benefit governmental rather than business-type functions, they have been included as governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 42 through 47 of this CAFR.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 through 84 of this CAFR.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, for other post-employment benefits (OPEB) and defined benefit pension plans. The schedule of changes in the City's total OPEB liability and related ratios, City contributions, City's and non-employer proportionate share of net pension liability, and schedule of changes in Net Pension Asset can be found on pages 85 through 92 of this CAFR. The combining and budgetary comparison statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and budgetary comparison statements can be found on pages 96 through 149 of this CAFR.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $144,965,121 at the close of the most recent fiscal year.

The largest portion of the City's net position ($95,626,304 or 65.97%) reflects its investment in capital assets, which includes: land infrastructure, buildings, and machinery & equipment, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF BROOKLYN CENTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

CITY OF BROOKLYN CENTER - SUMMARY OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 70,899,936	$ 68,370,031	$ 20,037,095	$ 19,016,531	$ 90,937,031	$ 87,386,562
Capital Assets	68,108,073	64,328,499	73,199,880	70,098,510	141,307,953	134,427,009
Total assets	139,008,009	132,698,530	93,236,975	89,115,041	232,244,984	221,813,571
Deferred outflows of resources	8,442,673	11,179,532	-	-	8,442,673	11,179,532
Long-term liabilities outstanding	38,168,918	38,244,914	30,375,219	27,333,672	68,544,137	65,578,586
Other liabilities	6,227,432	5,788,818	4,202,601	3,614,288	10,430,033	9,403,106
Total liabilities	44,396,350	44,033,732	34,577,820	30,947,960	78,974,170	74,981,692
Deferred inflows of resources	16,748,366	17,981,351	-	-	16,748,366	17,981,351
Net investment in capital assets	52,794,327	53,152,985	42,831,977	43,553,672	95,626,304	96,706,657
Restricted	30,501,419	27,309,336	-	-	30,501,419	27,309,336
Unrestricted	3,010,220	1,400,658	15,827,178	14,613,409	18,837,398	16,014,067
Total Net Position	$ 86,305,966	$ 81,862,979	$ 58,659,155	$ 58,167,081	$ 144,965,121	$ 140,030,060

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

A portion of the City's net position (21.04%) represents resources that are subject to external restrictions on how they may be used. The remaining portion (12.99%) may be used to meet the City's ongoing obligations.

The governmental activities have a significant increase in capital assets from the previous year. The largest factor of this increase were from street improvements.

The business-type activities had a significant increase in long-term liabilities and capital assets. The increase is primarily due to the issuance of revenue bonds for utility infrastructure improvements.

The governmental activities had a significant decrease in the amount of deferred outflows of resources. The change is primarily a result of GASB Statement No. 68 in which the City is required to report its proportionate share of the Minnesota Public Employees Retirement Association (PERA) net pension liabilities and deferred outflows and inflows of resources. Recording these items does not change the City's future contribution requirements or obligations under the plans, which are determined by Minnesota statutes.

Governmental Activities

Governmental activities resulted in an increase of the City's net position by $7,039,387 (8.6%), before the change in accounting principle and prior period adjustments. Key elements of the changes are as follows:

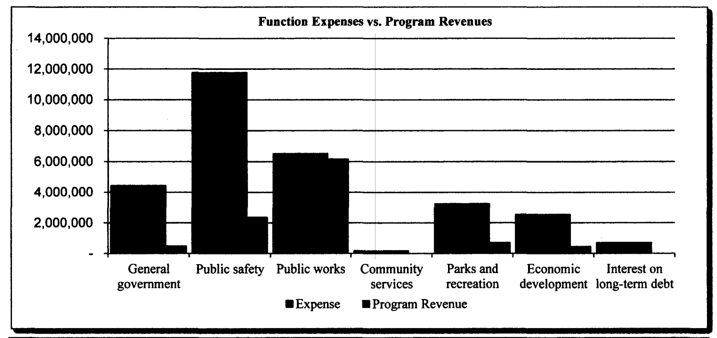
CITY OF BROOKLYN CENTER - CHANGES IN NET POSITION

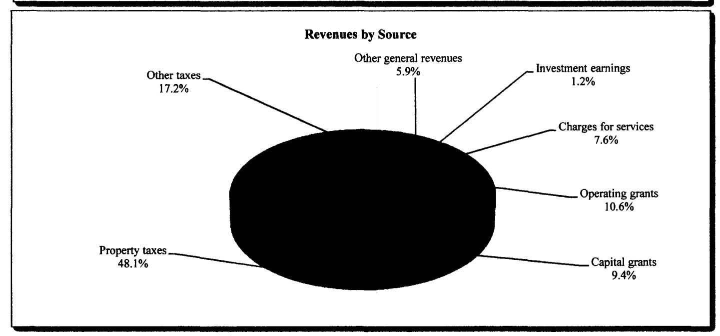
	Governmental Activities		Business-Type Activities		Total	
Revenues:	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	$ 2,802,048	$ 2,164,683	$ 22,700,513	$ 21,964,369	$ 25,502,561	$ 24,129,052
Operating grants and contributions	3,872,109	1,716,671	-	-	3,872,109	1,716,671
Capital grants and contributions	3,435,074	1,407,482	-	-	3,435,074	1,407,482
General revenues						
Property taxes	17,650,461	16,736,759	-	-	17,650,461	16,736,759
Other taxes	6,315,925	5,858,938	-	-	6,315,925	5,858,938
Grants and contributions not restricted to specific programs	2,065,832	1,701,232	-	-	2,065,832	1,701,232
Unrestricted investment earnings	442,835	265,604	258,591	165,819	701,426	431,423
Gain on disposal of capital assets	80,786	88,326	-	-	80,786	88,326
Total revenues	36,665,070	29,939,695	22,959,104	22,130,188	59,624,174	52,069,883
Expenses:						
General government	4,426,549	4,007,850	-	-	4,426,549	4,007,850
Public safety	11,757,362	12,438,818	-	-	11,757,362	12,438,818
Public works	6,501,746	4,542,244	-	-	6,501,746	4,542,244
Community services	164,544	143,103	-	-	164,544	143,103
Parks and recreation	3,234,386	2,995,396	-	-	3,234,386	2,995,396
Economic development	2,543,381	1,917,039	-	-	2,543,381	1,917,039
Interest on long-term debt	693,575	540,799	-	-	693,575	540,799
Municipal liquor	-	-	6,478,599	6,241,998	6,478,599	6,241,998
Golf course	-	-	333,768	335,029	333,768	335,029
Earle Brown Heritage Center	-	-	4,874,026	4,825,489	4,874,026	4,825,489
Water utility	-	-	3,670,089	3,294,345	3,670,089	3,294,345
Sanitary sewer utility	-	-	4,213,511	4,068,468	4,213,511	4,068,468
Storm drainage utility	-	-	1,959,195	1,848,887	1,959,195	1,848,887
Street light utility	-	-	274,252	267,069	274,252	267,069
Recycling utility	-	-	385,811	366,608	385,811	366,608
Total expenses	29,321,543	26,585,249	22,189,251	21,247,893	51,510,794	47,833,142
Change in net position before transfers	7,343,527	3,354,446	769,853	882,295	8,113,380	4,236,741
Transfers	(782,750)	67,898	782,750	(67,898)	-	-
Transfers - capital assets	478,610	(263,068)	(478,610)	263,068	-	-
Change in net position	7,039,387	3,159,276	1,073,993	1,077,465	8,113,380	4,236,741
Net Position - January 1, previously reported	81,862,979	78,703,703	58,167,081	57,089,616	140,030,060	135,793,319
Change in accounting principle	(729,733)	-	(164,297)	-	(894,030)	-
Prior period adjustments	(1,866,667)	-	(417,622)	-	(2,284,289)	-
Net Position - January 1 restated	79,266,579	78,703,703	57,585,162	57,089,616	136,851,741	135,793,319
Net Position - December 31	$ 86,305,966	$ 81,862,979	$ 58,659,155	$ 58,167,081	$ 144,965,121	$ 140,030,060

CITY OF BROOKLYN CENTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Governmental activities accounted for (86.76%) of the increase in the City's net position. The change in net position from the previous year can be attributed to prepaid special assessments, tax increment revenues received in Tax Increment District #3, and municipal state aid intergovernmental revenues received for capital items acquired in previous years.

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:

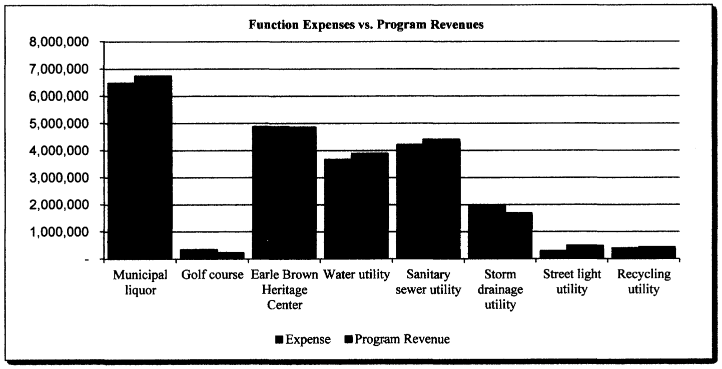


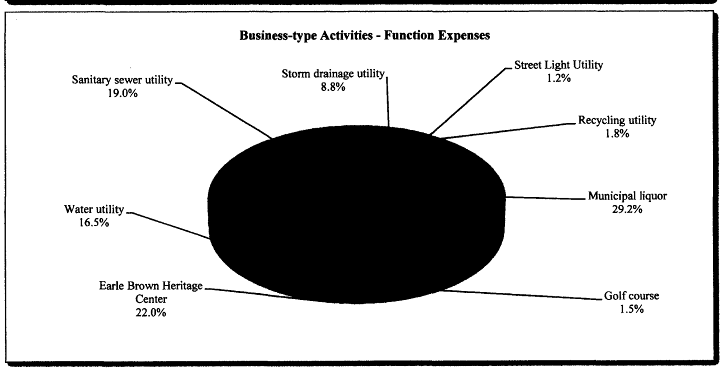


CITY OF BROOKLYN CENTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Business-type Activities

Business-type activities increased net position by $1,073,993, which accounts for 13.24% of the total growth in the City's net position. The factors contributing to this change are illustrated below:





The net position of the business-type activities increased for each fund and in total with the exception of the Centerbrook Golf Course. The Centerbrook Golf Course transferred the net position of $649,127 as of December 31, 2018 to the Centerbrook Golf Special Revenue Fund and Governmental activities.

CITY OF BROOKLYN CENTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Financial Analysis of the Government's Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $46,839,361, which is an increase of $3,013,642 (6.88%) from the previous year. The unassigned fund balance, which is not subject to internal or external constraints upon its use, is $10,102,668, or 21.57% of total fund balance. A small portion of the fund balance, $90,472 (0.19%) is in nonspendable form. The remaining fund balance has either internal or external constraints upon its use, and can be broken down into the following components: $26,097,132 (55.72%) of restricted fund balance; $9,007,923 (19.23%) of committed fund balance; and $1,541,166 (3.29%) of assigned fund balance. A more detailed breakdown of fund balance components can be found in the basic financial statements.

The General fund is the primary operating fund of the City. At the end of the current fiscal year, total fund balance is $11,563,825. As a measure of the General fund's liquidity, it may be useful to compare both unassigned and total fund balance, to total fund expenditures. Unassigned balance, which is $11,475,016, represents 54.17% of the current year General fund expenditures. Total General fund balance represents 54.59% of those same expenditures.

The fund balance of the City's General fund increased by $208,622 (1.84%) from the previous year. The City had budgeted for a break-even year in 2018, however the City Council approved a transfer to the Capital Improvements Fund of $149,630 of available fund balance. Prior to the transfer the City had a larger increase in fund balance, which was attributed to a $487,497 positive variance in revenues. Permits and license revenues exceeded the budget by $432,404.

The Tax Increment District No. 3 fund has a total fund balance of $19,557,596 at the end of the year. The increase in fund balance was $1,572,998 (8.75%) from the previous year. The fund received $4,282,763 in tax increment revenues, expended $661,410 on Economic Development and transferred $2,298,951 for Debt Service. As of December 31, 2018 the fund has total assets held for resale of $13,981,694.

The Debt Service fund has a total fund balance of $2,816,343 at the end of the year. The increase in fund balance was $979,106 (53.29%) from the previous year. The increase in fund balance is primarily the result of prepaid special assessments received for the General Obligation Improvement Bonds, Series 2018A. The first principal payment for this bond occurred February 1, 2019.

The Capital Improvements fund has a total fund balance of $2,043,360, a decrease of $993,508 (32.71%) from the previous year. The decrease was the result of the Community Center Dehumidifier Project, 69th and Cahlander Park Fence Project, and the Brooklyn Boulevard improvement project.

The Municipal State Aid Construction fund has a fund balance of $289,415 at the end of the year. The increase in fund balance was $670,810 (175.88%) from the previous year. As of December 31, 2018 the fund had a cash balance of $3,047,632 and a receivable balance in the amount of $2,640,612 in Municipal State Aid Construction funds.

The Special Assessments Construction fund has an ending fund balance of $1,534,666 an increase of $967,129 from the previous year. The fund incurred $1,691,259 of capital expenditures during the year primarily for Firehouse Park Area neighborhood infrastructure reconstruction project.

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

The enterprise funds have a combined ending net position of $61,179,886, of which $18,347,909 (29.99%) is unrestricted and can be used for operations. As a measure of the liquidity of the enterprise funds, it may be useful to compare the unrestricted net position to the operating expenses. For the current year, unrestricted net position is 126.18% of the current year operating expenses. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

During the year, there were no amendments to the General Fund budget. Actual revenues and other financing sources were over the adopted budget by $487,497. The major contributors of this increase were building permit revenues and public safety charges for services. Actual expenditures and other financing uses exceeded the final budget for the year by $278,875. This was the result of a non-budgeted transfer of $149,630 to the Capital Improvement Fund in accordance with City policy to transfer unassigned fund balance of the General Fund that exceeds 52% of General Fund budgeted expenditures following the completion of the annual audit. The City also exceeded appropriations in general government by $109,085, primarily as a result of maintenance spending on government buildings.

Capital Asset and Debt Administration

Capital Assets: The City's investment in capital assets for its governmental and business-type activities at the end of the current year, amounts to $141,307,953 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, infrastructure, machinery and equipment and construction in progress. The City's investment in capital assets increased $8,090,175 (6.07%) from the previous year.

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

- The Firehouse Park Area neighborhood infrastructure reconstruction project was substantially completed, with a total cost of $8,576,251 including construction in progress from the previous year. This amount includes work on streets, as well as water, sewer, storm and street light utilities.

- The Brooklyn Boulevard street reconstruction project (49th Avenue to Bass Lake Road) began construction, with a total of $3,449,830 in expenses (including previous years). This amount includes work on streets, as well as water, sewer, storm and street light utilities. Federal funding through the Surface Transportation Program has been awarded to the City and Hennepin County for this project.

- Water Tower #3 Rehabilitation project was completed at a total cost of $1,803,145 including construction in progress from the previous year.

CITY OF BROOKLYN CENTER, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

- Water Tower #2 Rehabilitation project is near completion, with $1,109,725 of additions to construction in progress to the Water Utility Fund.

- Other significant capital investments include the rehabilitation of Lift Station #1 ($489,041) and Community Center Dehumidifier improvements ($936,619).

- The Central Garage purchased 14 pieces of machinery & equipment during the year. The total outlay for machinery and equipment during the year was $1,020,067. The additions include, but are not limited to: sidewalk plow, police vehicles, two dump trucks and a garbage truck.

CITY OF BROOKLYN CENTER - CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
Land	$ 5,632,883	$ 4,242,481	$ 2,104,581	$ 3,194,983	$ 7,737,464	$ 7,437,464
Easements	88,704	88,704	10,285	10,285	98,989	98,989
Construction in progress	10,908,187	6,536,807	12,912,399	6,638,414	23,820,586	13,175,221
Land improvements	-	-	296,830	202,449	296,830	202,449
Other land improvements	6,536,716	6,137,233	-	-	6,536,716	6,137,233
Buildings and improvements	10,776,581	10,526,000	19,763,924	20,951,877	30,540,505	31,477,877
Machinery and equipment	4,555,748	4,098,359	340,423	261,511	4,896,171	4,359,870
Street infrastructure	29,609,254	31,489,684	-	-	29,609,254	31,489,684
Street light systems	-	-	556,050	615,352	556,050	615,352
Mains and lines	-	-	37,215,388	38,223,639	37,215,388	38,223,639
Total	$ 68,108,073	$ 63,119,268	$ 73,199,880	$ 70,098,510	$ 141,307,953	$ 133,217,778

Additional information on the City's capital assets can be found in Note 3 (C) on pages 62 through 63 of this CAFR.

Long-Term Debt: At the end of the current year, the City had outstanding long-term bonded debt of $58,181,445.

CITY OF BROOKLYN CENTER - OUTSTANDING DEBT

	Governmental Activities		Business-type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
General obligation tax increment bonds	$ 11,945,000	$ 14,220,000	$ -	$ -	$ 11,945,000	$ 14,220,000
General obligation improvement bonds	14,552,773	11,718,751	1,472,227	1,646,249	16,025,000	13,365,000
General obligation revenue bonds	-	-	13,465,000	9,585,000	13,465,000	9,585,000
General obligation revenue notes	-	-	16,746,445	17,709,445	16,746,445	17,709,445
Unamortized premiums (discounts)	903,685	657,436	747,050	417,622	1,650,735	1,075,058
Compensated absences	1,323,469	1,297,552	-	-	1,323,469	1,297,552
Net pension liability	11,239,156	13,621,131	-	-	11,239,156	13,621,131
Total OPEB liability	2,014,679	1,844,035	-	-	2,014,679	1,844,035
Total	$ 41,978,762	$ 43,358,905	$ 32,430,722	$ 29,358,316	$ 74,409,484	$ 72,717,221

The City's total bonded debt increased $3,302,000 (6.02%) from the previous year. The City retired $4,883,000 in principal, and issued $8,185,000 in new general obligation improvement bonds for the infrastructure improvements.

The City's bond rating is AA from Standard & Poor's Ratings Services.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Taxable Market Value. The current debt limitation for the City is $56,110,508. The City does not currently have any debt outstanding that is applicable to the limit.

Additional information on the City's long-term debt can be found in Note 3 (F) on pages 67 through 69 of this CAFR.

Economic Factors and Next Year's Budget and Rates

All of these factors were considered in the preparation of the City's budget for the 2019 fiscal year.

- The unemployment rate for the City is 3.30% at the end of the 2018 fiscal year, which is a decrease from the rate of 4.10% a year ago. This compares to the State's average unemployment rate of 2.90% and the national average of 3.90%.
- An increase in estimated taxable market value of 10.2% from taxes payable 2018 to 2019. The taxable market value increase was driven by significant increases in residential property values (11.7%) and apartment property values (16.6%).
- Continuing redevelopment throughout the City will yield net growth in tax base and stability in tax base along with providing job growth in the City.
- Since 2008, the EDA has acquired approximately 35 acres of land including the former Brookdale Square shopping center site and former Brookdale Ford dealership property. The EDA entered into a Preliminary Development Agreement with Alatus, LLC as the master developer of this site. In May 2018, the site was federally designated as an Opportunity Zone. The preliminary development concept proposed involves the construction of a mixed-use apartment/hotel/commercial/single-family development together with related improvements including a centralized park area, new roads and storm water ponding improvements.
- The City has entered into a Preliminary Development Agreement with Centra Homes for 30 single family homes on an 8-acre EDA-owned site at Highway 252 and 69th Avenue N. Centra anticipates construction in the Summer of 2019.
- TOPGOLF USA purchased an existing 85,240 square foot Regal Theater to allow for the construction of a 65,000 square foot commercial recreational/entertainment development. The three level facility will include 103 hitting bays, a 50 table restaurant and lounge, a 3,000 square foot roof terrace, a 3,000 square foot event area and a 220 yard driving range with 11 outfield targets. The facility opened September 2018.
- In January 2019, HOM Furniture opened in the renovated former Kohl's building. The project includes a 24,822 addition that is anticipated to open in the summer of 2019. The project also includes the future development of a three story 32,800 square foot medical center/office building.
- An 82-room Fairfield Inn and Suites is currently under construction and is anticipated to open fall 2019.
- A vacant former assisted senior facility was converted into market-rate apartments. The project, called LUX Apartments, includes 143 full renovated unity and a community space has completed construction and is now fully leased.

The City's policy is to maintain a General fund unassigned fund balance of 50% - 52% of the ensuing year's budgeted General fund operations. Additionally the City's capital project funding policy that transfers the amount of fund balance exceeding 52% to the Capital Improvements fund following the completed audit of the City's CAFR. The City transferred $149,630 for Capital Improvements from the General fund. Total unassigned and assigned fund balance at the end of 2018 was $11,481,516 (51.22%) of the adopted 2019 budgeted expenditures.

Requests for Information

This financial report is designed to provide a general overview of the City of Brooklyn Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 6301 Shingle Creek Parkway, Brooklyn Center, MN 55430.

Basic Financial Statements

CITY OF BROOKLYN CENTER, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 40,345,287	$ 18,166,682	$ 58,511,969
Receivables:			
Accounts - net	386,579	2,584,076	2,970,655
Taxes	329,444	-	329,444
Special assessments	6,712,746	565,550	7,278,296
Internal balances	2,520,731	(2,520,731)	-
Due from other governments	4,951,437	65,665	5,017,102
Prepaid items	55,183	263,831	319,014
Inventories	56,625	912,022	968,647
Notes receivable	101,513	-	101,513
Assets held for resale	14,441,672	-	14,441,672
Capital assets:			
Nondepreciable	16,629,774	15,027,265	31,657,039
Depreciable	51,478,299	58,172,615	109,650,914
Net pension asset	998,719	-	998,719
Total assets	139,008,009	93,236,975	232,244,984
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension resources	8,199,976	-	8,199,976
Deferred OPEB resources	242,697	-	242,697
Total deferred outflows of resources	8,442,673	-	8,442,673
LIABILITIES			
Accounts payable	664,317	408,527	1,072,844
Contracts payable	683,570	238,540	922,110
Accrued salaries and wages	322,285	57,426	379,711
Accrued interest payable	335,266	257,016	592,282
Due to other governments	138,052	167,337	305,389
Deposits payable	272,235	614,685	886,920
Unearned revenue	1,863	403,567	405,430
Compensated absences payable:			
Due within one year	132,347	-	132,347
Due in more than one year	1,191,122	-	1,191,122
Total OPEB liability:			
Due in more than one year	2,014,679	-	2,014,679
Bonds and net pension liability payable:			
Due within one year	3,677,497	2,055,503	5,733,000
Due in more than one year	34,963,117	30,375,219	65,338,336
Total liabilities	44,396,350	34,577,820	78,974,170
DEFERRED INFLOWS OF RESOURCES			
Deferred pension resources	11,351,472	-	11,351,472
State aid received for subsequent years	5,396,894	-	5,396,894
Total deferred inflows of resources	16,748,366	-	16,748,366
NET POSITION			
Net investment in capital assets	52,794,327	42,831,977	95,626,304
Restricted for:			
Tax increment financing	21,474,227	-	21,474,227
Economic development	1,531,807	-	1,531,807
Law enforcement enhancements	45,431	-	45,431
Debt service	6,157,985	-	6,157,985
Pension benefits	1,002,554	-	1,002,554
State-aid street systems	289,415	-	289,415
Unrestricted	3,010,220	15,827,178	18,837,398
Total net position	$ 86,305,966	$ 58,659,155	$ 144,965,121

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

CITY OF BROOKLYN CENTER, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
FUNCTIONS/PROGRAMS	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Government activities:							
General government	$ 4,426,549	$ 483,572	$ -	$ -	$ (3,942,977)	$ -	$ (3,942,977)
Public safety	11,757,362	1,047,683	1,300,198	-	(9,409,481)	-	(9,409,481)
Public works	6,501,746	464,254	2,279,427	3,403,420	(354,645)	-	(354,645)
Community services	164,544	-	-	-	(164,544)	-	(164,544)
Parks and recreation	3,234,386	593,692	64,300	31,654	(2,544,740)	-	(2,544,740)
Economic development	2,543,381	212,847	228,184	-	(2,102,350)	-	(2,102,350)
Interest on long-term debt	693,575	-	-	-	(693,575)	-	(693,575)
Total government activities	29,321,543	2,802,048	3,872,109	3,435,074	(19,212,312)	-	(19,212,312)
Business-type activities:							
Municipal liquor	6,478,599	6,745,617	-	-	-	267,018	267,018
Golf course	333,768	224,535	-	-	-	(109,233)	(109,233)
Earle Brown Heritage Center	4,874,026	4,858,384	-	-	-	(15,642)	(15,642)
Water utility	3,670,089	3,888,716	-	-	-	218,627	218,627
Sanitary sewer utility	4,213,511	4,406,741	-	-	-	193,230	193,230
Storm drainage utility	1,959,195	1,681,733	-	-	-	(277,462)	(277,462)
Street light utility	274,252	478,248	-	-	-	203,996	203,996
Recycling utility	385,811	416,539	-	-	-	30,728	30,728
Total business-type activities	22,189,251	22,700,513	-	-	-	511,262	511,262
Total	$ 51,510,794	$ 25,502,561	$ 3,872,109	$ 3,435,074	(19,212,312)	511,262	(18,701,050)
General revenues:							
Property taxes					17,650,461	-	17,650,461
Tax increments					5,147,964	-	5,147,964
Lodging taxes					1,167,961	-	1,167,961
Grants and contributions not restricted to specific programs					2,065,832	-	2,065,832
Unrestricted investment earnings					442,835	258,591	701,426
Gain on disposal of capital asset					80,786	-	80,786
Transfers					(782,750)	782,750	-
Transfers - capital assets					478,610	(478,610)	-
Total general revenues and transfers					26,251,699	562,731	26,814,430
Change in net position					7,039,387	1,073,993	8,113,380
Net position - January 1, previously reported					81,862,979	58,167,081	140,030,060
Change in Accounting Principle - OPEB					(729,733)	(164,297)	(894,030)
Prior period adjustment - Bond Disc/Prem					(657,436)	(417,622)	(1,075,058)
Prior period adjustment - CIP					(1,209,231)	-	(1,209,231)
Net position - January 1, restated					79,266,579	57,585,162	136,851,741
Net position - December 31					$ 86,305,966	$ 58,659,155	$ 144,965,121

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

CITY OF BROOKLYN CENTER, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	General	Tax Increment District No. 3	Debt Service	Capital Improvements Fund	Municipal State Aid for Construction	Special Assessment Construction Fund	Other Nonmajor Governmental	Total Governmental
ASSETS								
Cash and investments	$ 11,901,212	$ 4,530,360	$ 2,810,885	$ 26,603	$ 3,047,632	$ 2,102,852	$ 9,686,293	$ 34,105,837
Receivables:								
Accounts - net	146,718	7,500	-	-	-	28,030	179,975	362,223
Current taxes	95,229	16,234	6,531	-	-	-	35,824	153,818
Delinquent taxes	116,030	59,596	-	-	-	-	-	175,626
Special assessments	42,199	-	3,679,935	867	-	2,989,745	-	6,712,746
Due from other funds	298,412	-	-	-	-	-	-	298,412
Due from other governments	24,568	-	-	2,144,879	2,640,612	-	122,676	4,932,735
Notes receivable	-	-	-	-	-	-	101,513	101,513
Inventories	32,736	-	-	-	-	-	2,553	35,289
Prepaid items	49,573	-	-	-	-	-	5,610	55,183
Advances to other funds	-	1,034,803	-	-	-	-	553,214	1,588,017
Assets held for resale	-	13,981,694	-	-	-	-	459,978	14,441,672
Total assets	12,706,677	19,630,187	6,497,351	2,172,349	5,688,244	5,120,627	11,147,636	62,963,071
LIABILITIES								
Accounts payable	361,192	3,479	4,100	37,158	1,935	1,601	141,173	550,638
Contracts payable	-	-	-	86,701	-	596,869	-	683,570
Accrued salaries and wages	303,399	-	-	-	-	-	9,416	312,815
Due to other funds	-	-	-	-	-	-	298,412	298,412
Due to other governments	62,228	6,625	-	4,263	-	1,162	63,409	137,687
Deposits payable	257,326	1,856	-	-	-	-	13,053	272,235
Unearned revenue	828	1,035	-	-	-	-	-	1,863
Advances from other funds	-	-	-	-	-	-	1,588,017	1,588,017
Total liabilities	984,973	12,995	4,100	128,122	1,935	599,632	2,113,480	3,845,237
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue - property taxes	116,030	-	-	-	-	-	-	116,030
Unavailable revenue - tax increments	-	59,596	-	-	-	-	-	59,596
Unavailable revenue - special assessments	41,849	-	3,676,908	867	-	2,986,329	-	6,705,953
Unavailable revenue - intergovernmental	-	-	-	-	5,396,894	-	-	5,396,894
Total deferred inflows of resources	157,879	59,596	3,676,908	867	5,396,894	2,986,329	-	12,278,473
FUND BALANCES (DEFICITS)								
Nonspendable	82,309	-	-	-	-	-	8,163	90,472
Restricted	-	19,557,596	2,816,343	-	289,415	-	3,433,778	26,097,132
Committed	-	-	-	2,043,360	-	-	6,964,563	9,007,923
Assigned	6,500	-	-	-	-	1,534,666	-	1,541,166
Unassigned	11,475,016	-	-	-	-	-	(1,372,348)	10,102,668
Total fund balances	11,563,825	19,557,596	2,816,343	2,043,360	289,415	1,534,666	9,034,156	46,839,361
Total liabilities, deferred inflows of resources and fund balances	$ 12,706,677	$ 19,630,187	$ 6,497,351	$ 2,172,349	$ 5,688,244	$ 5,120,627	$ 11,147,636	$ 62,963,071

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

CITY OF BROOKLYN CENTER, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2018

Fund balances - governmental funds	$	46,839,361
Amounts reported for the governmental activities within the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds.		
Cost of capital assets		109,661,832
Accumulated depreciation		(45,311,291)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in governmental funds.		
Bonds payable		(26,497,773)
Accrued interest payable		(335,266)
Unamortized premium		(903,685)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore, are unavailable in governmental funds.		
Delinquent property taxes receivable		116,030
Delinquent tax increments receivable		59,596
Special assessments receivable		6,705,953
The Plan Fiduciary Net Position of the City's Fire Relief Association Pension Fund currently exceeds the actuarially determined total pension liability creating a net pension asset		998,719
Deferred outflows related to the City's Fire Relief Association Pension Fund		
Net difference between projected and actual investment earnings and change of assumptions		211,141
Contributions to the plan subsequent to the measurement date		159,147
Deferred inflows related to City's Fire Relief Association Pension Fund		
Grant funding of contributions to the plan subsequent to the measurement date		(159,147)
Net difference between expected and actual liability, projected and actual investment earnings, and change of assumptions		(207,306)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The assets, liabilities, and deferred outflows/inflows are included in the governmental statement of net position.		(5,031,345)
Total net position - governmental activities	$	86,305,966

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

CITY OF BROOKLYN CENTER, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	General	Tax Increment District No. 3	Debt Service	Capital Improvements Fund	Municipal State Aid for Construction	Special Assessment Construction Fund	Other Nonmajor Governmental	Total Governmental
REVENUES								
Property taxes	$ 16,193,893	$ -	$ 1,137,520	$ 1,148	$ -	$ -	$ 345,040	$ 17,677,601
Tax increments	-	4,282,763	-	-	-	-	834,195	5,116,958
Lodging taxes	1,167,961	-	-	-	-	-	-	1,167,961
Franchise fees	-	-	-	-	-	-	705,608	705,608
Licenses and permits	1,209,029	-	-	-	-	-	-	1,209,029
Intergovernmental	1,658,391	-	-	3,029,338	1,195,196	-	466,993	6,349,918
Charges for services	861,965	177,653	-	75	-	870	20,149	1,060,712
Special assessments	51,075	-	1,138,318	-	-	601,092	-	1,790,485
Fines and forfeits	273,507	-	-	-	-	-	26,817	300,324
Investment earnings (net of market value adjustment)	88,534	35,191	13,225	23,407	48,009	4,692	143,783	356,841
Miscellaneous	179,178	37,752	-	396,207	-	28,030	57,826	698,993
Total revenues	21,683,533	4,533,359	2,289,063	3,450,175	1,243,205	634,684	2,600,411	36,434,430
EXPENDITURES								
Current:								
General government	3,605,573	-	-	-	-	-	88,303	3,693,876
Public safety	11,201,317	-	-	-	-	-	205,520	11,406,837
Public works	2,234,407	-	-	-	101,295	8,200	-	2,343,902
Community services	164,544	-	-	-	-	-	-	164,544
Parks and recreation	2,761,005	-	-	-	-	-	32,884	2,793,889
Economic development	752,579	661,410	-	-	-	-	684,979	2,098,968
Nondepartmental	462,056	-	-	-	-	-	-	462,056
Capital outlay:								
General government	-	-	-	4,503	-	-	97,192	101,695
Public safety	-	-	-	322,434	-	-	25,317	347,751
Public works	-	-	-	2,915,241	471,100	1,691,259	2,740,721	7,818,321
Parks and recreation	-	-	-	744,354	-	-	141,906	886,260
Economic development	-	-	-	-	-	-	657,790	657,790
Debt service:								
Principal	-	-	3,275,978	-	-	-	-	3,275,978
Interest	-	-	674,020	-	-	-	-	674,020
Fiscal agent fees	-	-	11,893	-	-	-	-	11,893
Bond issuance costs	-	-	-	-	-	34,210	33,064	67,274
Total expenditures	21,181,481	661,410	3,961,891	3,986,532	572,395	1,733,669	4,707,676	36,805,054
Excess (deficiency) of revenues over (under) expenditures	502,052	3,871,949	(1,672,828)	(536,357)	670,810	(1,098,985)	(2,107,265)	(370,624)
OTHER FINANCING SOURCES (USES)								
Transfers in	150,000	-	2,651,934	335,337	-	36,678	652,539	3,826,488
Issuance of debt	-	-	-	-	-	1,867,736	1,967,264	3,835,000
Premium on issuance of debt	-	-	-	-	-	161,700	170,316	332,016
Transfers out	(443,430)	(2,298,951)	-	(792,488)	-	-	(1,074,369)	(4,609,238)
Total other financing sources (uses)	(293,430)	(2,298,951)	2,651,934	(457,151)	-	2,066,114	1,715,750	3,384,266
Net change in fund balance	208,622	1,572,998	979,106	(993,508)	670,810	967,129	(391,515)	3,013,642
Fund balances (deficits) - January 1	11,355,203	17,984,598	1,837,237	3,036,868	(381,395)	567,537	9,425,671	43,825,719
Fund balances - December 31	$ 11,563,825	$ 19,557,596	$ 2,816,343	$ 2,043,360	$ 289,415	$ 1,534,666	$ 9,034,156	$ 46,839,361

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

CITY OF BROOKLYN CENTER, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Total net change in fund balances - governmental funds	$	3,013,642
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation.		
Capital outlays		7,413,588
Depreciation expense		(3,214,997)
Contributions of capital assets from the proprietary funds increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		478,610
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, the governmental funds report the affect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities		
Long-term debt issued (including premiums on current year bonds)		(4,167,016)
Principal repayments		3,275,978
Amortization of bond discount and premium		85,767
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.		(26,155)
Contributions to the Fire Relief Association Pension are reported as expenses in the fund financial statements. In the statement of activities, however, all facets of the pension plan are taken into account and when considering things such as investment return, changes in assumptions, and plan performance differing from expectations, pension expense related to this retirement plan for the year was reported at the following amount.		5,650
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting, certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.		
Property taxes		(27,140)
Tax increments		31,006
Special assessments		(63,512)
Interest on notes receivable (forgiven)		(85,800)
Internal service funds are used by management to charge the cost of certain activities to individual funds. This amount is net revenue attributable to governmental activities.		319,766
Change in net position - governmental activities	$	7,039,387

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

CITY OF BROOKLYN CENTER, MINNESOTA
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Property taxes	$ 16,239,417	$ 16,239,417	$ 16,193,893	$ (45,524)
Lodging taxes	1,100,000	1,100,000	1,167,961	67,961
Licenses and permits	776,625	776,625	1,209,029	432,404
Intergovernmental	1,594,819	1,594,819	1,658,391	63,572
Charges for services	922,500	922,500	861,965	(60,535)
Special assessments	100,000	100,000	51,075	(48,925)
Fines and forfeits	231,500	231,500	273,507	42,007
Investment earnings (net of market value adjustment)	79,975	79,975	88,534	8,559
Miscellaneous	151,200	151,200	179,178	27,978
Total revenues	21,196,036	21,196,036	21,683,533	487,497
EXPENDITURES				
Current:				
General government	3,496,488	3,496,488	3,605,573	(109,085)
Public safety	11,294,089	11,294,089	11,201,317	92,772
Public works	2,277,697	2,277,697	2,234,407	43,290
Community services	187,000	187,000	164,544	22,456
Parks and recreation	2,941,571	2,941,571	2,761,005	180,566
Economic development	717,347	717,347	752,579	(35,232)
Nondepartmental	231,844	231,844	462,056	(230,212)
Total expenditures	21,146,036	21,146,036	21,181,481	(35,445)
Excess of revenues over expenditures	50,000	50,000	502,052	452,052
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Transfers out	(200,000)	(200,000)	(443,430)	(243,430)
Total other financing sources (uses)	(50,000)	(50,000)	(293,430)	(243,430)
Net change in fund balance	-	-	208,622	208,622
Fund balance - January 1	11,355,203	11,355,203	11,355,203	-
Fund balance - December 31	$ 11,355,203	$ 11,355,203	$ 11,563,825	$ 208,622

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

CITY OF BROOKLYN CENTER, MINNESOTA
TAX INCREMENT DISTRICT NO. 3 - STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Tax increments	$ 3,765,780	$ 3,765,780	$ 4,282,763	$ 516,983
Charges for services	92,816	92,816	177,653	84,837
Investment earnings (net of market value adjustment)	10,690	10,690	35,191	24,501
Miscellaneous	200,000	200,000	37,752	(162,248)
Total revenues	4,069,286	4,069,286	4,533,359	464,073
EXPENDITURES				
Current:				
Economic development	547,632	547,632	661,410	(113,778)
Capital outlay:				
Economic development	150,000	150,000	-	150,000
Total expenditures	697,632	697,632	661,410	36,222
Excess of revenues over expenditures	3,371,654	3,371,654	3,871,949	500,295
OTHER FINANCING SOURCES (USES)				
Transfers in	281,502	281,502	-	(281,502)
Transfers out	(2,397,451)	(2,397,451)	(2,298,951)	98,500
Total other financing sources (uses)	(2,115,949)	(2,115,949)	(2,298,951)	(183,002)
Net change in fund balance	1,255,705	1,255,705	1,572,998	317,293
Fund balance - January 1	17,984,598	17,984,598	17,984,598	-
Fund balance - December 31	$ 19,240,303	$ 19,240,303	$ 19,557,596	$ 317,293

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

CITY OF BROOKLYN CENTER, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Business-Type Activities				Business-Type Activities					Governmental Activities-
	Municipal Liquor	Golf Course	Earle Brown Heritage Center	Water Utility	Sanitary Sewer Utility	Storm Drainage Utility	Street Light Utility	Recycling Utility	Total Enterprise	Internal Service
ASSETS										
Current assets:										
Cash and cash equivalents	$ 2,284,048	$ -	$ 2,935,987	$ 3,792,870	$ 3,755,190	$ 4,368,349	$ 771,715	$ 258,523	$ 18,166,682	$ 6,239,450
Receivables:										
Accounts - net	7,780	-	92,914	911,347	1,017,066	375,721	93,801	85,447	2,584,076	24,356
Special assessments	-	-	-	565,550	-	-	-	-	565,550	-
Due from other governments	-	-	65,665	-	-	-	-	-	65,665	18,702
Prepaid items	27,782	-	24,232	3,229	207,354	1,234	-	-	263,831	-
Inventories	819,874	-	32,933	59,215	-	-	-	-	912,022	21,336
Total current assets	3,139,484	-	3,151,731	5,332,211	4,979,610	4,745,304	865,516	343,970	22,557,826	6,303,844
Noncurrent assets:										
Capital assets:										
Land	-	-	1,493,300	20,734	3,389	587,158	-	-	2,104,581	-
Easements	-	-	-	-	20,335	10,285	-	-	30,620	-
Land improvements	-	-	570,769	-	-	-	-	-	570,769	166,108
Buildings and improvements	192,771	-	12,876,201	22,753,759	2,571,416	-	-	-	38,394,147	-
Machinery and equipment	276,676	-	584,229	163,334	179,130	24,587	-	-	1,227,956	9,868,498
Street light systems	-	-	-	-	-	-	928,396	-	928,396	-
Mains and lines	-	-	-	25,656,106	25,468,575	32,295,564	-	-	83,420,245	-
Construction in progress	1,830	-	-	6,112,385	2,608,435	3,726,259	463,490	-	12,912,399	105,327
Total capital assets	471,277	-	15,524,499	54,706,318	30,851,280	36,643,853	1,391,886	-	139,589,113	10,139,933
Less: accumulated depreciation	(389,489)	-	(11,901,084)	(20,402,190)	(16,379,636)	(16,944,488)	(372,346)	-	(66,389,233)	(6,382,401)
Net capital assets	81,788	-	3,623,415	34,304,128	14,471,644	19,699,365	1,019,540	-	73,199,880	3,757,532
Total noncurrent assets	81,788	-	3,623,415	34,304,128	14,471,644	19,699,365	1,019,540	-	73,199,880	3,757,532
Total assets	3,221,272	-	6,775,146	39,636,339	19,451,254	24,444,669	1,885,056	343,970	95,757,706	10,061,376
DEFERRED OUTFLOWS OF RESOURCES										
Deferred pension resources	-	-	-	-	-	-	-	-	-	7,829,688
Deferred OPEB resources	-	-	-	-	-	-	-	-	-	242,697
Total deferred outflows of resources	-	-	-	-	-	-	-	-	-	8,072,385
LIABILITIES										
Current liabilities:										
Accounts payable	213,216	-	30,803	127,396	15,306	18,825	2,608	373	408,527	113,679
Contracts payable	-	-	155,100	83,440	-	-	-	-	238,540	-
Accrued salaries and wages	19,484	-	21,614	10,522	2,461	3,345	-	-	57,426	9,470
Accrued interest payable	-	-	-	177,715	41,448	37,853	-	-	257,016	-
Due to other governments	65,568	-	19,816	4,370	16,459	-	-	61,124	167,337	365
Deposits payable	-	-	608,685	6,000	-	-	-	-	614,685	-
Unearned revenue	33,506	-	1,600	368,461	-	-	-	-	403,567	-
Notes payable	-	-	-	973,000	-	-	-	-	973,000	-
Bonds payable	-	-	-	528,750	448,753	105,000	-	-	1,082,503	-
Compensated absences payable	-	-	-	-	-	-	-	-	-	132,347
Total current liabilities	331,774	-	837,618	2,279,654	524,427	165,023	2,608	61,497	4,202,601	255,861
Noncurrent liabilities:										
Notes payable	-	-	-	15,773,445	-	-	-	-	15,773,445	-
Bonds payable	-	-	-	8,169,437	3,931,959	2,500,378	-	-	14,601,774	-
Compensated absences payable	-	-	-	-	-	-	-	-	-	1,191,122
Total OPEB liability	-	-	-	-	-	-	-	-	-	2,014,679
Net pension liability	-	-	-	-	-	-	-	-	-	11,239,156
Total noncurrent liabilities	-	-	-	23,942,882	3,931,959	2,500,378	-	-	30,375,219	14,444,957
Total liabilities	331,774	-	837,618	26,222,536	4,456,386	2,665,401	2,608	61,497	34,577,820	14,700,818
DEFERRED INFLOWS OF RESOURCES										
Deferred pension resources	-	-	-	-	-	-	-	-	-	10,985,019
NET POSITION										
Net investment in capital assets	81,788	-	3,623,415	10,380,350	10,388,432	17,338,452	1,019,540	-	42,831,977	3,757,532
Unrestricted	2,807,710	-	2,314,113	3,033,453	4,606,436	4,440,816	862,908	282,473	18,347,909	(11,309,608)
Total net position	$ 2,889,498	$ -	$ 5,937,528	$ 13,413,803	$ 14,994,868	$ 21,779,268	$ 1,882,448	$ 282,473	$ 61,179,886	$ (7,552,076)
Net position from this Statement									$ 61,179,886	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds									(2,520,731)	
Net position of business-type activities									$ 58,659,155	

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

CITY OF BROOKLYN CENTER, MINNESOTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-Type Activities				Business-Type Activities					Governmental Activities-
	Municipal Liquor	Golf Course	Earle Brown Heritage Center	Water Utility	Sanitary Sewer Utility	Storm Drainage Utility	Street Light Utility	Recycling Utility	Total Enterprise	Internal Service
OPERATING REVENUES										
Sales and user fees	$ 6,743,790	$ 224,104	$ 4,844,775	$ 3,807,272	$ 4,406,741	$ 1,681,234	$ 468,900	$ 416,539	$ 22,593,355	$ 3,401,254
Cost of sales	(4,865,400)	-	(2,208,993)	-	-	-	-	-	(7,074,393)	-
Total operating revenues	1,878,390	224,104	2,635,782	3,807,272	4,406,741	1,681,234	468,900	416,539	15,518,962	3,401,254
OPERATING EXPENSES										
Personal services	858,740	163,931	1,206,371	573,242	222,463	221,824	-	-	3,246,571	1,833,013
Supplies	32,152	22,764	157,565	220,132	20,841	13,496	5,778	128	472,856	480,164
Other services	309,059	96,915	862,373	620,931	2,913,808	331,030	38,805	384,185	5,557,106	221,599
Insurance	17,133	4,944	32,745	38,391	23,599	2,470	1,224	1,498	122,004	57,846
Utilities	47,014	26,086	201,923	224,285	38,011	3,128	169,143	-	709,590	678
Rent	327,672	-	-	-	-	-	-	-	327,672	-
Depreciation	21,803	18,737	199,864	1,593,541	902,280	1,309,454	59,302	-	4,104,981	791,468
Total operating expenses	1,613,573	333,377	2,660,841	3,270,522	4,121,002	1,881,402	274,252	385,811	14,540,780	3,384,768
Operating income (loss)	264,817	(109,273)	(25,059)	536,750	285,739	(200,168)	194,648	30,728	978,182	16,486
NONOPERATING REVENUES (EXPENSES)										
Intergovernmental	-	-	-	-	-	-	-	-	-	99,387
Investment earnings (net of market value adjustment)	26,536	8	37,042	52,157	66,157	63,080	10,587	3,024	258,591	85,994
Special assessments	-	-	-	64,082	-	-	-	-	64,082	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	-	80,786
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	-	(2,322)
Other revenue (expense)	1,827	431	13,609	17,362	-	499	9,348	-	43,076	18,463
Contribution to governmental activities	-	(1,619,894)	-	-	-	-	-	-	(1,619,894)	-
Interest and fiscal agent fees	-	-	-	(394,572)	(85,571)	(72,963)	-	-	(553,106)	-
Total nonoperating revenues (expenses)	28,363	(1,619,455)	50,651	(260,971)	(19,414)	(9,384)	19,935	3,024	(1,807,251)	282,308
Income (loss) before contributions and transfers	293,180	(1,728,728)	25,592	275,779	266,325	(209,552)	214,583	33,752	(829,069)	298,794
Capital contributions from other funds	-	-	-	-	-	906,963	234,321	-	1,141,284	-
Transfers in	-	1,079,601	-	-	-	-	-	-	1,079,601	-
Transfers out	(185,707)	-	-	-	-	-	(111,144)	-	(296,851)	-
Change in net position	107,473	(649,127)	25,592	275,779	266,325	697,411	337,760	33,752	1,094,965	298,794
Net position - January 1, previously reported	2,782,025	649,127	5,911,936	13,365,377	14,874,105	21,126,564	1,544,688	248,721	60,502,543	(6,956,840)
Prior period adjustment	-	-	-	(227,353)	(145,562)	(44,707)	-	-	(417,622)	-
Change in accounting principle	-	-	-	-	-	-	-	-	-	(894,030)
Net position - January 1, restated	2,782,025	649,127	5,911,936	13,138,024	14,728,543	21,081,857	1,544,688	248,721	60,084,921	(7,850,870)
Net position - December 31	$ 2,889,498	$ -	$ 5,937,528	$ 13,413,803	$ 14,994,868	$ 21,779,268	$ 1,882,448	$ 282,473	$ 61,179,886	$ (7,552,076)

Change in net position from this Statement	$ 1,094,965
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(20,972)
Change in net position of business-type activities	$ 1,073,993

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

CITY OF BROOKLYN CENTER, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-Type Activities					Business-Type Activities				Governmental Activities-
	Municipal Liquor	Golf Course	Earle Brown Heritage Center	Water Utility	Sanitary Sewer Utility	Storm Drainage Utility	Street Light Utility	Recycling Utility	Total Enterprise	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES										
Receipts from customers and users	$ 6,773,740	$ 224,104	$ 5,000,596	$ 3,923,955	$ 4,328,904	$ 1,630,404	$ 468,792	$ 405,033	$ 22,755,528	$ -
Receipts from interfund services provided	-	-	-	-	-	-	-	-	-	3,396,086
Other operating receipts	1,827	431	13,609	17,362	-	499	9,348	-	43,076	18,463
Payments for interfund services received	(130,989)	(40,643)	(175,090)	(208,158)	(210,516)	(194,114)	(25,766)	(11,169)	(996,445)	(21,531)
Payments to suppliers	(5,419,698)	(112,541)	(3,325,774)	(1,245,051)	(2,823,577)	(151,121)	(189,873)	(400,575)	(13,668,210)	(778,626)
Payments to employees	(807,161)	(157,690)	(1,142,399)	(542,510)	(211,080)	(211,475)	-	-	(3,072,315)	(2,038,561)
Net cash flows provided (used) by operating activities	417,719	(86,339)	370,942	1,945,598	1,083,731	1,074,193	262,501	(6,711)	5,061,634	575,831
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES										
Transfers in (operating)	-	60,000	-	-	-	-	-	-	60,000	-
Interfund payable (operating)	-	26,331	1,935	-	-	-	-	-	28,266	-
Special assessments	-	-	-	2,649	-	-	-	-	2,649	-
Intergovernmental grants	-	-	-	-	-	-	-	-	-	9,756
Transfers out	(185,707)	-	-	-	-	-	(111,144)	-	(296,851)	-
Net cash flows provided (used) by noncapital financing activities	(185,707)	86,331	1,935	2,649	-	-	(111,144)	-	(205,936)	9,756
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES										
Acquisition and construction of capital assets	(1,830)	-	(327,700)	(3,482,032)	(1,837,114)	(1,840,930)	(111,915)	-	(7,601,521)	(1,047,509)
Principal paid on revenue and improvement bonds	-	-	-	(233,750)	(315,272)	(95,000)	-	-	(644,022)	-
Principal paid on revenue notes	-	-	-	(963,000)	-	-	-	-	(963,000)	-
Interest paid on capital debt	-	-	-	(375,255)	(108,471)	(48,998)	-	-	(532,724)	-
Proceeds from g.o. revenue bonds	-	-	-	3,191,450	-	1,530,142	-	-	4,721,592	-
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-	80,786
Net cash flows provided (used) by capital and related financing activities	(1,830)	-	(327,700)	(1,862,587)	(2,260,857)	(454,786)	(111,915)	-	(5,019,675)	(966,723)
CASH FLOWS FROM INVESTING ACTIVITIES										
Interest on investments	26,536	8	37,042	52,157	66,157	63,080	10,587	3,024	258,591	85,994
Net increase (decrease) in cash and cash equivalents	256,718	-	82,219	137,817	(1,110,969)	682,487	50,029	(3,687)	94,614	(295,142)
Cash and cash equivalents - January 1	2,027,330	-	2,853,768	3,655,053	4,866,159	3,685,862	721,686	262,210	18,072,068	6,534,592
Cash and cash equivalents - December 31	$ 2,284,048	$ -	$ 2,935,987	$ 3,792,870	$ 3,755,190	$ 4,368,349	$ 771,715	$ 258,523	$ 18,166,682	$ 6,239,450
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES										
Operating income (loss)	$ 264,817	$ (109,273)	$ (25,059)	$ 536,750	$ 285,739	$ (200,168)	$ 194,648	$ 30,728	$ 978,182	$ 16,486
Adjustments to reconcile operating income (loss) to net cash flows provided (used) by operating activities:										
Depreciation	21,803	18,737	199,864	1,593,541	902,280	1,309,454	59,302	-	4,104,981	791,468
Other income (expense) related to operations	1,827	431	13,609	17,362	-	499	9,348	-	43,076	108,094
(Increase) decrease in assets:										
Accounts receivable	-	-	155,821	6,199	(77,837)	(50,830)	(108)	(11,506)	21,739	(5,168)
Due from other governments	-	-	(64,915)	-	-	-	-	-	(64,915)	-
Prepaid items	(194)	1,516	16,277	442	(6,387)	-	-	-	11,654	550
Inventories	(42,186)	(956)	12,142	(2,398)	-	-	-	-	(33,398)	(1,667)
(Increase) decrease in deferred outflows of resources:										
Deferred outflows for pension	-	-	-	-	-	-	-	-	-	2,730,657
Increase (decrease) in liabilities										
Accounts payable	133,084	2,844	59,157	(317,554)	(20,587)	15,985	(689)	(337)	(128,097)	(17,970)
Due to other governments	5,122	(30)	-	-	-	-	-	(25,596)	(20,504)	-
Net pension liability	-	-	-	-	-	-	-	-	-	(2,381,975)
Accrued salaries and wages	3,496	392	4,046	772	523	(747)	-	-	8,482	111,151
Unearned revenue	29,950	-	-	110,484	-	-	-	-	140,434	-
(Increase) decrease in deferred inflows of resources:										
Deferred pension resources	-	-	-	-	-	-	-	-	-	(775,795)
Net cash flows provided (used) by operating activities	$ 417,719	$ (86,339)	$ 370,942	$ 1,945,598	$ 1,083,731	$ 1,074,193	$ 262,501	$ (6,711)	$ 5,061,634	$ 575,831
NONCASH FINANCING ACTIVITIES										
Acquisitions of capital assets on account	$ -	$ -	$ -	$ 83,440	$ -	$ -	$ -	$ -	$ 83,440	$ 105,327
Capital assets contributed from other funds	$ -	$ -	$ -	$ -	$ -	$ 906,963	$ 234,321	$ -	$ 1,141,284	$ -
Capital asset trade-ins	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 76,800
Grants deposited with pension plan	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 42,474
Forgiveness of interfund advance	$ -	$ 792,488	$ -	$ -	$ -	$ -	$ -	$ -	$ 792,488	$ -

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

Notes to Financial Statements

The City of Brooklyn Center was incorporated in 1911 and has operated under a Council/Manager form of government since the adoption of the City charter in 1966. The governing body consists of a Mayor and four City Council members. elected at-large to serve four-year staggered terms. The City provides a full range of municipal services to its citizens, including public safety (police and fire protection), highways and streets, parks and recreation, public improvements, planning and inspections, economic development, sanitary and storm sewer, water, and general administrative services.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in accordance 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. REPORTING ENTITY

The City includes all funds, organizations, institutions, agencies, departments, boards, and offices that are not legally separate from the City. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

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

Blended component units, although legally separate, are, in substance, part of the government's operations. A blended component unit is reported as if it were a fund of the City throughout the year. It is included at both the government-wide and fund financial reporting levels.

A description of the City's blended component units follows:

City of Brooklyn Center Housing and Redevelopment Authority (HRA) - The City Council serves as the Board of Directors for the HRA, with the power to levy taxes and enter into contracts. The Council reviews and approves the tax levy and all expenditures for the HRA. The HRA is reported as a Special Revenue fund. The HRA does not issue separate financial statements. Financial information may be obtained at the City's offices.

City of Brooklyn Center Economic Development Authority (EDA) – The governing board for the EDA is the City Council, with the power to issue bonds and enter into contracts. The council reviews and approves major community development improvement activities. City general obligation tax increment financing bonds are issued to finance EDA activities. The EDA is reported as a Special Revenue fund. The EDA does not issue separate financial statements. Financial information may be obtained at the City's offices.

B. 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 activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and special assessments are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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 all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal year. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, compensated absences, net pension liabilities, and OPEB are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Only the portion of special assessments receivable due within the current fiscal year 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 by the government.

The City reports the following major governmental funds:

General Fund
This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Most of the current day-to-day operations of the governmental units are financed from this fund.

Tax Increment District No. 3 Special Revenue Fund
This fund was established to account for the collection of tax increment generated revenues for parcels within the District. These funds are used to finance the various redevelopment activities throughout the City. This fund also provides the resources to repay the debt service on bonds issued to finance these redevelopment activities.

Debt Service Fund
This fund is used to account for the collection of property taxes, special assessments and other resources which are used to repay the principal and interest on debt issued for various improvements in the City.

Capital Improvements Capital Project Fund

This fund was established to provide funds and to account for the expenditure of such funds, for major capital outlays. The accumulation of funds to provide for such outlays is an attempt to reduce future debt issuance. The financing sources of the fund primarily consist of transfers from other funds.

Municipal State-Aid for Construction Capital Project Fund

This fund was established to account for the state allotment of construction and maintenance aid. The source of the State funding is provided for through the collection of gasoline taxes. The funds accumulated must be used on transportation related construction and maintenance projects.

Special Assessment Construction Capital Project Fund

This fund was established to account for the resources and expenditures required for the acquisition and construction of capital facilities or improvements financed wholly or in part by special assessments levied against benefited properties.

The government reports the following major enterprise funds:

Municipal Liquor Fund

The fund accounts for the operations of the City's municipal off-sale liquor stores.

Golf Course Fund

The fund accounts for operations of Centerbrook Golf Course, a 9 hole executive golf course owned by the City. The balance of the fund was transferred to a special revenue fund as of December 31, 2018.

Earle Brown Heritage Center Fund

The Earle Brown Heritage Center is a pioneer farmstead that has been historically preserved and restored as a modern multipurpose facility. Its convention center can host conferences, trade shows and concerts.

Water Utility Fund

The fund accounts for pumping, treatment and distribution of water to customers. Administration, wells, water treatment, water storage, and distribution are included.

Sanitary Sewer Utility Fund

The fund accounts for the collection and pumping of sanitary sewage through a system of sewer lines and lift stations. Sewage is treated by the Metropolitan Council Environmental Services whose fees represent about 60% of this fund's operating expenses.

Storm Drainage Utility Fund

The fund accounts for the collection and treatment of surface runoff water that does not require sanitary wastewater treatment. It incorporates not only the storm sewer collection system, but also structures such as holding ponds and facilities to improve water quality. Fees are based upon the quantity of water running off a property and vary with both size and absorption characteristics of the parcel.

Street Light Utility Fund

The fund accounts for the electrical service, maintenance, repair and replacement of lights owned by the City as well as those lights owned by Xcel Energy.

Recycling Utility Fund

The fund accounts for the contracted services to provide a City wide recycling program.

Additionally, the City reports the following fund type:

Internal Service Funds

Account for compensated absences, health care insurance benefits for retired employees, pension liabilities, and central garage services provided to other departments of the City on a cost reimbursement basis.

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the 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 nonoperating revenues and expenses.

D. CASH AND INVESTMENTS

The City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City's investment policy authorizes the City to invest in the following:

a) United States Securities: including bonds, notes, bills or other securities which are direct obligations of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, which carry full faith and credit of the United States.

b) Commercial paper issued by U.S. corporations or their Canadian subsidiaries that is rated in the highest quality by at least two nationally recognized rating agencies and matures in 90 days or less.

c) Certificates of Deposits (Time Deposits) that are fully insured by the Federal Deposit Insurance Corporation.

d) Repurchase agreements and reverse repurchase agreements may be entered into with financial institutions identified by Minnesota Statutes Chapter 118A. Reverse repurchase agreements may only be entered into for a period of 90 days or less and only to meet short-term cash flow needs.

e) Securities lending agreements may be entered into with financial institutions identified by Minnesota Statutes Chapter 118A.

f) Minnesota joint powers investment trusts may be entered into with trusts identified by Minnesota Statutes Chapter 118A.

g) Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of short term securities permitted by Minnesota Statutes 118A.

h) Bonds of the City of Brooklyn Center issued in prior years, may be redeemed at current market price, which may include a premium, prior to maturing using surplus funds of the debt service fund set up for that issue.

i) General obligation bonds of state or local governments rated A or better by a national bond rating service.

j) Revenue obligations of state or local governments rated AA or better by a national bond rating agency.

k) The Minnesota Municipal Money Market Fund (4M) that was established by the League of Minnesota Cities to address the investment needs of Minnesota cities.

Investments are reported at fair value, based on quoted market prices as of the balance sheet date, except for investments in external investment pools, which are stated at amortized cost. The reported value of these funds is the same as the value of the pool shares. For the 4M fund, there are no unfunded commitments, redemption frequency is daily, and there is no redemption notice for the Liquid class; the redemption notice period is 14 days for the Plus Class. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment earnings. Investment income on commingled funds is allocated monthly, based on month-end balances.

E. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at December 31, 2018 are planned to be eliminated in 2019. Long-term interfund loans are classified as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by restricted or committed fund balance in applicable governmental funds. This classification is based on the restraint that will be placed on the advanced funds when they are returned to the lending fund.

All miscellaneous accounts receivable and trade receivables, other than utilities, are presented net of an allowance for doubtful accounts. All utility trade receivables are reported at gross because it is the City's policy to certify delinquent account balances as special assessments. The City expects to make full collection of all property tax and special assessment receivables, so no allowance is considered necessary.

Property tax levies are submitted to the County in December each year. The County allocates these levies across taxable properties in the City based on valuations certified in the prior year. The County collects these levies and distributes the City's proceeds in June and December of the fiscal year. These taxes are reported as general revenues in the government-wide financial statements in the year levied. Unpaid taxes at December 31 become liens on the respective property and are classified as delinquent receivables and are fully offset by a deferred inflow of resources in the fund financial statements. Delinquent taxes receivable includes the past six years of uncollected taxes.

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Governmental special assessments have been offset by a deferred inflow of resources for collections not received within 60 days after year end in the fund financial statements.

F. INVENTORIES AND PREPAID ITEMS

Inventories in the governmental funds are reported using the consumption method and valued at cost, using the first in/first out (FIFO) method. Inventories in the proprietary funds are valued at cost, using the weighted average method in the Municipal Liquor and Earle Brown Heritage Center Funds and the FIFO method in all other funds.

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

G. ASSETS HELD FOR RESALE

Assets held for resale represent various property purchases made by the City with the intent to sell in order to increase tax base or to attract new businesses. These assets are stated at the lower of cost or acquisition value. During the year ended December 31, 2018 management has reviewed the cost value reported for these assets and has indicated the properties are fairly presented for financial reporting purposes.

CITY OF BROOKLYN CENTER, MINNESOTA
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H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets such as easements and computer software, 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 in excess of the amounts in the table below 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.

Infrastructure	$	250,000
Buildings and Building Improvements		50,000
Land Improvements		25,000
Heavy Equipment		25,000
Furniture and Furnishings		10,000
Motorized Vehicles		10,000
Technology Equipment		10,000
Land Easements		10,000

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

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 . For the year ended December 31, 2018 no interest was capitalized in connection with construction in progress.

Capital assets of the City, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

Easements - temporary	Based on Contract
Land improvements	25 years
Buildings and structures	25 years
Water and sewer mains and lines, wells and storage tanks, sewer lift stations	25 years
Infrastructure	25 years
Street light systems	15 years
Machinery and equipment	5 - 15 years

I. DEFERRED OUTFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in the category and are reported only in the statements of net position. These items result from actuarial calculations and current year pension and OPEB contributions made subsequent to the measurement date.

J. PENSIONS

For purposes of measuring the net pension liability/asset, deferred outflows of resources, deferred inflows of resources, and pension expense, information about the fiduciary net position of the applicable pension and additions to or 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 PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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.

K. DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, which arise under a modified accrual basis of accounting, which qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from sources such as: property taxes, tax increments, and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The second item, imposed nonexchange revenue transactions, state aid received for subsequent years, is deferred and recognized as an inflow of resources in the period that the resources are required to be used. This item is reported both in the governmental fund balance sheet and the government-wide statement of Net Position as a deferred inflow of resources. The third item results from actuarial calculations related to the City's pension obligations.

L. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and vested sick leave pay is accrued in the Public Employees Compensated Absences internal service fund. In accordance with the provisions of Statement of Government Accounting Standards No. 16, Accounting for Compensated Absences, a liability is recognized for that portion of accumulating sick leave benefits that is vested. The City pays out up to 230 hours of vacation upon seperation and one third of accrued sick leave time.

M. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Under Minnesota Statute 471.61, subdivision 2(b), public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan; 2) coverage must continue in group plan until age 65 and pay no more than the group premium; and 3) retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement No. 75, at January 1, 2018. The liability is accrued in the Public Employees Retirement internal service fund.

N. 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, if material, are deferred and amortized over the life of the bonds using the effective interest 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 while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. FUND EQUITY

Fund equity in the fund financial statements is classified as fund balance for governmental funds and net position for proprietary funds. Fund equity in the government-wide financial statements is classified as net position for both governmental and business-type activities.

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

Nonspendable – consists of amounts that are not in spendable form or are required to be maintained intact.

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

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Committed – consists of internally imposed constraints. These constraints are imposed by formal action (resolution) of the City Council, which is the highest level of decision making authority.

Assigned – consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City Council or, pursuant to council resolution, the City Manager or the City Manager's designee.

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

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

The City has formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target unassigned fund balance amount of 50-52% of the next year's operating budget for cash flow needs (working capital). At December 31, 2018 the unassigned fund balance of the General fund was 51.2% of the subsequent year's budgeted expenditures.

Net Position – Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources, and liabilities. Net position, net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All remaining net position is reported as unrestricted.

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

P. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Q. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from such estimates.

R. NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board recently approved the following statements which were not implemented in these financial statements. The effect these standards may have on future financial statements has not been determined at this time.

Statement No. 87, Leases. The goal of this statement is to better meet the information needs of users by improving accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This statement increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement excludes short-term leases of 12 months (or less). The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

S. CHANGE IN ACCOUNTING PRINCIPLE

During fiscal year 2018, the City implemented new accounting pronouncements issued by the Government Accounting Standards Board (GASB), including Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB). The statement replaces the requirements of GASB Statement Nos. 45 and 57. These standards required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2017 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related disclosures are included in Note 8.

As a result of the restatement of beginning balances, the following schedule reconciles the previously reported December 31, 2017 balances to the December 31, 2018 financial statements:

	Governmental Activities	Business-type Activities	Internal Service Funds
Net Position - beginning, as previously reported	$ 81,862,979	$ 58,167,081	$ (6,956,840)
Change in accounting principle			
Internal balance	164,297	(164,297)	-
Net OPEB obligation, under previous reporting standards	793,213	-	793,213
Total OPEB liability, current reporting standards	(1,844,035)	-	(1,844,035)
Deferred outflows of resources, under current reporting standards	156,792	-	156,792
Total	(729,733)	(164,297)	(894,030)
Net Position - beginning, restated	$ 81,133,246	$ 58,002,784	$ (7,850,870)

T. PRIOR PERIOD ADJUSTMENT

A prior period adjustment, reducing equity by $657,436 for governmental activities and $417,622 for business-type activities was recorded in the government-wide statements as well as $227,353, $145,562, and $44,707 in the Water, Sanitary Sewer, and Storm Drainage Utility funds in the Proprietary fund statements respectively. This change was related to the recording of unamortized premiums and discounts on debt issuances. Previously, the City expensed the premiums and discounts in the year of issuance. Additionally, the City recorded a prior period adjustment related to the Brooklyn Boulevard improvement project in the amount of $1,209,231 in the governmental activites of the government-wide statements. This amount was previously recorded in construction in progress, however should have been expensed in previous years. A portion of previous construction in progress (related to engineering and planning of Brooklyn Boulevard) was determined to be more properly reflected as an asset of Hennepin County.

If these changes would have been reflected as of January 1, 2017, the year end 2017 change in net position for governmental activities would have been $2,493,118 and $1,082,305 for business-type activities. The Water Fund and Sanitary Sewer Fund would have reported increases in net position of $355,672 and $282,097, respectively.

Note 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States for all governmental funds. All annual appropriations lapse at fiscal year end.

In September, the City Manager submits to the City Council proposed operating budgets for the fiscal year commencing the following January. The proposed general fund budget and preliminary tax levy must be certified to the County prior to September 30. The Council holds public hearings on the certified budget and levy and must submit a final levy to the County prior to the end of December.

The appropriated budget is prepared by fund and department. The City Council must authorize any transfer of budgeted amounts between departments or funds. Transfers of budgeted amounts within departments in the General Fund must be authorized by the City Manager. The legal level of budgetary control is the department level for the General Fund and the fund level for all other governmental funds. There were no supplemental budgetary appropriations or amendments during the year.

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For the year ended December 31, 2018 expenditures and transfers out exceeded appropriations in the following General Fund departments and other governmental funds:

	Final Budget	Actual	Excess of Appropriations
Major Funds:			
General Fund:			
Mayor and council	$ 124,384	$ 137,465	$ (13,081)
Administrative	962,342	988,114	(25,772)
Legal	415,000	451,534	(36,534)
Communications and engagement	205,850	217,999	(12,149)
Government buildings	866,117	1,005,836	(139,719)
Fire protection	1,404,389	1,421,713	(17,324)
Protective inspection	194,708	199,899	(5,191)
Building and community standards	1,021,953	1,061,114	(39,161)
Park and recreation administration	237,921	250,946	(13,025)
Convention bureau	522,500	554,782	(32,282)
Community development administration	194,847	197,797	(2,950)
Nondepartmental	231,844	462,056	(230,212)
Transfers out	200,000	443,430	(243,430)
Nonmajor Funds:			
Special Revenue Funds:			
Community Development Block Grant	150,000	153,499	(3,499)
Police Forfeitures	13,000	26,659	(13,659)
Centerbrook Golf Course	-	227,113	(227,113)
City Initiatives Grant	272,042	378,968	(106,926)
Tax Increment District No. 5	489,745	655,090	(165,345)

B. DEFICIT FUND EQUITY

Deficit fund equity exists at December 31, 2018 in the following funds:

Unassigned deficit fund balance	
Nonmajor Funds:	
Centerbrook Golf	229,881
Tax Increment District No. 4	958,468
Tax Increment District No. 5	91,497
City Initiatives Grant	92,502
Unrestricted deficit net position	
Internal Service Funds:	
EE Retirement Benefit	1,536,747
Pension - GERF	7,152,521
Pension - PEPFF	7,241,966

The deficits are being funded through internal borrowing and will be repaid from future collections of tax increment revenues, intergovernmental revenue, customer revenues, and internal transfers. The Internal service deficits will be funded through future interfund charges, state grant revenues, and employee withholdings.

Note 3 DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

In accordance with Minnesota Statutes, the City maintains deposits at only those depository banks authorized by the City Council. All such depositories are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The fair value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes the legal investments described in Note 1.D., as well as certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be placed 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.

At year-end, the City's carrying value and bank balance of deposits was $0.

As of December 31, 2018 the City had the following investments and maturities:

			Investment Maturities (in years)		
Investment Type	Fair Value	No maturity	< 1	1 - 3	3 - 6
Negotiable certificates of deposit	$ 24,824,358	$ -	$ 7,633,149	$ 12,843,024	$ 4,348,185
U.S. Treasury securities	1,285,713	-	1,285,713	-	-
Federal agency notes	15,800,039	-	3,391,780	5,900,567	6,507,692
Municipal bonds	2,344,217	-	-	946,128	1,398,089
External investment pool - 4M Fund	14,098,449	14,098,449	-	-	-
Money market	145,388	145,388	-	-	-
Total Investments	$ 58,498,164	$ 14,243,837	$ 12,310,642	$ 19,689,719	$ 12,253,966

As of December 31, 2018, the City had the following summary of investments related to the credit risk, par values and fair values of securities:

Investment Type	Credit Risk (*)	Par	Fair Value	% of total Portfolio
Negotiable certificates of deposit	Not rated	$ 25,137,000	$ 24,824,358	42.44%
U.S. Treasury securities	N/A	1,280,000	1,285,713	2.20%
Federal agency notes	AA	15,823,000	15,800,039	27.01%
Municipal bonds	A or better	2,335,000	2,344,217	4.00%
External investment pool - 4M Fund	Not rated	14,098,449	14,098,449	24.10%
Money market	AAA	145,004	145,388	0.25%
Total Investments		$ 58,818,453	$ 58,498,164	100.00%

(*) The credit risk for the Federal Agency Notes, Municipal Bonds and Money Market ratings are provided by S&P.

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

Investments	$ 58,498,164
Petty cash and change funds	13,805
Total cash, cash equivalents, and investments	$ 58,511,969

The deposits and investments of the City are presented in the financial statements as follows:

Statement of Net Position	
Cash and investments	$ 58,511,969

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 asset. Level 1 inputs are quoted 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.

The City has the following recurring fair value measurements as of December 31, 2018:

		Fair Value Measurement Using		
Investment Type	12/31/2018	Level 1	Level 2	Level 3
Investments at fair value:				
Negotiable certificates of deposit	$ 24,824,358	$ -	$ 24,824,358	$ -
U.S. Treasury securities	1,285,713	-	1,285,713	-
Federal agency notes	15,800,039	-	15,800,039	-
Municipal bonds	2,344,217	-	2,344,217	-
Money market	145,388	145,388	-	-
Total Investments	$ 44,399,715	$ 145,388	$ 44,254,327	$ -

Investments at amortized cost:	
External investment pool - 4M Fund	14,098,449
Total	$ 58,498,164

Interest rate risk – The City's investment policy mitigates interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and by investing operating funds primarily in short-term securities. The City's policy restricts investments to investments maturing no more than six years from the date of the purchase. No more than ten percent of the City's portfolio at any time shall be invested in securities with maturities of more than five years. The policy also states that the portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably expected.

Credit risk – The City's investment policy restricts investment instruments to those authorized by Minnesota Statutes §118A as listed in Note 1.D. The policy also requires that any counterparty in investment transactions be pre-qualified and approved by the City Council and that the portfolio be diversified to limit potential losses on individual securities.

Concentration of credit risk – The City's investment policy requires that the investment portfolio be diversified to minimize potential losses on individual securities. As of year end, the City had portfolio concentrations in excess of five percent (excluding external investment pools) in the following federal agencies: Federal Home Loan Mortgage Corporation (7.1%), Federal Home Loan Bank (6.1%) and Federal Farm Credit Bank (8.8%).

Custodial credit risk – The City's investment policy requires that securities purchased from any bank or dealer be placed with an independent third party for custodial safekeeping. Investments in investment pools and money markets are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk disclosures. All of the City's remaining investments were held in an institutional trust under contract with the City for safekeeping services.

B. RECEIVABLES

Significant receivable balances not expected to be collected within one year of December 31, 2018 are as follows:

	Delinquent Property Taxes	Delinquent Tax Increments	Special Assessments	Municipal State-Aid	Notes Receivable
Major Funds:					
General	$ 116,030	$ -	$ 41,849	$ -	$ -
Tax Increment District No. 3	-	59,596	-	-	-
Debt Service	-	-	3,676,908	-	-
Capital Improvements	-	-	867	-	-
Municipal State Aid for Construction	-	-	-	5,396,894	-
Special Assessment Construction	-	-	2,986,329	-	-
Nonmajor Funds					
Revolving Loan	-	-	-	-	101,513
Total	$ 116,030	$ 59,596	$ 6,705,953	$ 5,396,894	$ 101,513

The Economic Development Authority (EDA) offers a down payment and closing cost assistance program to home buyers purchasing foreclosed or vacant properties as their principal residence. The program offers up to a $10,000, no-interest deferred loan that is forgivable if the borrower resides in the property for five consecutive years. As of December 31, 2018, the balance of these loans is $160,000. There has been an allowance for doubtful accounts recorded for the same amount, as it is fully expected that these loans will be forgiven.

The Revolving Loan Fund received a grant from the Minnesota Investment Fund and disbursed an interest-free loan to Get Bizzy coffee in the amount of $101,513 in 2018. It will be repaid in 60 monthly installments of $1,691.88 ending December 1, 2023. As the repayments are made, the City will remit 60% to the Minnesota Department of Employment and Economic Development.

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance*	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 4,242,481	$ 1,390,402	$ -	$ 5,632,883
Easements - perpetual	88,704	-	-	88,704
Construction in progress	6,536,807	6,358,370	(1,986,990)	10,908,187
Total capital assets, not being depreciated	10,867,992	7,748,772	(1,986,990)	16,629,774
Capital assets, being depreciated:				
Easements - temporary	22,715	-	-	22,715
Buildings and improvements	24,345,275	1,588,644	-	25,933,919
Land improvements	11,594,004	799,007	-	12,393,011
Machinery and equipment	10,694,014	1,379,780	(697,023)	11,376,771
Street infrastructure	53,444,769	806	-	53,445,575
Total capital assets, being depreciated	100,100,777	3,768,237	(697,023)	103,171,991
Less accumulated depreciation for:				
Easements - temporary	22,715	-	-	22,715
Buildings and improvements	13,819,275	1,338,063	-	15,157,338
Land improvements	5,456,771	399,524	-	5,856,295
Machinery and equipment	6,595,655	899,268	(673,900)	6,821,023
Street infrastructure	21,955,085	1,881,236	-	23,836,321
Total accumulated depreciation	47,849,501	4,518,091	(673,900)	51,693,692
Total capital assets being depreciated - net	52,251,276	(749,854)	(23,123)	51,478,299
Governmental activities capital assets - net	$ 63,119,268	$ 6,998,918	$ (2,010,113)	$ 68,108,073

* Beginning balances were restated for prior period adjustment in the current year.

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:	
General government	$ 163,457
Public safety	468,282
Public works	2,151,582
Parks and recreation	431,676
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	791,468
Total depreciation expense - governmental activities	$ 4,006,465

Total depreciation expense in governmental activities of $4,006,465 is less than increases in accumulated depreciation of $4,518,091 reported in governmental activities due to the transfer in of Centerbrook Golf assets and the related accumulated depreciation from the business type activities.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 3,194,983	$ 300,000	$ (1,390,402)	$ 2,104,581
Easements - perpetual	10,285	-	-	10,285
Construction in progress	6,638,414	8,141,027	(1,867,042)	12,912,399
Total capital assets, not being depreciated	9,843,682	8,441,027	(3,257,444)	15,027,265
Capital assets, being depreciated:				
Easements - temporary	20,335	-	-	20,335
Land improvements	502,691	133,716	(65,638)	570,769
Buildings and improvements	38,963,575	94,894	(664,322)	38,394,147
Machinery and equipment	1,092,355	146,761	(11,160)	1,227,956
Street light systems	928,396	-	-	928,396
Mains and lines	81,543,356	1,876,889	-	83,420,245
Total capital assets, being depreciated	123,050,708	2,252,260	(741,120)	124,561,848
Less accumulated depreciation for:				
Easements - temporary	20,335	-	-	20,335
Land improvements	300,242	22,814	(49,117)	273,939
Buildings and improvements	18,011,698	1,069,876	(451,351)	18,630,223
Machinery and equipment	830,844	67,849	(11,160)	887,533
Street light systems	313,044	59,302	-	372,346
Mains and lines	43,319,717	2,885,140	-	46,204,857
Total accumulated depreciation	62,795,880	4,104,981	(511,628)	66,389,233
Total capital assets being depreciated - net	60,254,828	(1,852,721)	(229,492)	58,172,615
Business-type activities capital assets - net	$ 70,098,510	$ 6,588,306	$ (3,486,936)	$ 73,199,880

Depreciation expense was charged to functions/programs of the City as follows:

Business-type activities:	
Municipal liquor	$ 21,803
Golf course	18,737
Earle Brown Heritage Center	199,864
Water utility	1,593,541
Sanitary sewer utility	902,280
Storm drainage utility	1,309,454
Street light utility	59,302
Total depreciation expense - business-type activities	$ 4,104,981

CONSTRUCTION COMMITMENTS

At December 31, 2018 the City had construction project contracts in progress. The commitments related to remaining contract balances are summarized as follows:

Project	Contract Amount	Remaining Commitment
Freeway Park Area Improvements	$ 6,372,234	$ 60,000
57th Avenue Pavement Rehabilitation	258,674	25,967
Freeway Boulevard Mill & Overlay	553,334	72,748
Water Tower #3 Rehabilitation	696,000	34,800
Evergreen Park Area Improvements	7,565,719	299,791
69th and France Avenue Pavement and Signal Rehab	1,056,712	164,559
Firehouse Park Area Improvements	8,560,616	1,147,137
Brooklyn Boulevard Corridor Project Phase 1	12,616,136	10,968,827
51st Avenue Frontage Road Improvements	617,995	197,586
Water Tower #2 Rehabilitation	1,391,000	466,845
Total	$ 39,688,420	$ 13,438,260

D. INTERFUND BALANCES AND TRANSFERS

The composition of due to/from other fund balances at December 31, 2018 are as follows:

Fund	Due from Other Funds	Due to Other Funds
Major Funds:		
General	$ 298,412	$ -
Nonmajor Funds:		
Community Development Block Grant	-	75,000
Centerbrook Golf Course	-	223,412
Total	$ 298,412	$ 298,412

Interfund due to/from balances are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year. Balances will be paid with future operating revenues and/or interfund transfers, and receipt of federal grant funds.

Individual fund advances to and advances from other funds at December 31, 2018 are as follows:

Fund	Advances to Other Funds	Advances From Other Funds
Major Funds:		
Tax Increment District No. 3	$ 1,034,803	$ -
Nonmajor Funds:		
Tax Increment District No. 5	-	553,214
Tax Increment District No. 4	-	1,034,803
Tax Increment District No. 2	553,214	-
	$ 1,588,017	$ 1,588,017

The $553,214 advance between the Tax Increment District No. 2 and the Tax Increment District No. 5 funds was made to provide funding for a specific development project within the City. The financing plan for the Tax Increment District projects payments of approximately $110,000 in 2019 through 2024. The $1,034,803 advance between Tax Increment District No. 3 and Tax Increment District No. 4 provided funding for property transferred to a developer in conjunction with the Sanctuary project. This advance will be repaid at $281,502 per year from 2019 through 2022.

The composition of interfund transfers as of December 31, 2018 are as follows:

	Transfer In	Transfer Out
Governmental Funds:		
Major Funds:		
General	$ 150,000	$ 443,430
Tax Increment District No. 3	-	2,298,951
Debt Service	2,651,934	-
Capital Improvements	335,337	792,488
Special Assessment Construction	36,678	-
Nonmajor Funds:		
Housing and Redevelopment Authority	-	344,273
Economic Development Authority	344,273	-
Community Development Block Grant	-	150,000
Centerbrook Golf Course	-	227,113
Tax Increment District No. 5	-	352,983
Street Reconstruction	74,466	-
Technology	233,800	-
Total governmental funds	3,826,488	4,609,238
Proprietary Funds:		
Major Funds:		
Municipal Liquor	-	185,707
Golf Course	1,079,601	-
Street Light Utility	-	111,144
Total proprietary funds	1,079,601	296,851
Total all funds	$ 4,906,089	$ 4,906,089

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund or to provide additional capital and infrastructure funding. In addition, interfund transfers are occasionally authorized to allow redistribution of resources between funds for the most efficient use of funds. In 2018, the following non-routine transfers were made between funds:

- The General fund transferred $149,630, and the Municipal Liquor fund transferred $185,707 to the Capital Improvements fund in accordance with the City's Capital Project Funding policy.
- The Capital Improvements Fund transferred $792,488 to the Golf Course to write-off the balance of an interfund advance used for the original construction of the golf course.
- The Golf Course transferred $227,113 to establish the Centerbrook Golf Special Revenue Fund.
- In addition to the budgeted transfer of $140,000 the General fund transferred an additional $93,800 for items budgeted but not purchased out of the General fund in 2018.

E. OPERATING LEASES

The City has leased a portion of the police second floor expansion area to the Local Government Information Systems Association (LOGIS) as a backup computer facility. The lease has a term of ten years, commencing on January 12, 2016 and calls for monthly lease payments based on square-footage. Lease revenue for the year ended December 31, 2018 was $12,000. Future minimum lease revenues under the current agreement is as follows:

Year Ending	Total Minimum Rents
2019	$ 12,000
2020	12,000
2021	12,000
2022	12,000
2023	12,000
2024-2025	24,000
	$ 84,000

The City leases space for its municipal liquor stores. The leases are ten-year leases and began in 2010 and 2013. The leases provide for a minimum monthly base rent payment, plus a pro-rata share of common area expenses. Additional lease payments are required if agreed-upon revenue thresholds are attained. These leases may be cancelled at the City's option if the City ceases liquor operations. Total rental expense under the lease agreements for the year ended December 31, 2018 was $327,672. Future minimum base rent payments under the current agreements are as follows:

Year Ending	Total Minimum Rents
2019	$ 234,888
2020	164,124
2021	93,360
2022	93,360
2023	93,360
	$ 679,092

The City is the lessor in an operating lease for a building being used for a sit-down restaurant. The lease was originally signed in 2011 with a ten year term with an option to extend for an additional five years. For the year ended 2018, the City received $109,153 in rental revenue. Future minimum base rent revenues under the current agreement are as follows:

Year Ending	Total Minimum Rents
2019	$ 102,942
2020	112,048
2021	96,190
	$ 311,180

The City is the lessor in an operating lease for property used as a parking lot. The lease was originally signed on August 1, 2018 and terminates on July 31, 2020. For the year ended 2018, the City received $65,000 in rental revenue. Future minimum base rent revenues under the current agreement are as follows:

Year Ending	Total Minimum Rents
2019	$ 90,000
2020	52,500
	$ 142,500

The City is the lessor in an operating lease for a building, known as "Building D", consisting of approximately 4,100 square feet and located within the Earle Brown Heritage Center. The lease was originally signed January 1, 2009 with a ten year term with an option for two renewals of five years each. For the year ended 2018, the City received $78,810 in rental revenue. Future minimum base rent revenues under the current agreement are as follows:

Year Ending	Total Minimum Rents
2019	$ 78,810
2020	78,810
2021	78,810
2022	78,810
2023	78,810
	$ 394,050

The City leases golf carts used at Centerbrook Golf Course. Two separate leases were originally signed in 2016 with four year terms. Total rental expenses under the lease agreements for the year ended December 31, 2018 was $12,174. Future minimum base rent payments under the current agreement are as follows:

Year Ending	Total Minimum Rents
2019	$ 8,742

F. LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES
The City issued general obligation improvement bonds to provide funds for the construction of major capital facilities and construction of infrastructure. These bonds are reported in the governmental activities of the City.

The City issued general obligation tax increment bonds to finance various redevelopment projects and redevelopment property acquisitions within the City. These bonds are reported in the governmental activities of the City.

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/2018
G.O. Tax Increment Bonds:					
Taxable Tax Increment Bonds of 2013A	2.00 - 3.25%	12/19/2013	02/01/2022	$ 6,040,000	$ 4,995,000
Taxable Tax Increment Refunding Bonds of 2015B	3.00%	07/09/2015	02/01/2020	6,600,000	3,420,000
Tax Increment Bonds of 2016B	2.00 - 2.50%	12/08/2016	02/01/2029	2,075,000	2,075,000
Taxable Tax Increment Bonds of 2016C	2.00 - 2.30%	12/08/2016	02/01/2023	1,725,000	1,455,000
Total G.O. Tax Increment Bonds				16,440,000	11,945,000
G.O. Improvement Bonds:					
Improvement Bonds, 2013B	3.00%	12/19/2013	02/01/2024	4,920,000	2,560,000
Improvement Bonds, 2015A	2.00 - 2.50%	07/09/2015	02/01/2026	3,416,248	2,757,773
Improvement Bonds, 2016A	2.00%	10/13/2016	02/01/2027	1,820,000	1,665,000
Improvement Bonds, 2017A	2.25 - 3.00%	06/08/2017	02/01/2028	3,735,000	3,735,000
Improvement Bonds, 2018A	3.00 - 5.00%	07/10/2018	02/01/2029	3,835,000	3,835,000
Total G.O. Improvement Bonds				17,726,248	14,552,773
Unamortized Bond Premiums				1,222,331	903,685
Total - bonded indebtedness				$ 35,388,579	27,401,458
Other Liabilities:					
Compensated absences payable					1,323,469
Net pension liability					11,239,156
Total OPEB liability					2,014,679
Total governmental activities					$ 41,978,762

All long-term bonded indebtedness outstanding at December 31, 2018 is backed by the full faith and credit of the City, including improvement and tax increment bond issues. Bonds in the governmental activities will be retired by future property tax levies, tax increments or special assessments accumulated in the specific debt services funds. In the event that a deficiency exists because of unpaid or delinquent taxes or special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. At the end of the current year, there are $6,497,351 of assets accumulated in the debt service funds for future debt service. Included within those accumulated assets, there was a combined $3,686,466 of property taxes and special assessments receivable.

Annual debt service requirements to maturity for governmental activities long-term debt are as follows:

Year Ending December 31	Governmental Activities: G.O. Tax Increment Bonds Principal	Interest	G.O. Improvement Bonds Principal	Interest
2019	$ 2,295,000	$ 302,195	$ 1,382,497	$ 434,642
2020	2,350,000	235,345	1,740,757	379,677
2021	2,430,000	166,520	1,754,017	325,454
2022	2,490,000	92,680	1,782,277	270,516
2023	305,000	50,333	1,480,537	219,588
2024-2028	1,710,000	145,600	5,992,688	451,116
2029	365,000	4,563	420,000	6,300
Total	$ 11,945,000	$ 997,236	$ 14,552,773	$ 2,087,293

BUSINESS-TYPE ACTIVITIES
The City issued general obligation revenue bonds to finance the metering of all City connected water and sewer utility services in 2010 which were refunded in 2015. The City also issued general obligation revenue bonds in 2015, 2016, 2017 and 2018 for utility portions of infrastructure improvement projects and a Revenue Note financed by the MN Public Facilities Authority Drinking Water State Revolving Fund for the construction of a new water treatment plant. These bonds are reported in the business-type activities of the City.

	Interest Rates	Date	Final Maturity Date	Original Issue	Payable 12/31/2018
G.O. Improvement Bonds:					
Improvement Bonds, 2015A	2.00 - 2.50%	07/09/2015	02/01/2026	$ 1,823,752	$ 1,472,227
General Obligation Taxable Utility Revenue Bonds:					
Revenue Refunding Bonds of 2015A	2.00 - 2.50%	07/09/2015	02/01/2026	1,660,000	1,190,000
Revenue Bonds of 2016A	2.00%	10/13/2016	02/01/2027	3,605,000	3,300,000
Revenue Bonds of 2017A	2.25 - 3.00%	06/08/2017	02/01/2028	4,625,000	4,625,000
Revenue Bonds of 2018A	3.00 - 5.00%	07/10/2018	02/01/2029	4,350,000	4,350,000
Total General Obligation Taxable Utility Revenue Bonds				14,240,000	13,465,000
General Obligation Taxable Utility Revenue Notes:					
PFA Revenue Note of 2015	1.00%	01/20/2015	08/20/2034	19,622,797	16,746,445
Unamortized Bond Premiums				799,167	747,050
Total business-type activities				$ 36,485,716	$ 32,430,722

Annual debt service requirements to maturity for business-type activities long-term debt are as follows:

Year Ending December 31	Business-Type Activities: G.O. Improvement Bonds Principal	Interest	G.O. Revenue Bonds Principal	Interest	G.O. Revenue Notes Principal	Interest
2019	$ 177,503	$ 30,041	$ 905,000	$ 409,776	$ 973,000	$ 167,860
2020	179,243	26,473	1,275,000	367,781	982,000	158,130
2021	180,983	22,871	1,310,000	327,006	992,000	148,310
2022	182,723	19,234	1,365,000	284,606	1,002,000	138,390
2023	184,463	15,562	1,395,000	240,706	1,012,000	128,370
2024-2028	567,312	21,172	6,695,000	532,666	5,215,000	487,990
2029-2033	-	-	520,000	7,800	5,481,000	221,960
2034	-	-	-	-	1,089,445	11,290
Total	$ 1,472,227	$ 135,353	$ 13,465,000	$ 2,170,341	$ 16,746,445	$ 1,462,300

The utility revenue bonds and notes are backed by the full faith and credit of the City. Bonds and Notes in the business-type activities will be retired with the net revenues of the Water Utility, Sanitary Sewer Utility, and Storm Drainage Utility systems. (Net revenues of each system are defined as the excess of gross revenues and earnings over the normal, reasonable, and current costs of operating and maintaining the system.) In the event that a deficiency exists because of inadequate net revenues at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are available. For the year ended December 31, 2018, the water, sewer, and storm utility funds provided net revenues of $622,321, which accounts for a debt-service coverage ratio of 29.08% on principal and interest payments of $2,139,746.

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. tax increment bonds	$14,220,000	$ -	$ (2,275,000)	$ 11,945,000	$ 2,295,000
G.O. improvement bonds	11,718,751	3,835,000	(1,000,978)	14,552,773	1,382,497
Discount	(2,818)		2,818	-	-
Premium	660,254	332,016	(88,585)	903,685	-
Total bonds payable	26,596,187	4,167,016	(3,361,745)	27,401,458	3,677,497
Compensated absences	1,297,552	182,038	(156,121)	1,323,469	132,347
Net Pension liability:					
GERF	7,667,105	384,140	(1,427,423)	6,623,822	-
PEPFF	5,954,026	418,057	(1,756,749)	4,615,334	-
Total OPEB liability	1,844,035	214,960	(44,316)	2,014,679	-
Total government activity long-term liabilities	$43,358,905	$ 5,366,211	$ (6,746,354)	$ 41,978,762	$ 3,809,844
Business-type activities:					
Bonds payable:					
G.O. improvement bonds	$ 1,646,249	$ -	$ (174,022)	$ 1,472,227	$ 177,503
G.O. revenue bonds	9,585,000	4,350,000	(470,000)	13,465,000	905,000
G.O. revenue notes	17,709,445	-	(963,000)	16,746,445	973,000
Premium	417,622	371,592	(42,164)	747,050	-
Total business-type activity long-term liabilities	$29,358,316	$ 4,721,592	$ (1,649,186)	$ 32,430,722	$ 2,055,503

* Beginning balance is restated for the prior period adjustment and change in accounting principle in the current year.

Compensated absences are liquidated by the Public Employees Compensated Absences internal service fund and the total OPEB liability by the Public Employees Retirement internal service fund. Net pension liabilities will be liquidated by the Pension - GERF and Pension - PEPFF internal service funds.

CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Housing Revenue Bonds and Industrial Revenue Bonds or Notes to provide assistance to qualified private sector entities for the acquisition and construction of housing, industrial, or commercial facilities deemed to be in the public interest. The bonds or notes are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. The City has no obligation of its assets or of its general tax base for the repayment of any of these bonds or notes. Accordingly, the bonds or notes are not reported as liabilities in the accompanying financial statements. Upon final redemption of the bonds or notes, ownership of the property transfers to the private sector entity served by the bond or note issue.

As of December 31, 2018 there were two series of fixed rate Multifamily Housing Revenue Refunding bonds, one Housing Revenue Development Refinancing Note, two Healthcare Revenue Notes, four Senior Housing Development Revenue Notes, two Multifamily Housing Revenue bonds, and two Charter School Lease Revenue bonds outstanding. The aggregate amount of conduit debt as of December 31, 2018 is $46,760,679.

G. FUND EQUITY

Net position reported in the government-wide statement of net position at December 31, 2018 include the following:

Governmental activities

Net investment in capital assets:	
Cost of capital assets	$ 119,801,765
Less: accumulated depreciation	(51,693,692)
Less: related long-term debt outstanding	(15,313,746)
Total net investment in capital assets	52,794,327
Restricted:	
Tax increment financing	21,474,227
Economic development	1,531,807
Law enforcement enhancements	45,431
Debt service	6,157,985
Pension benefits	1,002,554
State-aid Street Systems	289,415
Total restricted	30,501,419
Unrestricted	3,010,220
Total governmental activities net position	$ 86,305,966

Related debt for governmental activities capital assets includes $15,313,746 in G.O. Improvement Bonds and premium which was the amount issued to finance the street portion of construction projects.

Business-type activities

Net investment in capital assets:	
Cost of capital assets	$ 139,589,113
Less: accumulated depreciation	(66,389,233)
Less: related long-term debt outstanding	(31,240,722)
Add: unspent bond proceeds	872,819
Total net investment in capital assets	42,831,977
Unrestricted	15,827,178
Total business-type activities net position	$ 58,659,155

Aggregated fund balances reported in the governmental funds balance sheet at December 31, 2018 include the following:

Governmental funds

	Nonspendable	Restricted	Committed	Assigned
General				
Inventories	$ 32,736	$ -	$ -	$ -
Prepaid Items	49,573	-	-	-
Capital Improvements	-	-	-	6,500
Tax Increment District No. 3				
Tax Increment Financing	-	19,557,596	-	-
Debt Service				
Debt Service	-	2,816,343	-	-
Capital Improvements				
Capital Improvements	-	-	2,043,360	-
Municipal State-Aid for Construction				
State-Aid street systems	-	289,415	-	-
Special Assessment Construction				
Capital Improvements	-	-	-	1,534,666
Nonmajor Funds				
Centerbrook Golf Course	2,768			
Tax Increment Financing	-	1,857,035	-	-
Economic Development	495	1,531,312	-	-
Law Enforcement Enhancements	-	45,431	-	-
City Initiative Grants	4,900	-	-	-
Public Safety	-	-	18,739	-
Cable Communications	-	-	48,981	-
Community Recreation	-	-	73,735	-
Emergency Capital Improvements	-	-	1,108,844	-
Street Improvements	-	-	5,288,518	-
Technology Improvements	-	-	425,746	-
Total fund balances	$ 90,472	$ 26,097,132	$ 9,007,923	$ 1,541,166

Note 4 DEFINED BENEFIT PENSION PLAN - CITY EMPLOYEES

A. PLAN DESCRIPTION

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

1. GENERAL EMPLOYEES RETIREMENT FUND (GERF)

All full-time and certain part-time employees of the City are covered by the GERF. GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. PUBLIC EMPLOYEES POLICE AND FIRE FUND (PEPFF)

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

B. BENEFITS PROVIDED

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

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

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2 percent of average salary for each of the first 10 years of service and 1.7 percent of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7 percent of average salary for all years 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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. PEPFF BENEFITS

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after ten years of service up to 100 percent after twenty years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

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. GERF CONTRIBUTIONS

Coordinated Plan members were required to contribute 6.5 percent of their annual covered salary in calendar year 2018. The City was required to contribute 7.5 percent for Coordinated Plan members in calendar year 2018. The City's contributions to the GERF for years ended December 31, 2018 were $612,983. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF CONTRIBUTIONS

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2018. The City was required to contribute 16.2 percent of pay for PEPFF members in calendar year 2018. The City contributions to the PEPFF for the year ended December 31, 2018 were $761,952. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

The City reported amounts for pension expense in the statement of activities, as well as deferred outflows, deferred inflows, and net pension liability in the statement of net assets associated with various plans as follows:

Pension Plan	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability
PERA - GERF	$ 530,216	$ 1,223,117	$ 1,751,816	$ 6,623,822
PERA - PEPFF	507,237	6,606,571	9,233,203	4,615,334
PERA - PEDCP	944	-	-	-
Fire Relief Association	(5,650)	370,288	366,453	-
Central Pension Fund	51,152	-	-	-
Total	$ 1,083,899	$ 8,199,976	$ 11,351,472	$ 11,239,156

1. GERF PENSION COSTS

At December 31, 2018, the City reported a liability of $6,623,822 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of $16 million to the fund in 2018. The State of Minnesota is considered a nonemployer contributing entity and their contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled $217,244. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.1194 percent which was an decrease of 0.0007 percent from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of $373,355 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional $50,661 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of $16 million to the GERF. Adjustments for deferred inflows and outflows decreased the total amount reported across governmental and business type activities to $530,216

At December 31, 2018, the City reported its proportionate share of the GERF'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	$ 176,302	$ 189,628
Changes in actuarial assumptions	621,085	747,244
Differences between projected and actual investment earnings	-	689,437
Changes in proportion	117,734	125,507
GERF contributions paid subsequent to the measurement date	307,996	-
Totals	$ 1,223,117	$ 1,751,816

$307,996 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	$ 172,009
2020	(319,916)
2021	(550,537)
2022	(138,251)
Total	$ (836,695)

2. PEPFF PENSION COSTS

At December 31, 2018, the City reported a liability of $4,615,334 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.433 percent which was a decrease of 0.008 percent from its proportion measured as of June 30, 2017.

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For the year ended December 31, 2018, the City recognized pension expense of $417,892 for its proportionate share of the PEPFF's pension expense. Adjustments for deferred inflows and outflows adjusted this amount reported across governmental and business-type activities to $507,237. The City also recognized $38,970 for the year ended December 31, 2018, as a reduction in net pension liability (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2018, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 188,011	$ 1,134,328
Changes in actuarial assumptions	5,685,001	6,917,050
Differences between projected and actual investment earnings	-	995,241
Changes in proportion	349,852	186,584
PEPFF contributions paid subsequent to the measurement date	383,707	-
Totals	$ 6,606,571	$ 9,233,203

$383,707 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. 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
2019	$ (124,420)
2020	(345,160)
2021	(692,798)
2022	(1,814,746)
2023	(33,215)
Total	$ (3,010,339)

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

	General Employees Plan	Police & Fire Plan
Inflation	2.5% per year	2.5% per year
Active Member Payroll Growth	3.25% per year after 26 years	3.25% per year after 25 years
Investment Rate of Return	7.50%	7.50%

Salary increases were based on a service-related table. Martality rates for active members, retirees, survivors, and disabilitants for all plans were based on RP 2017 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25 percent per year for the General Employees Plan and 1.0 percent per year for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent six-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund
- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.5 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of 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	36.00%	5.10%
International Stocks	17.00%	5.30%
Bonds	20.00%	0.75%
Alternative Assets	25.00%	5.90%
Cash	2.00%	0.00%

F. DISCOUNT RATE

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund was 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 presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rates disclosed in the preceding paragraphs, 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 rates:

	Sensitivity of Net Pension Liability			
	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	$ 10,764,559	6.50%	$ 9,895,565
Current Discount Rate	7.50%	6,623,822	7.50%	4,615,334
1% Higher	8.50%	3,205,762	8.50%	248,802

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 by:

Internet:	www.mnpera.org
Phone:	(651) 296-7460
Mail:	60 Empire Drive, #200 St. Paul, MN 55103-2088

Note 5 DEFINED BENEFIT PENSION PLAN - SINGLE EMPLOYER - FIRE RELIEF ASSOCIATION

A. PLAN DESCRIPTION

The City contributes to the Brooklyn Center Fire Department Relief Association (the Association) which is the administrator of a single employer, public employee defined benefit retirement system to provide a retirement plan (the Plan) to volunteer firefighters of the City who are members of the Association. The Association is organized and operates under the provisions of Minnesota State Statutes 424A, and provides benefits in accordance with those statutes.

At December 31, 2017, the membership of the Association consisted of:

Retirees and beneficiaries currently receiving benefits	22
Terminated employees entitled to benefits but not yet receiving them	14
Active plan participants - vested	11
Active plan participants - non-vested	22
Total	69

The Association issues a financial report that includes financial statements and required supplementary information for the Brooklyn Center Fire Department Relief Association. That report is available at the City of Brooklyn Center City offices.

B. BENEFITS PROVIDED

Basic Service Pension for Retired Members -Upon retirement each individual will receive a lump sum distribution of $7,600 per year of service. This benefit level was placed into effect on January 1, 2016. Prior to 1998, a monthly benefit level of $26.50 was available for retirees. The monthly benefit is no longer an option for retiring members. Vested, terminated members, who are entitled to benefits but are not yet receiving them, are bound by the provisions in effect at the time of termination from membership.

Basic Service Pension for Deferred Pensioner - A member who is otherwise qualified for a service pension but who has not reached the age of 50 years may retire from the Fire Department without forfeiting the member's right to such pension. Upon approval of an application therefore, the deferred pensioner shall receive a pension based on the benefit level at that time multiplied by such person's years of active service with the Fire Department and further multiplied by the decimal equivalent of the applicable percentage determined from the following table:

Years of Service	Applicable Percentage
10	60%
11	64
12	68
13	72
14	76
15	80
16	84
17	88
18	92
19	96
20 and beyond	100

C. FUNDING POLICY

The City levies property taxes at the direction of and for the benefit of the Plan and passes through state aids allocated to the Plan, all in accordance with enabling State statutes. The minimum tax levy obligation is the financial contribution requirement for the year less anticipated state aids.

D. CONTRIBUTIONS

Authority for contributions to the pension plan is established by Minn. Stat. § 69.77 and may be amended only by the Minnesota State Legislature. See 2013 Minn. Laws, ch. 111, art. 5, §§ 31 to 42 and 80. There are no employee contributions. The City provided statutory contributions in 2018. The actuary compares the actual statutory contribution rate to a "required" contribution rate. The required contribution rate consists of: (a) normal costs based on entry age normal cost methods, (b) a supplemental contribution for amortizing any unfunded actuarial accrued liability, and (c) an allowance for administrative expenses.

E. PENSION COSTS

At December 31, 2018, the City reported an asset of $998,719 for the difference between the Fire Relief Plan Fiduciary net position and the total pension liability. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Changes in Net Pension Asset

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at 12/31/17	$ 3,036,210	$ 3,673,474	$ (637,264)
Changes for the year			
Service cost	98,240	-	98,240
Interest	191,790	-	191,790
Changes of assumptions	44,974	-	44,974
Contributions - State and local	-	154,366	(154,366)
Net investment income	-	557,117	(557,117)
Benefit payments	(131,608)	(131,608)	-
Administrative expenses	-	(15,024)	15,024
Net changes	203,396	564,851	(361,455)
Balance at 12/31/18	$ 3,239,606	$ 4,238,325	$ (998,719)

At December 31, 2018, the City reported deferred outflows of resources, and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 211,141	$ 33,736
Difference between expected and actual economic experience	-	50,617
Difference between projected and actual investment earnings	-	122,953
Contribution paid subsequent to measurement date	159,147	159,147
Totals	$ 370,288	$ 366,453

$159,147 reported as deferred outflows of resources related to pensions resulting from state aid received subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Deferred inflows of resources totaling $159,147 related to state aid received subsequent to the measurement date will be recognized for its impact on the net pension liability in the year ended December 31, 2019.

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
2019	$ 71,611
2020	51,236
2021	(43,751)
2022	(78,529)
2023	3,268
Total	$ 3,835

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F. ACTUARIAL ASSUMPTIONS

The Association is funded with contributions from the City of Brooklyn Center. The actuarially determined contributions in the Schedule of Contributions are calculated as of the beginning of the fiscal year in which contributions were reported.

The following methods and assumptions were used to calculate the actuarially determined contributions reported in the most recent fiscal year end.

- The most recent actuarial valuation date is January 1, 2017.
- Actuarial cost is determined using the Entry Age Normal Cost Method.
- The actuarial value of assets is market value.
- The unfunded accrued liability is amortized using a 20-year rolling end date.
- Investment rate of return is 5.75 percent.
- The inflation rate assumption is 2.75 percent.
- Mortality assumptions for pre-retirement, post-retirement, and post-disability are:

Pre-retirement:	RP 2000 Non-annuitant Table with white collar adjustment, generationally projected using Scale AA, and set back two years for males and females.
Post-retirement:	RP 2000 Annuitant Mortality Table with white collar adjustment, generationally projected using Scale AA for males and females.
Post-disability:	RP 2000 Annuitant Mortality Table with white collar adjustment, set forward eight years for males and females.

The discount rate was changed from 6.25% to 5.75% to reflect updated capital market assumptions.

The best estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per the actuary's investment consulting practice as of January 1, 2017.

Asset Class	Allocation at Measurement Date	Long-Term Expected Nominal Rate of Return
Cash and Equivalents	8.94%	3.54%
Fixed Income	30.09%	4.73%
Domestic Equity	48.42%	8.14%
International Equity	11.41%	7.95%
Real Estate and Alternatives	1.14%	7.00%
Total	100.00%	7.03%
Reduced for assumed investment expense		-1.40%
Net assumed investment return (weighted average rounded to 1/4%)		5.75%

G. DISCOUNT RATE

The discount rate used to measure the total pension liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at the actual statutory contribution rate. Based on those assumptions, the Association's fiduciary net position was projected to be available to make all projected future benefit payments of the 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.

H. PENSION LIABILITY (ASSET) SENSITIVITY

The following presents the net pension asset calculated using the discount rate of 5.75 percent, as well as what the net pension (asset)/liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.75 percent) or one percentage- point higher (6.75 percent) than the current rate:

City's Proportionate Share of the Net Pension (Asset) Liability	4.75% One Point Decrease	5.75% Current Rate	6.75% One Point Increase
Net Pension (Asset)/Liability	$ (905,413)	$ (998,719)	$ (1,087,540)

Note 6 MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN

City employees belonging to International Union of Operating Engineers (IUOE) are participants in a multiple-employer defined benefit pension plan Central Pension Fund of the International Union of Operating Engineers and Participating Employers (CPF) administered by the Board of Trustees of the Central Pension Fund. The plan is a cost-sharing pension plan that is not a state or local governmental pension plan, is used to provide defined benefit pensions both to employers that are not state or local governmental employers, and has no predominant state or local government employer. The Plan issues a publicly available financial report located on their website at www.cpfiuoe.org.

The City has 22 employees who are covered by this pension plan. The plan provides benefits such as monthly retirement income, special and early retirement benefits, post-retirement surviving spouse benefits, pre-retirement surviving spouse benefits, and disability benefits. The CPF is a supplemental Pension Fund authorized by Minnesota Statutes, 356.24, subdivision 1(9). The CPF Plan of Benefits and the Agreement and Declaration of Trust will serve as the governing documents.

The City's contributions to the plan are pursuant to a collective bargaining agreement with the IUOE which expires December 31, 2018. The required contribution rate is $0.96 per hour, which is applied to all compensated hours, and capped at $5,000 per year. Total employer contributions for the year ended December 31, 2018 were $51,152. With regard to withdrawal from the pension plan, the parties agree that the amount that would otherwise be paid in salary or wages will be contributed instead to the CPF as pre-tax employer contributions.

Note 7 DEFINED CONTRIBUTION PLAN

There are five City Council members of the City covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by 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.

The defined contribution plan consists of individual accounts paying a lump-sum benefit, plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses, therefore, there is no future liability to the employer. Minnesota Statutes, Chapter 353(D.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. 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, PERA receives 2 percent of employer contributions and twenty-five hundredths of 1 percent (.0025%) of the assets in each member's account annually.

Pension expense for the year is equal to contributions made. Total contributions made by the City for the last three fiscal years were:

	Contribution Amount		Percentage of Covered Payroll		Required Rate for Employees & Employers	
For the Year Ended:	Employee	Employer	Employee	Employer	Employee	Employer
December 31, 2018	$ 944	$ 944	5.0%	5.0%	5.0%	5.0%
December 31, 2017	925	925	5.0%	5.0%	5.0%	5.0%
December 31, 2016	907	907	5.0%	5.0%	5.0%	5.0%

Note 8 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN

A. Plan Description

The City provides post-employment insurance benefits to certain eligible employees through its OPEB Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. Eligibility for these benefits is based on years of service and/or minimum age requirements. These contractual agreements do not include any specific contribution or funding requirements. The plan does not issue a publicly available financial report. No plan assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. Benefits Provided

Retirees
The City is required by State Statute to allow retirees to continue participation in the City's group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Former employees who are receiving, or who have met age and service requirements to receive, an annuity from a Minnesota public pension plan and those receiving a disability benefit from such a plan are immediately eligible to participate in this Plan. Retirees may obtain dependent coverage if the employee received dependent coverage immediately before leaving employment. Covered spouses may continue coverage after the death of a retiree. In addition, the surviving spouse of an active employee may continue coverage in the group health insurance plan after the employee's death.

All health care coverage is provided through the City's group health insurance plans. The retiree is required to pay the premium as described below:

Employees hired before January 1, 1992 with continuous full-time employment
Employees who, on the date of their retirement, meet eligibility requirement for a full retirement annuity under PERA or PERA Police without reduction of benefits because of age, disability, or any other reason for reduction shall be eligible for the City to pay 100% of the single-person premium until such time as the retiree is eligible for Medicare or at age 65, whichever is sooner. If the retiree desires to continue coverage in excess of single coverage, the additional cost for the coverage shall be paid to the City by the retiree on a monthly basis.

Employees hired after January 1, 1992
The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate.

The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, they are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees.

Disabled police and firefighter
The City is required to continue to pay the employer's contribution toward health coverage for police or firefighters disabled in the line of duty per Minnesota Statute 299A.465, until age 65. Dependent coverage is included, if the dependents were covered at the time of the disability.

C. Contributions

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined periodically by the City. The City's current year required pay-as-you-go contributions to finance the benefits described in the previous section totaled $130,222.

D. Membership

Membership in the plan consisted of the following as of the latest actuarial valuation

Retirees and beneficiaries receiving benefits	12
Active plan members	150
Total members	162

E. Total OPEB Liability of the City

The City's total OPEB liability of $2,014,679 as of year-end was measured as of December 31, 2017, and was determined by an actuarial valuation as of January 1, 2018.

F. Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of January 1, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.44%
20-year municipal bond yield	3.44%
Inflation rate	2.75%
Salary increases	3.50%
Medical trend rate	10.00% grading to 5.00% over 10 years

The actuarial assumptions used in the latest valuation were based on those used to value pension liabilities for Minnesota city employees. The state pension plans base their assumptions on periodic experience studies. Economic assumptions are based on input from a variety of published sources of historical and projected future financial data. Each assumption was reviewed for reasonableness with the source information as well as for consistency with the other economic assumptions.

Since the plan is not funded by an irrevocable trust, the discount rate is equal to the 20-year municipal bond yield rate of 3.44 percent, which was set by considering published rate information for 20-year high quality, tax-exempt, general obligation municipal bonds as of the measurement date. The City discount rate used in the prior measurement date was 4.50 percent.

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel). The mortality rates used in the previous study were based on the RP-2014 adjusted to 2006 White Collar Mortality Tables with MP-2016 Generational Improvement Scale (Blue Collar Tables for Police and Fire Personnel). Medical trend rates were also changed from the previous study to better anticipate short-term and long-term medical increases.

Future retirees electing coverage is assumed to be 55 percent for employees. Spouses of Coordinated Plan participants is assumed to be 40% electing coverage and spouses of Police & Fire Fund participants is assumed to be 60%.

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning balance – January 1, 2018	$ 1,844,035
Changes for the year	
Service cost	130,096
Interest	71,659
Differences between expected and actual experience	73,751
Changes of assumptions	51,929
Benefit payments	(156,791)
Total net changes	170,644
Ending balance – December 31, 2018	$ 2,014,679

Assumption changes since the prior measurement date include the following:

- The health care trend rates were changed to better anticipate short-term and long-term medical increases.
- The mortality table was updated from RP-2014 adjusted to 2006 to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
- The actuarial cost method was changed from entry age, level dollar to entry age, level percent of pay as prescribed by GASB 75.
- The discount rate was changed from 4.50 percent to 3.44 percent.

CITY OF BROOKLYN CENTER, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

H. Total OPEB Liability Sensitivity to Discount and Health-Care Trend Rate Changes

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
OPEB Discount Rate	2.44%	3.44%	4.44%
Total OPEB Liability	$ 2,175,477	$ 2,014,679	$ 1,865,862

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Medical Trend Rate	1% Increase
Medical Trend Rate	9.00 to 4.00% over 10 years	10.00 to 5.00% over 10 years	11.00 to 6.00% over 10 years
Total OPEB Liability	$ 1,798,593	$ 2,014,679	$ 2,271,303

I. OPEB Expense and Related Deferred Outflows of Resources and Deferred Inflows of Resources

For the current year ended, the City recognized OPEB expense of $214,961 As of year-end, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	$ 46,473	$ -
Difference between expected and actual economic experience	66,002	-
Contribution paid subsequent to measurement date	130,222	-
Totals	$ 242,697	$ -

A total of $130,222 reported as defered outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending December 31, 2019.

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

Year Ended December 31,	OPEB Expense Amount
2019	$ 13,205
2020	13,205
2021	13,205
2022	13,205
2023	13,205
Thereafter	46,450
Total	$ 112,475

Note 9 OTHER INFORMATION

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters.

Property and casualty insurance is provided through the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for Minnesota cities: general liability, property, automobile, mobile property and marine, crime, employee dishonesty, boiler, and open meeting law. The City pays an annual insurance premium to the LMCIT for its insurance coverage. The City is subject to supplemental assessments if deemed necessary by the LMCIT. Currently, the LMCIT is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portions of the insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

Workers' compensation coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers' Compensation Reinsurance Association (WCRA) as required by law. For workers' compensation, the City is not subject to a deductible. The City's workers' compensation is retroactively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

There were no significant changes in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

B. ARBITRAGE REBATE

The Tax Reform Act of 1986 requires governmental entities to pay to the federal government income earned on the proceeds from the issuance of debt in excess of interest costs, pending the expenditure of the borrowed funds. This rebate of interest income (known as arbitrage) applies to governmental debt issued after August 31, 1986. The City issued greater than $5 million of bonds in 2004 and therefore is required to rebate excess investment income relating to these issues to the federal government. The extent of the City's liability for arbitrage rebates on the remaining bond issues is not determinable at this time. However, in the opinion of management, any such liability would be immaterial.

C. LITIGATION

The City is subject to certain legal claims in the normal course of business. Management does not expect the resolution of these claims will have a material impact on the City's financial condition or results of operations.

D. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

The City has several agreements with other entities that provide reduced costs, better service, and additional benefits to the participants. The programs in which the City participates are listed below and amounts recorded within the current year's financial statements are disclosed.

Local Government Information Systems Association (LOGIS)
This consortium of approximately 30 government entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of its board, and the Consortium is fiscally independent of the City. The total amount recorded within the 2018 financial statements of the City is $770,773 for general services and application upgrades provided. Costs were allocated to the various funds based on applications and/or use of services. Complete financial statements for LOGIS may be obtained at the LOGIS offices located at 5750 Duluth Street, Golden Valley, Minnesota 55422.

LOGIS Insurance Group
This group provides cooperative purchasing of health and life insurance benefits for approximately 45 governmental entities. The total of 2018 health and life insurance costs paid by the City was $1,701,098. Complete financial statements may be obtained from Gallagher Benefit Services, Inc. located at 3600 American Blvd West, Bloomington, MN 55431.

The Brooklyn Center Fire Department Relief Association (the Association)
The Association is organized as a nonprofit organization, legally separate from the City, by its members to provide pension and other benefits to members in accordance with Minnesota Statutes. Its board of directors is elected by the membership of the Association and not by the City Council. The Association issues its own set of financial statements. All funding is conducted in accordance with applicable Minnesota Statutes, whereby state aids flow to the Association, tax levies are determined by the Association and are only reviewed by the City. The Association pays benefits directly to its members. The Association may certify tax levies to Hennepin County directly if the City does not carry out this function. Because the Association is fiscally independent of the City, the financial information of the Association has not been included within the City's financial statements. (See Note 5 for disclosures relating to the pension plan operated by the Association.) Complete financial statements for the Association may be obtained at the City offices located at 6301 Shingle Creek Parkway, Brooklyn Center, Minnesota 55430.

E. TAX ABATEMENTS

The City entered into a property tax abatement with Hurlbut-Zeppa Charitable Trust AR under Minnesota Statute 469.1813. Under the Statute the City may grant a prospective property tax abatement if (1) it expects the benefits to the City of the abatement agreement to at least equal the costs of the proposed agreement or intends the abatement to phase in a property tax increase and (2) it finds that doing so is in the public interest. The abatement increased the City's tax base and provided employment opportunities within the City.

For the year ended December 31, 2018, the City abated $65,390 of property taxes to Hurlbut-Zeppa Charitable Trust AR for the construction and opening of the Embassy Suites Hotel. The abatement is equal to the City's portion of increased property taxes paid on the increased market value of the development of the property for payable years 2010 to 2019.

Required Supplementary Information

CITY OF BROOKLYN CENTER, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended December 31, 2018

	2018
Total OPEB liability	
Service cost	$ 130,096
Interest	71,659
Differences between expected and actual experience	73,751
Changes of assumptions	51,929
Benefit payments	(156,791)
Net change in total OPEB liability	170,644
Total OPEB liability - beginning of year	1,844,035
Total OPEB liability - end of year	$ 2,014,679
Covered payroll	$ 10,800,000
Total OPEB liability as a percentage of covered payroll	18.65%

Note 1: Changes of Assumptions
The health care trend rates were changed to better anticipate short-term and long-term medical increases.
The mortality table was updated from RP-2014 adjusted to 2006 to the RP-2014 White Collar Mortality Tables with MP-2016 Generational Improvement Scale.
The actuarial cost method was changed from entry age, level dollar to entry age, level percent of pay as prescribed by GASB 75.
The discount rate was changed from 4.50 percent to 3.44 percent.

Note 2: The City implemented GASB Statement No. 75 for the year ended December 31, 2018. The schedules within the RSI section require a 10-year presentation. Additional years will be presented as they become available.

CITY OF BROOKLYN CENTER, MINNESOTA
SCHEDULE OF CITY CONTRIBUTIONS
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a -b)	Covered Payroll** (d)	Contributions as Percentage of Covered Payroll (b
December 31, 2018	$ 612,983	$ 612,983	$ -	$ 8,173,316	7.50%
December 31, 2017	572,442	572,442	-	7,634,297	7.50%
December 31, 2016	550,846	550,846	-	7,344,613	7.50%
December 31, 2015	564,168	564,168	-	7,522,240	7.50%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages".

CITY OF BROOKLYN CENTER, MINNESOTA
SCHEDULE OF CITY'S AND NON-EMPLOYER PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES GENERAL EMPLOYEES RETIREMENT FUND
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Assets)	Employer's proportionate share of the State of Minnesota's proportionate share of the Net Pension Liability	Proportionate share of the Net Pension Liability and the Employer's share of the State of Minnesota's Share of the Net Pension Liability	Employer's Covered Payroll**	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll
June 30, 2018	0.1194%	$ 6,623,822	$ 217,244	$ 6,841,066	$ 7,892,915	86.67%
June 30, 2017	0.1201%	7,667,105	96,388	7,763,493	7,735,587	100.36%
June 30, 2016	0.1172%	9,516,060	124,251	9,640,311	7,269,667	132.61%
June 30, 2015	0.1243%	6,441,872	-	6,441,872	7,303,595	88.20%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages".

<u>2018 Changes in Actuarial Assumptions</u>
The mortality projection scale was changed from MP-2015 to MP-2017

The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

<u>2017 Changes in Plan Provisions</u>
The State's special funding contribution increased from $6 million to $16 million.

<u>2017 Changes in Actuarial Assumptions</u>
The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60.0 percent for vested and nonvested deferred member 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 deferre 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 p year thereafter.

<u>2016 Changes in Actuarial Assumptions</u>
The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035, and 2.5 percent per year thereafter, to 1.0 percent pe for all years.

The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.

Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation w decreased by .25 percent to 3.25 percent for payroll growth, and 2.5 percent for inflation.

<u>2015 Changes in Plan Provisions</u>
On January 1, 2015, the Minneapolis Employees Retirement Fund was merged in the General Employees Retirement Fund, which increased the total pensio liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

<u>2015 Changes in Actuarial Assumptions</u>
The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030, and 2.5 percent per year thereafter, to 1.0 percent pe through 2035, and 2.5 percent per year thereafter.

CITY OF BROOKLYN CENTER, MINNESOTA
SCHEDULE OF CITY CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE FUND
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a -b)	Covered Payroll** (d)	Contributions as Percentage of Covered Payroll (b
December 31, 2018	$ 761,952	$ 761,952	$ -	$ 4,703,405	16.20%
December 31, 2017	720,865	720,865	-	4,449,784	16.20%
December 31, 2016	689,601	689,601	-	4,256,796	16.20%
December 31, 2015	687,935	687,935	-	4,246,511	16.20%

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages".

CITY OF BROOKLYN CENTER, MINNESOTA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES POLICE & FIRE FUND
Required Supplementary Information (Last Ten Years*)

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Assets) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fid Posit Percent Total Pens
June 30, 2018	0.4330%	$ 4,615,334	$ 4,549,453	101.45%	88
June 30, 2017	0.4410%	5,954,026	4,529,519	131.45%	85
June 30, 2016	0.4290%	17,216,517	4,128,855	416.98%	63
June 30, 2015	0.4460%	5,067,604	4,031,138	125.71%	86

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015.
** For purposes of this schedule, covered payroll is defined as "pensionable wages".

2018 Changes in Actuarial Assumptions

The mortality projection scale was changed from MP-2016 to MP-2017.

As set by state statutes, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064, and 2.5 percent p thereafter to 1.0 percent for all years with no trigger.

2017 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 averag 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.

The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational tab (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 Sc 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 1.0 percent for all years to 1.0 percent per year through 2064, and 2.5 percent thereafter.

The single discount rate changed from 5.6 percent to 7.5 percent.

2016 Changes in Actuarial Assumptions

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037, and 2.5 percent thereafter, to 1.0 percent per year for all future years.

The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate changed from 7.9 percent to 5.6 perce

The assumed future salary increases, payroll growth, and inflation were decreased by .25 percent to 3.25 percent for payroll growth, and 2.5 percent for inflation.

2015 Changes in Plan Provisions

The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.5 pe to a fixed rate of 2.5 percent.

2015 Changes in Actuarial Assumptions

The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2030, and 2.5 percent per year thereafter, to 1.0 percent per year through 2037, and 2.5 percent per year thereafter.

CITY OF BROOKLYN CENTER, MINNESOTA
SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIO
FIRE RELIEF ASSOCIATION
Required Supplementary Information (Last Ten Years*)

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	$ 98,240	$ 120,802	$ 88,266	$ 85,904
Interest	191,790	174,191	173,219	178,242
Changes in Benefit Terms	-	26,709	-	-
Differences Between Expected and Actual Experience	-	(75,613)	-	-
Changes of Assumptions	44,974	(50,396)	358,422	-
Benefit Payments	(131,608)	(136,168)	(59,016)	(617,541)
Net Change in Total Pension Liability	203,396	59,525	560,891	(353,395)
Total Pension Liability - Beginning of Year	3,036,210	2,976,685	2,415,794	2,769,189
Total Pension Liability - End of Year	3,239,606	3,036,210	2,976,685	2,415,794
Plan Fiduciary Net Position				
Contributions - State and Local	154,366	147,002	143,061	158,545
Net Investment Income	557,117	275,625	(181,185)	149,635
Benefit Payments	(131,608)	(136,168)	(59,016)	(617,541)
Administrative Expenses	(15,024)	(9,495)	(14,560)	(10,080)
Net Change in Plan Fiduciary Net Position	564,851	276,964	(111,700)	(319,441)
Plan Fiduciary Net Position - Beginning of Year	3,673,474	3,396,510	3,508,210	3,827,651
Plan Fiduciary Net Position - End of Year	4,238,325	3,673,474	3,396,510	3,508,210
Net Pension Liability (Asset) - End of Year	(998,719)	(637,264)	(419,825)	(1,092,416)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	130.8%	121.0%	114.1%	145.2%
Covered Payroll	n/a	n/a	n/a	n/a
Net Pension Liability as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a

* This schedule is presented prospectively beginning with the fiscal year ended December 31, 2015 (using a December 31, 2014 measurement date).

2018 Changes in Actuarial Assumptions
The discount rate was changed from 6.25% to 5.75% to reflect updated capital market assumptions.

2017 Changes in Actuarial Assumptions
The discount rate was changed from 5.75% to 6.25% to reflect updated capital market assumptions.

2017 Changes in Benefit Terms
The lump sum distribution upon retirement per year of service was changed from $7,500 to $7,600

2016 Changes in Actuarial Assumptions
The discount rate was changed from 7.00% to 5.75% to reflect updated capital market assumptions.

CITY OF BROOKLYN CENTER, MINNESOTA
SCHEDULE OF CITY CONTRIBUTIONS
FIRE RELIEF ASSOCIATION
Required Supplementary Information (Last Ten Years^)

	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	$ 85,089	$ 71,203	$ 101,453	$ 101,453	$ 111,463	$ 111,463	$ 135,929
Contributions in Relation of the Actuarially Determined Contribution	154,366	147,002	143,061	158,545	134,340	151,503	101,119
Contribution Deficiency (Excess)	(69,277)	(75,799)	(41,608)	(57,092)	(22,877)	(40,040)	34,810
Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Notes to Schedule

Valuation date:
Actuarilly determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Straight-line amortization over a closed 5-year period
Remaining amortization period	5 years
Asset valuation method	Fair value
Inflation	2.75%
Salary increases	Not applicable
Investment rate of return	5.75% compounded annually
Retirement age	Members are assumed to retire at the later of age 52 or 20 years of service
Mortality	Based on RP-2000 Annuitant Mortality Table

^ This schedule is presented prospectively beginning with the fiscal year ended December 31, 2011.

CITY OF BROOKLYN CENTER, MINNESOTA
SCHEDULE OF CITY CONTRIBUTIONS
INTERNATIONAL UNION OF OPERATING ENGINEERS CENTRAL PENSION FUND
Required Supplementary Information (Last Ten Years)

Fiscal Year Ending	Required Contributions
December 31, 2018	$ 51,152
December 31, 2017	50,782
December 31, 2016	51,410
December 31, 2015	51,699
December 31, 2014	51,868
December 31, 2013	52,046
December 31, 2012	51,636
December 31, 2011	50,603
December 31, 2010	52,004
December 31, 2009	50,566

PROPOSAL SALE DATE: August 12, 2019

City of Brooklyn Center, Minnesota

$9,850,000* General Obligation Improvement and Utility Revenue Bonds, Series 2019A

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_________________ (which may not be less than $9,771,200) plus accrued interest, if any, to the date of delivery.

Year	Interest Rate (%)	Yield (%)	Dollar Price	Year	Interest Rate (%)	Yield (%)	Dollar Price
2021	_______%	_______%	_______%	2026	_______%	_______%	_______%
2022	_______%	_______%	_______%	2027	_______%	_______%	_______%
2023	_______%	_______%	_______%	2028	_______%	_______%	_______%
2024	_______%	_______%	_______%	2029	_______%	_______%	_______%
2025	_______%	_______%	_______%	2030	_______%	_______%	_______%

Designation of Term Maturities

Years of Term Maturities ______________ ______________
______________ ______________

In making this offer on the sale date of August 12, 2019 we accept all of the terms and conditions of the Terms of Proposal published in the Preliminary Official Statement dated July 24, 2019 including the City's right to modify the principal amount of the Bonds. (See "Terms of Proposal" herein.) In the event of failure to deliver these Bonds in accordance with said Terms of Proposal, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $_____________________________

TRUE INTEREST RATE: ______________ %

The Bidder ☐ will not ☐ will purchase municipal bond insurance from __________________.

Account Members

____
Account Manager

By: ____________________________
Phone: _________________________

....

The foregoing proposal has been accepted by the City.

Attest: ______________________________ Date: ______________________________

....

* *Preliminary; subject to change.*

Phone: 651-223-3000
Fax: 651-223-3046
Email: bond_services@bakertilly.com