



City of  
**minnetonka**

*Where quality is our nature*



Photo by Jim Stroner

**Minnetonka, MN**  
**Comprehensive Annual Financial Report**  
*For the year ended December 31, 2011*

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE CITY OF  
MINNETONKA, MINNESOTA**

*For the Year Ended December 31, 2011*

**Geralyn R. Barone - City Manager**

**Merrill S. King – Finance Director/Treasurer  
David E. Blumberg, CPA - Assistant Finance Director**

**PREPARED BY: DEPARTMENT OF FINANCE**

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

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

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**Hennepin County, Minnesota**

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**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**ELECTED OFFICIALS AND ADMINISTRATION**  
**As of December 31, 2011**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Office Expires</u>
Terry Schneider	Mayor	December 31, 2013
Dick Allendorf	Council Member at Large	December 31, 2013
Vacant	Council Member at Large	N/A
Bob Ellingson	Council Member - Ward 1	December 31, 2011
Tony Wagner	Council Member - Ward 2	December 31, 2011
Brad Wiersum	Council Member - Ward 3	December 31, 2011
James Hiller	Council Member - Ward 4	December 31, 2011
 <u>Administration</u>		
John Gunyou	City Manager	
Geralyn R. Barone	Assistant City Manager	
Merrill King	Finance Director/Treasurer	
David E. Blumberg	Assistant Finance Director	

# City of Minnetonka, MN

**MINNETONKA CITY COUNCIL**  
 (Economic Development Authority)

Mayor Terry Schneider

Council Members at Large: Dick Allendorf

Ward Representation:  
 Ward 1: Bob Ellingson  
 Ward 2: Tony Wagner  
 Ward 3: Brad Wiersum  
 Ward 4: James Hiller

**BOARDS & COMMISSIONS**

- Charter Commission
- Planning Commission
- Economic Development Advisory Committee
- Park Board
- Community Commission
- Police Advisory Committee
- Senior Citizen Advisory Board

**City Attorney**  
 Desyl Peterson

**CITY MANAGER**  
 John Gunyou

**PUBLIC SAFETY**

**PUBLIC WORKS**

**PARKS & RECREATIONS**

**DEVELOPMENT SERVICES**

**ADMINISTRATION**

**POLICE**  
 Chief Mark Raquet

- Patrol
- Investigation
- 9-1-1 Dispatch
- Support Services

**PUBLIC WORKS**  
 Brian Wagstrom

- Streets
- Water & Sewer
- Parks, Buildings & Grounds
- Natural Resources
- Recycling

**RECREATION SERVICES**  
 Dave Johnson

- Recreation programs
- Ice Arena
- Williston Center
- Gray's Bay Marina
- Senior Services

**COMMUNITY DEVELOPMENT**  
 Julie Wischnack

- Inspections
- Environmental Health
- Licensing
- Planning & Zoning

**ADMINISTRATIVE SERVICES**  
 Geralyn Barone

- City Clerk & Elections
- Human Resources
- Information Technology
- Communications
- Risk Management

**FIRE**  
 Chief Joe Wallin

- Emergency Management
- Inspection
- Prevention
- Response

**ENGINEERING**  
 Lee Gustafson

- Street & Utility
- Planning & Design

**FINANCE**  
 Merrill King

- Accounting
- Budget
- Payroll
- Utility Billing
- Assessing
- Special Assessments

**LEGAL**  
 Desyl Peterson

- Prosecution
- Legal advice to the city





June 4, 2012

Honorable Mayor and Members of the City Council  
City of Minnetonka, Minnesota

Mayor and City Council Members:

The Comprehensive Annual Financial Report of the City of Minnetonka, Minnesota (the City) for the fiscal year ended December 31, 2011 is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and meets the requirements of the State Auditor's Office.

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

The City's financial statements have been audited by Kern DeWenter Viere, Ltd. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates used by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was reasonable basis for rendering an unqualified opinion that the City's financial statements, for the year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found in the financial section of this report immediately following the report of the independent auditors.

#### **THE REPORTING ENTITY AND ITS SERVICES**

With a staff of around 230 regular, full-time equivalent employees, the City provides its residents and businesses with a full range of municipal services consisting of public safety (police and fire), public



works, park and recreation, and general administrative services. It also operates six enterprises: a public water and sewer utility, a storm water utility, a municipal ice arena, a fitness center, a marina, and an environmental recycling program.

## **ECONOMIC CONDITION AND OUTLOOK**

The City is a suburban community located eight miles west of Minneapolis in Hennepin County. The City has a land area of 28 square miles, and its 2010 population estimate of 49,734 makes it the seventeenth largest city in Minnesota. Minnetonka enjoys an excellent location, with convenient access to the Minneapolis-Saint Paul metropolitan area via interstate highways I-494 and I-394. Interstate I-394 runs from Minnetonka east to Minneapolis, and is a primary commuter route to downtown Minneapolis. Its reversible high-occupancy vehicle/toll lanes create a priority route for vehicles during peak traffic hours. The City is also just 15 minutes from the Minneapolis-Saint Paul International Airport.

Minnetonka serves as the corporate headquarters location for many national and international businesses, including Cargill, Carlson Companies, Data Card Corporation, American Medical Systems, GE Osmonics, Opus Northwest, Medica, United Health Group, Digital River and others. The City has three premier business parks - Carlson Center, Opus Center, and Minnetonka Corporate Center. These offer excellent locations for business and despite the recent economic downturn, are continuing to experience new development and major expansion of existing businesses.

Minnetonka also enjoys a large employment base. Hennepin County as a whole has experienced the greatest increase in jobs in Minnesota, and Minnetonka is one of five Minneapolis-Saint Paul suburban communities having the largest amount of job growth during the past ten years, increasing to approximately 46,000 jobs. The most common jobs held by Minnetonka residents are professional, managerial, and sales positions.

Minnetonka is also a key location for retailing. The City is home to Ridgedale, a 1.2-million-square-foot regional shopping center. Its anchor stores include Macy's, J. C. Penney, and Sears. A number of other retail centers are clustered near Ridgedale, including Ridgehaven Mall (which is anchored by a Target Greatland store and a Byerly's supermarket), Ridge Square North, Ridge Square South, Ridgedale Festival, and Sportmart Plaza. The Ridgedale area is also home to a Hennepin County Service Center, District Court, a Regional Library, and the Ridgedale YMCA.

Across Interstate 394 from the Ridgedale retail area other significant redevelopment has taken place in Minnetonka. With the assistance of using tax increment financing through the City's Economic Development Authority, the West Ridge Market project includes over 250,000 square feet of retail space and more than 400 townhomes, condominiums, and apartments. The nearby Crescent Ridge and Ridgebury office and housing redevelopments were completed soon after West Ridge, and include 550,000 square feet of office space and more than 160 townhomes and condominiums. These redevelopments reflect the metro-area Livable Communities principles of linking housing, jobs, and transit.

During the second half of 2005 and the beginning of 2006, the City negotiated redevelopment of the Glen Lake commercial center. Located near the intersection of Excelsior Boulevard and Woodhill Road, the three-site plan currently includes: the construction of 45 condominium units, 150 senior rental housing units and 52 apartments, approximately thirteen percent of which will be affordable units; new and renovated retail space, which includes a new grocery store and 20,000 square feet of new retail space; and improved pedestrian and traffic infrastructure. As of mid-2011, the apartment, senior housing, and commercial development portions of the project were completed and occupied.



Since 2008, the City has been experiencing substantial commercial redevelopment in the Opus District which is located in the extreme southeast corner of the City at the crossroads of Highways 169 and 62. In 2008, the Opus Group constructed a \$13.7 million expansion of its headquarters in the district that resulted in an additional 558,000 square feet of office space. In the same year, United Health Group (UHG) completed construction of a \$71.5 million phase one of a two-phase expansion of its headquarters in the district. The expansion is a ten-story, 350,000 square feet high rise office tower and associated parking facility that houses 1,750 additional employees. Phase two of the UHG expansion is slated to be completed in Fall 2012 and will add a second eleven-story tower office building of an additional 342,000 square feet for 1,700 additional workers.

Initially developed in 2009 and finalized in 2010, the City created a unique funding partnership based on traffic generated by new commercial development in the Opus Business District. The partnership financed a \$17 million capital expansion of its only state highway interchange entrance in conjunction with multiple public and private resources. The expanded interchange is necessary to accommodate the second phase of the UHG construction. It will also now provide capacity for an estimated twenty years of increased traffic and the economic development likely to be generated by the planned location for a metropolitan light rail station in the district in 2018.

Economic development continues to expand along the Interstate 394 corridor in Minnetonka. The Crest Ridge redevelopment project completed construction in 2008 of phase one of a two-phase office complex to primarily house Syngenta, an agricultural R&D firm, in a location previously containing residential parcels. In January 2010, BMW finished construction of a new large car dealership along the corridor. A new Hampton Inn hotel has been approved for development on the old Cattle Company site. This five-story hotel is expected to begin construction in summer 2012 after significant environmental clean-up work on the property. And finally, the City continues to prepare for anticipated further development and related increase in density of the Ridgedale Shopping Center and its surrounding area at I-394 and Plymouth Road.

Minnetonka has worked hard to provide more affordable housing in the community and has added or preserved over 700 affordable units since its decision to actively participate in the Metropolitan Councils' Livable Communities Program in 1996. Since 2001, the City has financially assisted the West Hennepin Affordable Housing Land Trust (WHAHLT) in preserving 46 scattered-site affordable homes in Minnetonka. The city is expecting to add over 50 new affordable units with the construction of the Sunset Ridge slated to begin construction summer 2012 and be completed by fall 2013.

Despite recent downturns in the economy, Minnetonka continues to experience significant construction activity, including major new buildings and the expansion of existing buildings. In 2011, permits were issued for \$164 million of construction work. Commercial construction included Phase II of UnitedHealth Group's expansion and major remodeling and tenant improvement projects. Residential additions and remodeling continue to be a significant part of Minnetonka's current construction activity as well.

The City's healthy economic base and its sound financial condition have helped maintain the "Aaa" bond rating from Moody's Investors Services. Minnetonka is one of just seventeen Minnesota cities possessing the top bond rating from Moody's in 2012.

## **IMPORTANT EVENTS AND FUTURE PROSPECTS**

In 2008, Minnetonka completed an update of its 20-year Comprehensive Plan which will guide the City's development, land use and how city services are structured and delivered through the year 2030. Community input into the project included leadership from a steering committee appointed by the City Council that represents a cross section of the City's residents as well as multiple public meetings,



hearings and focus groups. The plan provides detailed analysis on seven specific geographic areas including the I-394 corridor and Ridgedale, Minnehaha Creek Corridor and Minnetonka Mills, the Glen Lake area, State Highway 7 (a major east-west thoroughfare through the City), Shady Oak Road (a north-south county road bordering the City of Hopkins), and State Highway 169 and Minnetonka Boulevard (a primary entrance to the City).

The comprehensive plan impacts a full array of city facilities. Minnetonka has a record of adding and/or refurbishing such major community facilities as they enhance the quality of life in the community. These facilities include:

Williston Center – The fitness center was acquired in 1995, and initial expansion and renovation projects were completed in 1998. In 2011, the city substantially upgraded the facility's infrastructure, which included replacement of pool and facility mechanics, renovation and expansion of its locker rooms as well as the reconfiguration and reconstruction of its entrance and fitness room. The project also included new amenities to accommodate and retain families in the community with young children, which aligns with goals of the comprehensive plan.

Shady Oak Beach – The beach has been operated jointly by the cities of Minnetonka and Hopkins for several decades. In 1999, a complete renovation was finished, including new buildings, a children's water-play area, and new picnicking facilities. In 2010, the City renovated the facility's play area and related equipment in order to meet new state standards and update some of the amenities.

Burwell Park – The park is designated on the National Register of Historic Places and represents the City's pride in its rich past as a community cultural site. The buildings were recently restored with great attention to historical accuracy. The City's plans for integration of natural areas and amenities along the Minnehaha Creek corridor include an expansion of Burwell Park begun in 2009 which incorporate new trails, bridges, and the creation of a botanical garden west.

Parks Renewal – In 2011, Minnetonka substantially completed a significant parks renewal effort begun a decade earlier. The program was a city-wide, neighborhood-based initiative to renovate and update all of Minnetonka's 42 neighborhood and community parks. The parks renewal program, and related open space acquisitions, were funded through a \$15 million referendum passed in 2001.

As part of the federal government's stimulus funding in 2009, the City was allocated \$530,000 from the U.S. Department of Energy under its Energy Efficiency and Conservation Block Grant Program. Because the City has been developing detailed energy conservation plans since 2007, it was well positioned to immediately add to the almost \$700,000 already programmed for energy conservation projects in its adopted Capital Improvement Plan. The capital investments of the slated projects will be returned multifold through operating cost savings into the future.

The City conducts an annual community-wide survey to gauge its citizens' satisfaction of city services as well as help the organization direct those services towards the goals supported by its constituency. Recent results of the statistically significant survey indicate substantial support for prioritizing preservation of natural resources and open space. As a result, the comprehensive plan as well as other actions by the City will likely bolster its efforts in the areas of parks and open space.

For example, a source of great community pride, the city-wide trail system continues to be expanded. This interconnected system of trails provides safe, off-road pedestrian and bicycle access throughout the City. The system also includes trailhead buildings, which have restrooms, drinking water, and trail information at each of Minnetonka's four large community parks. The trail system now includes



approximately 85 miles of trail, and the most recently adopted Capital Improvement Program renewed the City's commitment to the system by dedicating substantial resources to renovation of 20.5 miles of current trails and to the construction of an additional 7.7 miles over five years.

Begun in 2006, the City has developed a long-term plan for the Minnehaha Creek Corridor, which runs primarily west to east from the creek headwaters at Lake Minnetonka through the entire city. Total city funding currently dedicated to the project is \$1.75 million. As mentioned previously, this corridor is one of the specific focus areas of analysis within the comprehensive plan. Divided into six sectors, the final design includes amenities such as open space purchases, facilities for recreation and environmental education, historic preservation, and improvements to the trail system. Having partnered with the Three Rivers Park District and the Minnehaha Creek Watershed District, two multi-jurisdictional governmental units, to plan and fund the project within the City's boundaries, in 2009, the City began specifically exploring the construction of a joint facility with the watershed district to house the district's headquarters as well as city meeting facilities. In 2012, the two entities determined that the joint project was not fiscally prudent.

The municipal and sanitary sewer system is also covered by the comprehensive plan to ensure that its capacity and funding meet future requirements over the next 20 years. At the end of 2009, the City completed a three-year process to replace and upgrade all residential meters with electronic read capabilities. The new meters provide more accurate and timely information for the purposes of conveying to customers their water use as it relates to water conservation incentive pricing and leaks. In 2011, the City completed a significant effort to reduce its water system costs through a five-year program to decrease clear water inflow and infiltration (I&I) into the sanitary sewer system. The City has instituted an ongoing program to monitor and amend the system to combat new I&I issues as they are found.

Both economic development and the high standard of living in the community are additionally supported and enhanced by the City's concerted effort to maintain and improve its transportation infrastructure. In 2006 and 2007, the City significantly increased its property tax levy to support its local road program. The program's first phase, which was completed in 2012, included an innovative thin overlay pavement process and had a goal to reconstruct or overlay all streets that had not received major maintenance in the prior twenty years. The City currently has committed to spending an average of over \$6 million annually on the ongoing components of the program to reconstruct local roads and extend road life over the next five years. It does not borrow nor special assess residential properties for local road reconstruction.

Additionally, the City has partnered with Hennepin County and the state to substantially upgrade some of the major transportation routes through the City. The costly reconstruction projects have included: Interstate 494 in 2006, the west end of Minnetonka Boulevard (CR5) in 2008; County Road 101 between State Highway 7 and Minnetonka Boulevard in 2008-09; and Shady Oak Road (CR61) from Excelsior Boulevard to County Road 62 in 2009-10. Similar major projects in the next five years include: the addition of a west bound on-ramp to Interstate 394 at Ridgedale; County Road 101 south of Excelsior Boulevard; County Road 101 north of Minnetonka Boulevard; and Shady Oak Road (CR61) from Excelsior Boulevard to State Highway 7.

Minnetonka conducts several significant cooperative programs with nearby cities, school districts, and the county. One program provides building inspection services to the cities of Deephaven, Greenwood, and Woodland. Another provides for the joint exchange of specialized building inspection services between Minnetonka and the City of St. Louis Park. The cities of Hopkins and Minnetonka also share recreation programs. Facilities and registrations are handled on a joint basis, allowing more efficient use of personnel and recreational facilities. Minnetonka also collaborates with the Hopkins and Minnetonka school districts to provide school liaison officers through the Police Department. These in-school officers have enhanced safety at the school buildings and have aided the Police Department in juvenile crime prevention. The City



also has an innovative cost sharing arrangement with Hennepin County to house some of its trucks and road crew equipment at the City's 77,000 square foot public works facility.

## **OTHER FINANCIAL INFORMATION**

### Relevant Financial Policies

In 2011, the City updated its policy regarding General Fund balances to meet the Government Accounting Standard Board's (GASB's) new rules and to continue to maintain a prudent level of financial resources to protect itself against the need to reduce service levels or raise taxes and fees due to temporary revenue shortfalls or unpredicted one-time expenses or mandates. The revised policy provides that balances are committed to reserve funding for liabilities associated with compensated absences of employees and may be assigned for special purposes. Additionally, the policy requires a balance to serve as a budget stabilization reserve, which is equal to 30 to 50 percent of the following year's operating budget. Balances otherwise available above those reserves and above 40 percent of the following year's operating budget may be appropriated by the city council only for one-time costs that have no ongoing financial commitments. Over the last eight years, the city has met these targets and forecasts continuing to do so through the next five years.

The City Council also has established a written capital improvement policy that prioritizes funding and requires fund balance guidelines for each capital fund. Projects are ranked: first, those that are related to public health and safety and legal mandates; second, those that help maintain or make existing systems more efficient; and third, those that expand existing systems, provide new services, or for general community betterment. The policy further provides that fund balance guidelines be established to reflect subsequent-year budget needs, annual cash flow requirements, replacement reserves and potential contingencies. The guidelines are used to responsibly manage balances over the future five-year planning horizon.

The City maintains an adopted investment policy that is designed to preserve capital while attaining a market-average rate yield consistent with cash flow needs. The policy prioritizes safety, liquidity and yield in that order. The policy is consistent with Minnesota Statutes 118A which governs the investment of all public funds in the state, and the City's policy further delineates the specific instruments in which it may invest. Speculative investments are strictly prohibited, and the longevity of maturities is capped at ten years. Furthermore, no more than fifty percent of the dollar value of investments may mature more than two years from the date of purchase, excluding investable assets of the City's capital endowment fund.

### Long-term Financial Planning

The City annually prepares an updated five-year capital improvement plan (CIP) that supports achievement of the City's long-term strategic goals of providing and maintaining public facilities and infrastructure for its citizens and businesses, balanced against the constraint of available resources. The city charter provides that amendments to the plan, including funding changes, require a higher threshold of approval through a five-vote majority rather than a simple four-vote majority.

As part of the City's annual process in developing both its capital and operating budgets, management forecasts costs and revenues over the same five-year planning horizon as the CIP, setting initial internal goals and thresholds for budget changes. The analysis led to strategic actions by the City in 2009 which are projected to maintain a balanced budget for the longer term. These actions included organization restructuring resulting in a six percent reduction in the number of full-time employees, joint service delivery with other cities, and insulating its finances from direct fiscal actions by the state which would result in a financial imbalance. The City does not receive any direct general purpose state financial aid and has not since 2001.



### Accounting System and Reporting

During the year, the City's accounting system is maintained primarily on a modified cash basis with certain accruals to provide financial controls. Appropriations are encumbered for major purchase amounts prior to the release of purchase orders to vendors. This system provides budgetary control on all operating funds at a minimum cost. At year-end, journal entries are prepared by the City's Finance Department staff as a preparatory step for completion of the annual financial report. The auditor's report on these financial statements accompanies the report following this letter. It should be noted that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Governmental Auditing Standards* and an unqualified opinion was issued.

The maintenance and development of the City's accounting system requires that consideration be given to the adequacy of internal accounting controls. These controls are designed to safeguard assets against loss or unauthorized use and produce fair, reliable, and accurate financial data. The internal control structure is designed to provide reasonable but not absolute assurances. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and the estimation of costs and benefits requires estimates and judgments by management. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Minnetonka for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the 28th consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

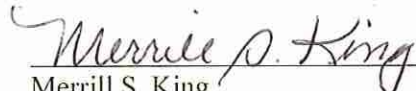
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### **ACKNOWLEDGMENTS**

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

Respectfully submitted,

  
\_\_\_\_\_  
Géralyn R. Barone  
Assistant City Manager

  
\_\_\_\_\_  
Merrill S. King  
Finance Director/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Minnetonka  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Dandison*

President

*Jeffrey R. Emer*

Executive Director





Expert advice. When you need it.<sup>SM</sup>

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the City Council  
City of Minnetonka  
Minnetonka, Minnesota

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 Minnetonka, Minnesota, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's 2010 financial statements and, in our report dated June 10, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Minnetonka, Minnesota, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparisons for the General Fund for the year then ended in conformity with U.S. generally accepted accounting principles.

The City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011.

*Expert advice. When you need it.<sup>SM</sup>*

*Certified Public Accountants  
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The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2010, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and the Schedule of Funding Progress for the Retiree Health Plan, which follow this report letter, 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 required supplementary information in accordance with U.S. generally accepted auditing standards, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The accompanying supplementary information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relate directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

The information identified in the Table of Contents as the Introductory and Statistical Sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory and Statistical Sections have not been subjected to the audit procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Kern, DeWenter, Viere, Ltd.*

KERN, DEWENTER, VIERE, LTD.  
St. Cloud, Minnesota  
May 23, 2012







**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

This section of the City of Minnetonka's (the City) comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the City's basic financial statements following this section.

**FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded liabilities by \$258 million. Of this amount, \$75.1 million may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets increased by \$2.9 million.
- The City's governmental funds reported combined ending fund balances of \$59.9 million.
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during 2011. This changed the way governmental fund's fund balance is reported on the fund financial statements.

**USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES**

Our analysis of the City begins with the Statement of Net Assets and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These Statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two Statements report the City's *net assets* and changes in them. You can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the *overall health* of the City.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

**FUND FINANCIAL STATEMENTS**

Our analysis of the City's major funds begins with the funds financial statements and provides detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received). The City's three kinds of funds – *governmental, proprietary and fiduciary* – use different accounting approaches.

*Governmental funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* in a separate reconciliation included after the fund financial statements.

*Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's Enterprise Funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

*Fiduciary funds* – The City is the trustee, or *fiduciary*, for resources collected from homeowners associations to support ecological stewardship programs. Deposits are also held in trust to guarantee the installation and maintenance of erosion and sediment control measures, along with deposits for privately sponsored traffic studies. The resources held in a fiduciary capacity are reported in the Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**STATEMENT OF NET ASSETS**

The City's *combined* net assets increased from a year ago, and the City's overall financial position has remained stable and healthy. By far the largest portion of the City of Minnetonka's net assets, \$180.5 million or approximately 70%, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure such as streets and the water and sewer systems) 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.



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets, \$2.0 million or approximately one percent, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$75.1 million or 29.0%, may be used to meet the City's ongoing obligations to residents and creditors. At the end of the current fiscal year, the City is able to report positive balances in both of the categories of net assets reported for the government as a whole.

**Governmental Activities**

Current and other assets increased approximately \$600,000. This fluctuation is mainly attributed to sound fiscal control by all departments within the City's General Fund. Actual expenditures came in approximately \$1.3 million less than budget, and revenues came in \$700,000 over budgeted revenues.

Capital assets increased by over \$1.5 million. This large fluctuation is due to the street reconstruction program implemented a number of years ago. The City is making a concerted effort to maintain its infrastructure investment.

Current and other liabilities decreased \$3.0 million and long-term liabilities decreased approximately \$600,000. The decrease in current and other liabilities was related to the early redemption of the G.O. Open Space and Park Improvement Bonds of 2002A.

**Business-type Activities**

Current and other assets of the City's business-type activities decreased by almost \$593,000 compared to the prior year.

Capital assets decreased \$3.2 million over the past year. This deficit change in capital assets is primarily due to business-type activities not fully covering depreciation expenses.

Long-term liabilities decreased \$845,000 due to the continual reduction in bonds payable within the Water & Sewer Utility Fund.

Our analysis on the following page focuses on the net assets of the City's governmental and business-type activities.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

**STATEMENT OF NET ASSETS**

December 31, 2011

*(in thousands)*

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 68,631	\$ 67,995	\$ 16,075	\$ 16,668	\$ 84,706	\$ 84,663
Capital assets	98,905	97,373	97,513	100,749	196,418	198,122
Total assets	<u>\$ 167,536</u>	<u>\$ 165,368</u>	<u>\$ 113,588</u>	<u>\$ 117,417</u>	<u>\$ 281,124</u>	<u>\$ 282,785</u>
Current and other liabilities	\$ 4,748	\$ 7,704	\$ 1,711	\$ 1,982	\$ 6,459	\$ 9,686
Long-term liabilities	11,508	12,127	5,412	6,257	16,920	18,384
Total liabilities	<u>16,256</u>	<u>19,831</u>	<u>7,123</u>	<u>8,239</u>	<u>23,379</u>	<u>28,070</u>
Net assets:						
Invested in capital assets, net of related debt	88,830	83,506	91,733	93,842	180,563	177,348
Restricted for:						
Debt Service	1,301	4,051	-	-	1,301	4,051
Development	352	316	-	-	352	316
Public Safety	374	341	-	-	374	341
Unrestricted	60,423	57,323	14,732	15,336	75,155	72,659
Total net assets	<u>151,280</u>	<u>145,537</u>	<u>106,465</u>	<u>109,178</u>	<u>257,745</u>	<u>254,715</u>
Total liabilities and net assets	<u>\$ 167,536</u>	<u>\$ 165,368</u>	<u>\$ 113,588</u>	<u>\$ 117,417</u>	<u>\$ 281,124</u>	<u>\$ 282,785</u>

**STATEMENT OF ACTIVITIES**

**Governmental Activities**

The net assets of the City's governmental activities increased by \$5.7 million, or 4.0%. The City is in the sixth year of an enhanced road revitalization program beginning in 2006, which includes overlay or reconstruction of every local street. As a result, the City experienced and will continue to experience increases in infrastructure outlay.

Property taxes increased by \$100,000 due to inflationary increases in operating expenses.

Investment earnings decreased approximately \$257,000 due to the continued down turn in the nation's economy.

**Business-type Activities**

Business Type Activities net assets decreased \$2.7 million during 2011. The majority of this decrease was due to the continued funding of infiltration and inflow (I&I) monitoring and improvements. Since 2005, the City has spent nearly \$3.4 million in lieu of surcharges from the Met Council to reduce I&I. Ongoing work to be funded within normal water and sewer rate increases includes flow monitoring to pinpoint problem locations, televised evaluation of all major arterial sewer pipes to be completed with the next two years, and pipe repair and replacement.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

**Business-type Activities (continued)**

Investment income decreased \$34,000 during 2011 due to the ongoing, slow recovery of the nation's economy.

**STATEMENT OF ACTIVITIES**

December 31, 2011

(in thousands)

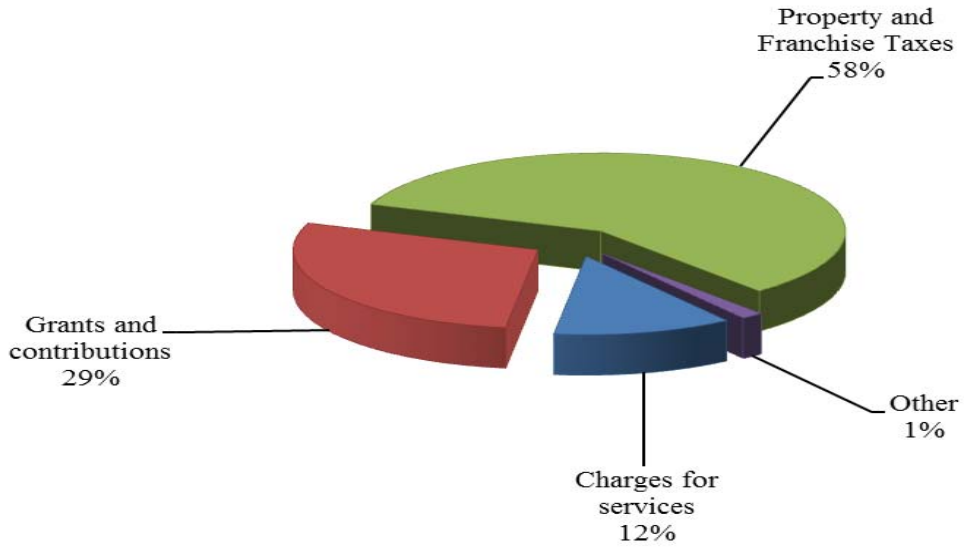
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 6,538	\$ 5,863	\$ 16,607	\$ 16,232	\$ 23,145	\$ 22,095
Operating grants and contributions	1,207	1,574	190	111	1,397	1,685
Capital grants and contributions	14,537	1,249	-	-	14,537	1,249
General revenues:						
Property taxes	30,664	30,560	-	-	30,664	30,560
Franchise taxes	1,521	1,488	-	-	1,521	1,488
State Aid - Unrestricted	86	88	-	-	86	88
Investment earnings	590	847	176	210	766	1,057
Sale of capital assets	-	-	-	-	-	-
Other general revenue	140	91	-	-	140	91
<b>Total Revenues</b>	<b>\$ 55,283</b>	<b>\$ 41,760</b>	<b>\$ 16,973</b>	<b>\$ 16,553</b>	<b>\$ 72,256</b>	<b>\$ 58,313</b>
<b>Expenses</b>						
General services	\$ 4,150	\$ 4,478	\$ -	\$ -	\$ 4,150	\$ 4,478
Development services	3,848	7,606	-	-	3,848	7,606
Public works	24,091	7,142	-	-	24,091	7,142
Public safety	12,409	12,357	-	-	12,409	12,357
Parks and recreation	5,890	6,672	-	-	5,890	6,672
Interest on long-term debt	374	432	-	-	374	432
Water and sewer utility	-	-	13,344	13,114	13,344	13,114
Ice arena	-	-	1,057	1,007	1,057	1,007
Environmental	-	-	894	876	894	876
Williston Center	-	-	1,535	1,298	1,535	1,298
Grays Bay Marina	-	-	229	187	229	187
Storm water fund	-	-	1,405	1,349	1,405	1,349
<b>Total Expenses</b>	<b>50,762</b>	<b>38,687</b>	<b>18,464</b>	<b>17,831</b>	<b>69,226</b>	<b>56,518</b>
Change in net assets before transfers	4,521	3,073	(1,491)	(1,278)	3,030	1,795
Transfers	1,222	1,205	(1,222)	(1,205)	-	-
Change in net assets	5,743	4,278	(2,713)	(2,483)	3,030	1,795
Net assets - Beginning of Year,	145,537	141,259	109,178	111,661	254,715	252,920
Net assets - Ending	<b>\$ 151,280</b>	<b>\$ 145,537</b>	<b>\$ 106,465</b>	<b>\$ 109,178</b>	<b>\$ 257,745</b>	<b>\$ 254,715</b>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

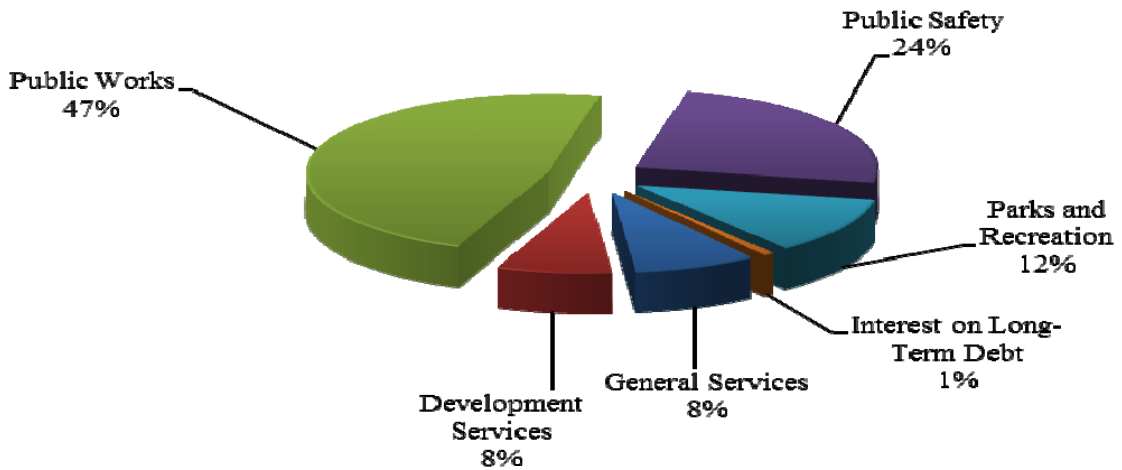
The following chart visually illustrates the City's revenue by source for its governmental activities:

**Revenue by Source - Governmental Activities**



The following chart visually illustrates the City's expense by function for its governmental activities:

**Expense by Function - Governmental Activities**



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

**FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS**

*General Fund*

In 2011, the City's General Fund fund balance increased by approximately \$2.5 million. The increased fund balance is due to excess revenues and transfers in over expenditures. Sound fiscal control by all departments within the General Fund resulted in actual expenditures being \$1.3 million or 2.7%, under the final budget.

Actual revenues were approximately \$700,000 more than budget due to higher than expected license and permit fees.

*Community Investment Fund*

The decrease in available fund balance of approximately \$800,000 in the Community Investment Fund balance was due to the Williston Fitness Center rehabilitation project. Current and prior year's investment earnings along with annual contributions from the Williston Fitness Center are expected to finance this project.

*Special Assessment Construction Fund*

The available fund balance in the Special Assessment Construction Fund increased approximately \$161,000 in 2011. This increase was due to a decrease in capital outlay as well as an increase in special assessment revenue.

*State Municipal Aid*

In 2008, the City issued \$2.2 million of G.O. State-Aid Street Bonds to partially fund the reconstruction of Shady Oak Road from Bren Road to Excelsior Boulevard. The projects costs for years 2008-2011 totaled \$6.1 million. The remaining balance between the bond issuance and the total expenditures will be funded through current and future Municipal State-Aid received from the State of Minnesota. The City receives approximately \$1.8 million of Municipal State-Aid per year.

*Street Improvement Fund*

The City increased its prior year's Street Improvement levy in order to sufficiently fund the multi-year road revitalization and preservation program. Many of the reconstruction projects cost more than the yearly street improvement levy allocation, forcing the city to build up reserves over multiple years to pay for upcoming reconstruction projects. In 2011, the Street Improvement fund balance increased \$1.9 million.

*169/Bren Road Interchange Project Fund*

The majority of project costs related to the Highway 169/Bren Road Interchange Project occurred in 2011. The 169/Bren Road Interchange Project has a deficit fund balance of \$397,000 at 12/31/2011. Future intergovernmental revenues will be used to eliminate this deficit fund balance.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2011**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the City Council revised the City's budget once. This revision was performed in the fall, when the City prepared next year's budget. To meet current and future service needs of the Minnetonka community, various long-term strategies were enacted and continued during 2011. In 2009, to accommodate the impact of the national recession, the City repositioned itself to meet four objectives: achieve long-term budget balance, sustain direct core services, continue infrastructure investments, and moderate property tax growth.

The strategies enacted in 2009 continue to be refined and enhanced in 2011. They include various new ways of doing business such as: cooperative services agreements with other agencies, productivity investments that help deliver core services more efficiently, and department reorganizations that reposition the City to better and more efficiently serve its constituents, both for 2011 and well into the future.

**CAPITAL ASSETS**

At the end of 2011, the City had \$196.4 million invested in a broad range of capital assets. This amount represents a net decrease (including additions and deductions) of approximately \$1.7 million over the prior year.

The City's fiscal year 2012 capital budget appropriates another \$11.9 million for capital projects, of which approximately \$7.4 million will be for infrastructure projects. The remainder will be spent on replacement vehicles, building improvements and future investments in technology and equipment.

Please refer to Note 4.C. for a schedule of the City's capital asset activity.

**LONG-TERM DEBT**

At year-end, the City had \$16.2 million in bonds outstanding versus \$20.7 million last year, a decrease of \$4.5 million. The decrease was primarily due to the early redemption of the General Obligation Open Space and Park Improvement Bonds of 2002A.

The City continues to carry an "Aaa" bond rating from Moody's Investors Services.

More detailed information about the City's long-term debt is presented in Note 4.E. to the financial statements.



**CITY OF MINNETONKA  
Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2011**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City takes a responsible long-term perspective with financial planning and management. We make decisions with the future in mind to insure our ongoing capacity to provide quality services to our residents and businesses. Despite the challenges of the lingering effects of the 2008 economic recession and added fiscal pressures created by the State of Minnesota, the 2012 budget continues to honor this commitment.

The 2012 budget continues to reflect the City's highest priorities: public safety, streets and utilities, natural resources, and parks. These functions continue to represent the focus of city programs and projects, accounting for more than seven out of every ten dollars in the combined 2012 budget.

As a result of the City's responsible stewardship, services remain a good value. The City will continue to provide the quality public services our citizens have come to expect, and at a reasonable price.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Minnetonka Finance Department at 14600 Minnetonka Blvd., Minnetonka, Minnesota 55345, (952) 939-8200; or [mking@eminnetonka.com](mailto:mking@eminnetonka.com).





**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF NET ASSETS**  
**December 31, 2011**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Investments (Including Cash Equivalents)	\$ 61,953,141	\$ 13,477,824	\$ 75,430,965
Receivables:			
Accounts Receivable	1,043,227	2,089,401	3,132,628
Interest Receivable	132,689	133,068	265,757
Taxes Receivable	347,302	4,819	352,121
Special Assessments Receivable	2,572,824	324,404	2,897,228
Due from Other Governments	249,052	-	249,052
Internal Balances	44,431	(44,431)	-
Prepays	91,442	-	91,442
Inventories	185,197	89,691	274,888
Investment in Joint Venture	1,394,287	-	1,394,287
Net Pension Obligation	617,454	-	617,454
Capital Assets, Net of Related Depreciation:			
Land - Nondepreciable	15,519,556	1,050,103	16,569,659
Construction in Progress - Nondepreciable	11,601,753	-	11,601,753
Buildings	7,276,220	6,727,626	14,003,846
Improvements Other than Buildings	1,698,543	1,406,967	3,105,510
Machinery and Equipment	4,107,105	1,357,925	5,465,030
Infrastructure	58,702,178	86,970,559	145,672,737
	<u>\$ 167,536,401</u>	<u>\$ 113,587,956</u>	<u>\$ 281,124,357</u>
Total Assets	<u>\$ 167,536,401</u>	<u>\$ 113,587,956</u>	<u>\$ 281,124,357</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF NET ASSETS**  
**December 31, 2011**  
**(Continued)**

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES AND NET ASSETS:</b>			
<b>Liabilities:</b>			
Salaries and Wages Payable	\$ 468,631	\$ 65,980	\$ 534,611
Accounts and Contracts Payable	1,892,738	511,759	2,404,497
Accrued Interest Payable	130,663	96,586	227,249
Unearned Revenue	430,095	58,500	488,595
<b>Noncurrent Liabilities:</b>			
Unfunded OPEB Obligation	745,943	87,961	833,904
<b>Bonds Payable, net:</b>			
Due Within One Year	915,000	870,000	1,785,000
Due in More than One Year	9,273,099	5,145,372	14,418,471
<b>Compensated Absences/ Severance Payable:</b>			
Due Within One Year	910,805	108,020	1,018,825
Due in More than One Year	1,489,267	178,826	1,668,093
<b>Total Liabilities</b>	<b>16,256,241</b>	<b>7,123,004</b>	<b>23,379,245</b>
		-	
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	88,717,256	91,497,808	180,215,064
<b>Restricted for:</b>			
Debt Service	1,301,371	-	1,301,371
Development	351,569	-	351,569
Public Safety	374,338	-	374,338
Unrestricted	60,535,626	14,967,144	75,502,770
<b>Total Net Assets</b>	<b>151,280,160</b>	<b>106,464,952</b>	<b>257,745,112</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 167,536,401</b>	<b>\$ 113,587,956</b>	<b>\$ 281,124,357</b>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 4,149,584	\$ 265,748	\$ 111,792	\$ -	\$ (3,772,044)	\$ -	\$ (3,772,044)
Development Services	3,847,870	3,661,616	-	1,516,117	1,329,863	-	1,329,863
Public Works	24,090,987	282,005	71,220	12,784,088	(10,953,674)	-	(10,953,674)
Public Safety	12,409,458	980,840	704,313	236,493	(10,487,812)	-	(10,487,812)
Parks and Recreation	5,890,446	1,347,482	320,255	-	(4,222,709)	-	(4,222,709)
Unallocated Interest on Long-Term Debt	374,044	-	-	-	(374,044)	-	(374,044)
<b>Total Governmental Activities</b>	<b>50,762,389</b>	<b>6,537,691</b>	<b>1,207,580</b>	<b>14,536,698</b>	<b>(28,480,420)</b>	<b>-</b>	<b>(28,480,420)</b>
<b>Business-Type Activities:</b>							
Water and Sewer Utilities	13,343,368	11,024,675	54,250	-	-	(2,264,443)	(2,264,443)
Ice Arena	1,057,145	863,016	-	-	-	(194,129)	(194,129)
Environmental	894,089	923,286	135,771	-	-	164,968	164,968
Williston Fitness Center	1,535,296	1,402,967	-	-	-	(132,329)	(132,329)
Grays Bay Marina	229,171	235,753	-	-	-	6,582	6,582
Storm Water	1,404,959	2,157,297	-	-	-	752,338	752,338
<b>Total Business-type Activities</b>	<b>18,464,028</b>	<b>16,606,994</b>	<b>190,021</b>	<b>-</b>	<b>-</b>	<b>(1,667,013)</b>	<b>(1,667,013)</b>
<b>Total Governmental and Business-Type Activities</b>	<b>\$ 69,226,417</b>	<b>\$ 23,144,685</b>	<b>\$ 1,397,601</b>	<b>\$ 14,536,698</b>	<b>(28,480,420)</b>	<b>(1,667,013)</b>	<b>(30,147,433)</b>
<b>General Revenues:</b>							
Property Taxes					30,663,713	-	30,663,713
Franchise Taxes					1,521,278	-	1,521,278
State Aid - Unrestricted					85,859	-	85,859
Investment Earnings					590,467	176,137	766,604
Other General Revenue					139,503	-	139,503
Transfers					1,222,300	(1,222,300)	-
<b>Total General Revenues and Transfers</b>					<b>34,223,120</b>	<b>(1,046,163)</b>	<b>33,176,957</b>
Change in Net Assets					5,742,700	(2,713,176)	3,029,524
Net Assets - Beginning					145,537,460	109,178,128	254,715,588
Net Assets - Ending					<b>\$ 151,280,160</b>	<b>\$ 106,464,952</b>	<b>\$ 257,745,112</b>

The Notes to the Financial Statements are an integral part of this statement.



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2011**

	Capital Projects		
General	Community Investment	Special Assessment Construction	
<b>ASSETS:</b>			
Cash and Investments (Including Cash Equivalents)	\$ 17,226,689	\$ 19,328,667	\$ 7,868,631
Accounts Receivable	16,591	-	-
Interest Receivable	10,091	71,025	2,863
Property Taxes Receivable:			
Unremitted	53,549	-	-
Delinquent	281,717	-	-
Special Assessments Receivable			
Unremitted	-	-	1,995
Current	-	-	210,246
Delinquent	-	-	19,798
Deferred	-	-	2,340,785
Due from Other Governments	44,257	-	-
Due from Other Funds	542,148	-	-
Inventories	112,339	-	-
	<u>\$ 18,287,381</u>	<u>\$ 19,399,692</u>	<u>\$ 10,444,318</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Salaries and Wages Payable	\$ 453,191	\$ -	\$ -
Accounts and Contracts Payable	516,224	11,541	18,870
Due to Other Funds	-	-	-
Deferred Revenue	1,087,096	-	2,570,828
Total Liabilities	<u>2,056,511</u>	<u>11,541</u>	<u>2,589,698</u>
<b>Fund Balances:</b>			
Nonspendable	112,339	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	11,544,440	19,388,151	7,854,620
Unassigned	4,574,091	-	-
Total Fund Balances	<u>16,230,870</u>	<u>19,388,151</u>	<u>7,854,620</u>
	<u>\$ 18,287,381</u>	<u>\$ 19,399,692</u>	<u>\$ 10,444,318</u>

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2011**  
**(Continued)**

	Capital Projects			Other Governmental Funds	Total Governmental Funds
	State Municipal Aid	169/Bren Rd Interchange Project Fund	Street Improvement		
<b>ASSETS:</b>					
Cash and Investments (Including Cash Equivalents)	\$ -	\$ -	\$ 2,386,454	\$ 14,446,107	\$ 61,256,548
Accounts Receivable	-	331,100	-	695,536	1,043,227
Interest Receivable	-	-	-	47,702	131,681
Property Taxes Receivable:					
Unremitted	-	-	-	9,191	62,740
Delinquent	-	-	-	2,845	284,562
Special Assessments Receivable					
Unremitted	-	-	-	-	1,995
Current	-	-	-	-	210,246
Delinquent	-	-	-	-	19,798
Deferred	-	-	-	-	2,340,785
Due from Other Governments	-	-	-	196,936	241,193
Due from Other Funds	-	-	-	-	542,148
Inventories	-	-	-	-	112,339
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 331,100</b>	<b>\$ 2,386,454</b>	<b>\$ 15,398,317</b>	<b>\$ 66,247,262</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ 5,613	\$ 458,804
Accounts and Contracts Payable	-	586,080	293,573	222,810	1,649,098
Due to Other Funds	282,237	141,972	12,628	105,311	542,148
Deferred Revenue	-	-	-	2,845	3,660,769
<b>Total Liabilities</b>	<b>282,237</b>	<b>728,052</b>	<b>306,201</b>	<b>336,579</b>	<b>6,310,819</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	112,339
Restricted	-	-	-	5,475,544	5,475,544
Committed	-	-	-	9,451,939	9,451,939
Assigned	-	-	2,080,253	134,255	41,001,719
Unassigned	(282,237)	(396,952)	-	-	3,894,902
<b>Total Fund Balances</b>	<b>(282,237)</b>	<b>(396,952)</b>	<b>2,080,253</b>	<b>15,061,738</b>	<b>59,936,443</b>
<b>Total Liabilities and Fund Balance:</b>	<b>\$ -</b>	<b>\$ 331,100</b>	<b>\$ 2,386,454</b>	<b>\$ 15,398,317</b>	<b>\$ 66,247,262</b>

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**RECONCILIATION OF THE BALANCE SHEET TO**  
**THE STATEMENT OF NET ASSETS - GOVERNMENTAL FUNDS**  
**December 31, 2011**

Total Fund Balances - Governmental Funds	\$ 59,936,443
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Cost of Capital Assets	154,789,768
Less Accumulated Depreciation	(55,884,413)

Long-term investments in joint ventures are not available financial resources and, therefore, are not reported as assets in governmental funds.

1,394,287

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

Long-term liabilities at year-end consist of:

Bond Principal Payable	(10,075,000)
Unamortized Bond Discount/(Premium)	(113,099)
Compensated Absences and Severance Payable	(2,337,557)
Other Post Employment Benefits Payable	(730,347)

Delinquent property taxes and delinquent and deferred special assessments receivable are deferred in the fund statements as these amounts are not available in the current year.

3,230,674

Governmental funds do not report a liability for accrued interest until due and payable.

(130,663)

Governmental funds do not report an asset for net pension obligation

617,454

Internal Service Funds are used by management to charge the costs of providing insurance and fleet maintenance services for the City (See Note 2.A).

582,613

Total Net Assets - Governmental Activities

\$ 151,280,160

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

	Capital Projects		
	General	Community Investment	Special Assessment Construction
<b>REVENUES:</b>			
Taxes:			
Property	\$ 20,919,497	\$ -	\$ -
Franchise	-	-	-
Special Assessments	-	-	434,936
Licenses and Permits	3,347,255	-	-
Intergovernmental	935,716	-	-
Charges for Services	1,515,831	-	-
Fines and Forfeitures	586,092	-	-
Miscellaneous	688,063	212,745	95,251
Total Revenues	<u>27,992,454</u>	<u>212,745</u>	<u>530,187</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	3,271,445	-	-
Development Services	2,760,699	-	334,480
Public Works	4,027,507	-	-
Public Safety	11,760,607	-	-
Park and Recreation	4,777,170	-	-
Debt Service	-	-	-
Capital Outlay	45,472	1,089,377	-
Total Expenditures	<u>26,642,900</u>	<u>1,089,377</u>	<u>334,480</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,349,554	(876,632)	195,707
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers In	1,340,700	63,000	-
Transfers Out	(163,000)	-	(34,600)
Refunding Bonds Issued	-	-	-
Proceeds from Sale of Capital Assets	-	-	-
Total Other Financing Sources (Uses)	<u>1,177,700</u>	<u>63,000</u>	<u>(34,600)</u>
Net Change in Fund Balances	2,527,254	(813,632)	161,107
<b>FUND BALANCES:</b>			
Beginning of Year	<u>13,703,616</u>	<u>20,201,783</u>	<u>7,693,513</u>
End of Year	<u>\$ 16,230,870</u>	<u>\$ 19,388,151</u>	<u>\$ 7,854,620</u>

The Notes to the Financial Statements are an integral part of this statement



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**  
(Continued)

	Capital Projects			Other Governmental Funds	Total Governmental Funds
	State Municipal Aid	169/Bren Rd Interchange Project Fund	Street Improvement		
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ 5,400,000	\$ 4,411,610	\$ 30,731,107
Franchise	-	-	-	1,521,278	1,521,278
Special Assessments	-	-	-	-	434,936
Licenses and Permits	-	-	-	-	3,347,255
Intergovernmental	-	12,548,200	-	1,660,973	15,144,889
Charges for Services	-	-	-	-	1,515,831
Fines and Forfeitures	-	-	-	-	586,092
Miscellaneous	(3,701)	(38,794)	681,055	507,242	2,141,861
Total Revenues	<u>(3,701)</u>	<u>12,509,406</u>	<u>6,081,055</u>	<u>8,101,103</u>	<u>55,423,249</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	-	-	-	405,968	3,677,413
Development Services	-	-	-	715,228	3,810,407
Public Works	-	-	-	-	4,027,507
Public Safety	-	-	-	139,073	11,899,680
Park and Recreation	-	-	-	-	4,777,170
Debt Service	-	-	-	1,007,013	1,007,013
Capital Outlay	13,699	12,239,068	4,139,899	5,795,614	23,323,129
Total Expenditures	<u>13,699</u>	<u>12,239,068</u>	<u>4,139,899</u>	<u>8,062,896</u>	<u>52,522,319</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,400)	270,338	1,941,156	38,207	2,900,930
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	-	100,000	1,503,700
Transfers Out	-	-	-	(83,800)	(281,400)
Refunding Bonds Issued	-	-	-	(3,080,000)	(3,080,000)
Proceeds from Sale of Capital Assets	-	-	-	134,388	134,388
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,929,412)</u>	<u>(1,723,312)</u>
Net Change in Fund Balances	(17,400)	270,338	1,941,156	(2,891,205)	1,177,618
<b>FUND BALANCES:</b>					
Beginning of Year	<u>(264,837)</u>	<u>(667,290)</u>	<u>139,097</u>	<u>17,952,943</u>	<u>58,758,825</u>
End of Year	<u>\$ (282,237)</u>	<u>\$ (396,952)</u>	<u>\$ 2,080,253</u>	<u>\$ 15,061,738</u>	<u>\$ 59,936,443</u>

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO  
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ 1,177,618

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	5,649,315
Depreciation Expense	(4,117,237)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (277,883)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 3,679,012

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Changes in Compensated Absences and Severance Payable	5,132
Changes in Other Post Employment Benefits Payable	(135,351)
Changes in Accrued Interest Payable	33,957

Investment in Joint Venture activity is not recognized in the Governmental Funds but recognized as the expense/revenue is incurred in the Statement of Activities (348,571)

Net pension obligation activity is not recognized in the Governmental Funds but recognized as the expense/revenue is incurred in the Statement of Activities 36,961

Internal Service Funds are used by management to charge the costs of providing insurance for the City (See Note 2.B). 39,747

Change in Net Assets of Governmental Activities \$ 5,742,700

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

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

**For The Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		Amounts
<b>REVENUES:</b>				
Property Taxes	\$21,091,611	\$21,091,611	\$20,919,497	\$ (172,114)
Licenses and Permits	1,773,000	2,707,000	3,347,255	640,255
Intergovernmental Revenues	724,200	782,600	935,716	153,116
Charges for Services	1,536,400	1,456,400	1,515,831	59,431
Fines and Forfeitures	540,000	580,000	586,092	6,092
Other Revenues	884,689	642,300	688,063	45,763
Total Revenues	26,549,900	27,259,911	27,992,454	732,543
<b>EXPENDITURES:</b>				
General Government	3,522,800	3,495,900	3,271,445	224,455
Development Services	2,869,000	2,850,600	2,760,699	89,901
Public Works	3,944,400	4,024,700	4,027,507	(2,807)
Public Safety	12,350,100	12,285,900	11,760,607	525,293
Park and Recreation	5,145,300	5,195,800	4,777,170	418,630
Capital Outlay	59,000	57,500	45,472	12,028
Total Expenditures	27,890,600	27,910,400	26,642,900	1,267,500
Excess of Revenues over (under) Expenditures	(1,340,700)	(650,489)	1,349,554	2,000,043
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,340,700	1,340,700	1,340,700	-
Transfers Out	(100,000)	(100,000)	(163,000)	(63,000)
Total Other Financing Sources (Uses)	1,240,700	1,240,700	1,177,700	(63,000)
Net Change in Fund Balance	(100,000)	590,211	2,527,254	1,937,043
<b>FUND BALANCES:</b>				
Beginning of Year	13,263,687	13,263,687	13,703,616	-
End of Year	\$13,163,687	\$13,853,898	\$16,230,870	\$ 1,937,043

The Notes to the Financial Statements are an integral part of this statement.







**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**December 31, 2011**

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
<b>ASSETS:</b>								
<b>Current Assets:</b>								
Cash and Cash Equivalents	\$ 11,146,625	\$ -	\$ 1,253,157		\$ 343,444	\$ 734,598	\$ 13,477,824	\$ 696,593
Accounts Receivable	1,705,880	2,635	58,667	-	-	322,219	2,089,401	-
Interest Receivable	108,793	-	14,735	-	-	9,540	133,068	1,008
Taxes Receivable	4,819	-	-	-	-	-	4,819	-
Special Assessments Receivable	324,404	-	-	-	-	-	324,404	-
Due from Other Funds	292,171	-	-	-	-	-	292,171	-
Due from Other Governments	-	-	-	-	-	-	-	7,859
Prepays	-	-	-	-	-	-	-	91,442
Inventories	89,541	150	-	-	-	-	89,691	72,858
<b>Total Current Assets</b>	<b>13,672,233</b>	<b>2,785</b>	<b>1,326,559</b>	<b>-</b>	<b>343,444</b>	<b>1,066,357</b>	<b>16,411,378</b>	<b>869,760</b>
<b>Noncurrent Assets:</b>								
<b>Capital Assets:</b>								
Land	247,650	-	-	348,000	-	454,453	1,050,103	-
Buildings and Structures	6,675,368	4,709,336	-	2,889,681	-	352,240	14,626,625	-
Water Facilities	4,700,591	-	-	-	-	-	4,700,591	-
Water Mains and Lines	127,246,915	-	-	-	-	-	127,246,915	-
Sewer Lift Stations	2,957,828	-	-	-	-	-	2,957,828	-
Storm Drainage System	-	-	-	-	-	36,051,205	36,051,205	-
Improvements Other than Buildings	1,071,935	30,000	-	224,464	740,000	-	2,066,399	-
Machinery and Equipment	4,637,268	189,739	-	168,445	13,334	529,547	5,538,333	-
<b>Total Cost</b>	<b>147,537,555</b>	<b>4,929,075</b>	<b>-</b>	<b>3,630,590</b>	<b>753,334</b>	<b>37,387,445</b>	<b>194,237,999</b>	<b>-</b>
Less Accumulated Depreciation	(77,091,457)	(3,790,075)	-	(2,464,007)	(257,310)	(13,121,970)	(96,724,819)	-
<b>Net Capital Assets</b>	<b>70,446,098</b>	<b>1,139,000</b>	<b>-</b>	<b>1,166,583</b>	<b>496,024</b>	<b>24,265,475</b>	<b>97,513,180</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>70,446,098</b>	<b>1,139,000</b>	<b>-</b>	<b>1,166,583</b>	<b>496,024</b>	<b>24,265,475</b>	<b>97,513,180</b>	<b>-</b>
<b>Total Assets</b>	<b>\$ 84,118,331</b>	<b>\$ 1,141,785</b>	<b>\$ 1,326,559</b>	<b>\$ 1,166,583</b>	<b>\$ 839,468</b>	<b>\$ 25,331,832</b>	<b>\$ 113,924,558</b>	<b>\$ 869,760</b>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**December 31, 2011**  
**(Continued)**

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
<b>LIABILITIES AND NET ASSETS:</b>								
<b>Liabilities:</b>								
<b>Current Liabilities:</b>								
Salaries and Wages Payable	\$ 35,003	\$ 9,291	\$ 3,134	\$ 16,721	\$ 445	\$ 1,386	\$ 65,980	\$ 9,827
Accounts Payable	390,455	6,194	61,822	17,990	361	34,937	511,759	243,640
Accrued Interest Payable	96,586	-	-	-	-	-	96,586	-
Due to Other Funds	-	248,112	-	41,193	2,866	-	292,171	-
Unearned Revenue	-	-	-	-	58,500	-	58,500	-
Current Portion of Compensated Absences	80,597	12,026	7,695	7,702	-	-	108,020	14,849
Bonds Payable	870,000	-	-	-	-	-	870,000	-
<b>Total Current Liabilities</b>	<u>1,472,641</u>	<u>275,623</u>	<u>72,651</u>	<u>83,606</u>	<u>62,172</u>	<u>36,323</u>	<u>2,003,016</u>	<u>268,316</u>
<b>Long-Term Liabilities:</b>								
Compensated Absences	78,912	52,839	10,433	36,642	-	-	178,826	47,666
Unamortized Bond Premium	90,372	-	-	-	-	-	90,372	15,596
Unfunded OPEB Obligation	47,094	12,956	5,600	19,742	511	2,058	87,961	-
Revenue Bonds Payable, Net	5,055,000	-	-	-	-	-	5,055,000	-
<b>Total Noncurrent Liabilities</b>	<u>5,271,378</u>	<u>65,795</u>	<u>16,033</u>	<u>56,384</u>	<u>511</u>	<u>2,058</u>	<u>5,412,159</u>	<u>63,262</u>
<b>Total Liabilities</b>	<u>6,744,019</u>	<u>341,418</u>	<u>88,684</u>	<u>139,990</u>	<u>62,683</u>	<u>38,381</u>	<u>7,415,175</u>	<u>331,578</u>
<b>Net Assets:</b>								
Invested in Capital Assets, Net of Related Debt	64,430,726	1,139,000	-	1,166,583	496,024	24,265,475	91,497,808	-
Unrestricted	12,943,586	(338,633)	1,237,875	(139,990)	280,761	1,027,976	15,011,575	538,182
<b>Total Net Assets</b>	<u>77,374,312</u>	<u>800,367</u>	<u>1,237,875</u>	<u>1,026,593</u>	<u>776,785</u>	<u>25,293,451</u>	<u>106,509,383</u>	<u>538,182</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 84,118,331</u>	<u>\$ 1,141,785</u>	<u>\$ 1,326,559</u>	<u>\$ 1,166,583</u>	<u>\$ 839,468</u>	<u>\$ 25,331,832</u>		<u>\$ 869,760</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds (See Note 2.C)							(44,431)	
<b>Total Business-Type Activities Net Assets</b>							<u>\$ 106,464,952</u>	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
<b>OPERATING REVENUES:</b>				
Water Sales and Sewer Charges	\$ 10,680,529	\$ -	\$ -	\$ -
Storm Water Charges	-	-	-	-
Ice Rental Charges	-	568,259	-	-
Memberships and Fees	-	-	-	1,368,447
Recycling Charges	-	-	487,064	-
Charges to City Departments	-	-	-	-
Other Revenue	350,266	294,757	436,222	34,520
Total Operating Revenues	<u>11,030,795</u>	<u>863,016</u>	<u>923,286</u>	<u>1,402,967</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	1,494,360	441,978	175,560	769,127
Supplies, Repairs and Maintenance	708,130	57,832	23,256	135,082
Other Services and Charges	7,344,572	324,139	695,273	428,185
Total Operating Expenses	<u>9,547,062</u>	<u>823,949</u>	<u>894,089</u>	<u>1,332,394</u>
Operating Income (Loss) before Depreciation	1,483,733	39,067	29,197	70,573
Depreciation Expense	<u>3,371,950</u>	<u>207,804</u>	<u>-</u>	<u>171,465</u>
Operating Income (Loss)	(1,888,217)	(168,737)	29,197	(100,892)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	138,581	-	16,712	(4,046)
Intergovernmental	54,250	-	135,771	-
Interest Expense	(212,468)	-	-	-
Other Revenues (Expenses)	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(19,637)</u>	<u>-</u>	<u>152,483</u>	<u>(4,046)</u>
Income (Loss) before Contributions and Transfers	(1,907,854)	(168,737)	181,680	(104,938)
Transfers In	-	-	-	-
Transfers Out	<u>(1,052,400)</u>	<u>(56,100)</u>	<u>(198,300)</u>	<u>(61,100)</u>
Change in Net Assets	(2,960,254)	(224,837)	(16,620)	(166,038)
<b>NET ASSETS:</b>				
Net Assets - Beginning	<u>80,334,566</u>	<u>1,025,204</u>	<u>1,254,495</u>	<u>1,192,631</u>
Net Assets - Ending	<u>\$ 77,374,312</u>	<u>\$ 800,367</u>	<u>\$ 1,237,875</u>	<u>\$ 1,026,593</u>

The Notes to the Financial Statements are an integral part of this statement



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS -  
PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
<b>OPERATING REVENUES:</b>				
Water Sales and Sewer Charges	\$ -	\$ -	\$ 10,680,529	\$ -
Storm Water Charges	-	2,157,297	2,157,297	-
Ice Rental Charges	-	-	568,259	-
Memberships and Fees	111,302	-	1,479,749	-
Recycling Charges	-	-	487,064	-
Charges to City Departments	-	-	-	1,729,686
Other Revenue	124,451	-	1,240,216	122,415
Total Operating Revenues	<u>235,753</u>	<u>2,157,297</u>	<u>16,613,114</u>	<u>1,852,101</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	46,646	72,757	3,000,428	401,696
Supplies, Repairs and Maintenance	112,165	108,915	1,145,380	793,404
Other Services and Charges	32,419	384,271	9,208,859	927,215
Total Operating Expenses	<u>191,230</u>	<u>565,943</u>	<u>13,354,667</u>	<u>2,122,315</u>
Operating Income (Loss) before Depreciation	44,523	1,591,354	3,258,447	(270,214)
Depreciation Expense	<u>25,983</u>	<u>818,885</u>	<u>4,596,087</u>	<u>-</u>
Operating Income (Loss)	18,540	772,469	(1,337,640)	(270,214)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	6,052	18,838	176,137	3,035
Intergovernmental	-	-	190,021	-
Interest Expense	-	-	(212,468)	-
Other Revenues (Expenses)	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>6,052</u>	<u>18,838</u>	<u>153,690</u>	<u>3,035</u>
Income (Loss) before Contributions and Transfers	24,592	791,307	(1,183,950)	(267,179)
Transfers In	-	-	-	330,700
Transfers Out	<u>(32,000)</u>	<u>(153,100)</u>	<u>(1,553,000)</u>	<u>-</u>
Change in Net Assets	(7,408)	638,207	(2,736,950)	63,521
<b>NET ASSETS:</b>				
Net Assets - Beginning	<u>784,193</u>	<u>24,655,244</u>		<u>474,661</u>
Net Assets - Ending	<u>\$ 776,785</u>	<u>\$ 25,293,451</u>		<u>\$ 538,182</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds (See Note 2.D.)			<u>23,774</u>	
Change in Net Assets - Business-Type Activities			<u>\$ (2,713,176)</u>	

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Water and Sewer Utilities</u>	<u>Ice Arena</u>	<u>Environmental</u>	<u>Williston Fitness Center</u>
<b>CASH FLOWS - OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 10,436,997	\$ 571,386	\$ 495,738	\$ 1,361,332
Receipts from Interfund Services Provided		-	-	-
Other Revenues	325,877	294,757	436,222	34,520
Payments to Suppliers	(8,309,405)	(385,516)	(698,130)	(567,834)
Payments to Employees	(1,471,471)	(433,014)	(175,874)	(756,308)
Payments of Benefits on Behalf of Employees:	-	-	-	-
Net Cash Flows - Operating Activities	<u>981,998</u>	<u>47,613</u>	<u>57,956</u>	<u>71,710</u>
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental	54,250	-	135,771	-
Transfers to Other Funds	(1,052,400)	(56,100)	(198,300)	(61,100)
Transfers from Other Funds	-	-	-	-
Net Cash Flows - Noncapital Financing Activities	<u>(998,150)</u>	<u>(56,100)</u>	<u>(62,529)</u>	<u>(61,100)</u>
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(778,881)	-	-	-
Advances from Other Funds	(142,058)	8,487	-	(6,415)
Principal Paid on Capital Debt	(870,000)	-	-	-
Interest and Fiscal Charges Paid on Capital Debt	(248,563)	-	-	-
Net Cash Flows - Capital and Related Financing Activities	<u>(2,039,502)</u>	<u>8,487</u>	<u>-</u>	<u>(6,415)</u>
<b>CASH FLOWS - INVESTING ACTIVITIES:</b>				
Interest and Dividends Received	87,590	-	7,862	(4,195)
Net Change in Cash and Cash Equivalents	(1,968,064)	-	3,289	-
Cash and Cash Equivalents, January 1	13,114,689	-	1,249,868	-
Cash and Cash Equivalents, December 31	<u>\$ 11,146,625</u>	<u>\$ -</u>	<u>\$ 1,253,157</u>	<u>\$ -</u>

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
<b>CASH FLOWS - OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 104,252	\$ 2,145,933	\$ 15,115,638	\$ -
Receipts from Interfund Services Provided	-	-	-	1,724,000
Other Revenues	124,451	-	1,215,827	122,415
Payments to Suppliers	(144,616)	(471,769)	(10,577,270)	(1,170,085)
Payments to Employees	(46,496)	(72,473)	(2,955,636)	(396,187)
Payments of Benefits on Behalf of Employees	-	-	-	(419,770)
Net Cash Flows - Operating Activities	37,591	1,601,691	2,798,559	(139,627)
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental	-	-	190,021	-
Transfers to Other Funds	(32,000)	(153,100)	(1,553,000)	-
Transfers from Other Funds	-	-	-	330,700
Net Cash Flows - Noncapital Financing Activities	(32,000)	(153,100)	(1,362,979)	330,700
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	-	(575,000)	(1,353,881)	-
Advances from Other Funds	2,866	(150,113)	(287,233)	-
Principal Paid on Capital Debt	-	-	(870,000)	-
Interest and Fiscal Charges Paid on Capital Debt	-	-	(248,563)	-
Net Cash Flows - Capital and Related Financing Activities	2,866	(725,113)	(2,759,677)	-
<b>CASH FLOWS - INVESTING ACTIVITIES:</b>				
Interest and Dividends Received	7,486	11,120	109,863	4,506
Net Change in Cash and Cash Equivalents	15,943	734,598	(1,214,234)	195,579
Cash and Cash Equivalents, January 1	327,501	-	14,692,058	501,014
Cash and Cash Equivalents, December 31	\$ 343,444	\$ 734,598	\$ 13,477,824	\$ 696,593

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**  
**(Continued)**

Business-Type Activities - Enterprise Funds

	<u>Water and Sewer Utilities</u>	<u>Ice Arena</u>	<u>Environmental</u>	<u>Williston Fitness Center</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (1,894,337)	\$ (168,737)	\$ 29,197	\$ (100,892)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	3,371,950	207,804	-	171,465
Accounts Receivable	(243,532)	3,127	7,245	4,370
Prepaid Items	-	-	-	-
Due from Other Governments	-	-	1,429	-
Special Assessments Receivable	(18,269)	-	-	-
Other Receivables	-	-	-	-
Inventories	13,620	-	-	-
Prepays	-	-	-	-
Accounts Payable	(270,323)	(3,545)	20,399	(4,567)
Salaries and Wages Payable	(3,597)	786	25	1,127
Severance Payable	-	-	-	-
Compensated Absences Payable	16,847	6,116	(1,383)	8,697
Unfunded OPEB Obligation	9,639	2,062	1,044	2,995
Deferred Revenue	-	-	-	(11,485)
Total Adjustments	<u>2,876,335</u>	<u>216,350</u>	<u>28,759</u>	<u>172,602</u>
Net Cash Flows - Operating Activities	<u>\$ 981,998</u>	<u>\$ 47,613</u>	<u>\$ 57,956</u>	<u>\$ 71,710</u>

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water Fund	Total Enterprise Funds	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 18,540	\$ 772,469	\$ (1,343,760)	\$ (270,214)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	25,983	818,885	4,596,087	-
Accounts Receivable	-	(11,364)	(240,154)	-
Prepaid Items	-	-	-	27,953
Due from Other Governments	-	-	1,429	(5,686)
Special Assessments Receivable	-	-	(18,269)	-
Other Receivables	-	-	-	-
Inventories	-	-	13,620	(6,711)
Advances to Other Funds	-	-	-	-
Accounts Payable	(32)	21,417	(236,651)	109,522
Salaries and Wages Payable	6	(176)	(1,829)	(584)
Severance Payable	-	460	460	-
Compensated Absences Payable	-	-	30,277	3,367
Unfunded OPEB Obligation	144	-	15,884	2,726
Deferred Revenue	(7,050)	-	(18,535)	-
Total Adjustments	19,051	829,222	4,142,319	130,587
Net Cash Flows - Operating Activities	\$ 37,591	\$ 1,601,691	\$ 2,798,559	\$ (139,627)

The Notes to the Financial Statements are an integral part of this statement

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF FIDUCIARY NET ASSETS -**  
**FIDUCIARY FUNDS**  
**December 31, 2011**

	<b>Private-Purpose Trust</b>	<b>Agency</b>
<b>ASSETS:</b>		
Cash and Investments	\$ 271,307	\$ 558,862
Interest Receivable	954	-
	<b>\$ 272,261</b>	<b>\$ 558,862</b>
<b>LIABILITIES:</b>		
Accounts Payable	\$ 2,798	\$ 446,070
Due to Other Governments	-	112,792
	<b>\$ 2,798</b>	<b>\$ 558,862</b>
<b>NET ASSETS:</b>		
Net Assets, Held in Trust for Other Purposes	<b>\$ 269,959</b>	

The Notes to the Financial Statements are an integral part of this statement.



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
PRIVATE-PURPOSE TRUST FUNDS**  
**For the Year Ended December 31, 2011**

ADDITIONS:		
Contributions from Participants	\$	34,610
Investment Earnings		
Interest		<u>4,441</u>
Total Additions		39,051
DEDUCTIONS:		
Benefits		<u>4,652</u>
Change in Net Assets		34,399
Net Assets - January 1		<u>235,560</u>
Net Assets - December 31	\$	<u><u>269,959</u></u>

The Notes to the Financial Statements are an integral part of this statement.



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of a mayor and a six member City Council with four members elected by wards and two members elected at large by voters of the City to serve four year staggered terms.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, the financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and the City 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 if there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined in accordance with GASB Statement No. 14 and are presented in this report as follows:

- Blended Component Unit – Reported as if they were a part of the City
- Joint Ventures and Jointly Governed Organizations – The relationship of the City with the joint venture is disclosed

For each of the categories above, the specific entities are identified as follows:

**Blended Component Unit**

**1. Economic Development Authority in and for the City of Minnetonka**

This advisory board is appointed by the City Council. The Economic Development Authority (EDA) is a legally separate advisory board to the City Council regarding economic development, housing and redevelopment matters. All debt issued (if any) in connection with EDA advisory activities requires the prior approval of the City Council, all projects require City Council approval and all debt issued (if any) is solely a general obligation of the City. All of the services provided by the EDA are solely for the City; therefore, it is reported as if it were part of the City. The EDA has a December 31 year-end and does not issue Financial Statements. This unit is included within the Housing & Redevelopment Authority Special Revenue fund.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity (Continued)**

**Joint Ventures and Jointly Governed Organizations**

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

**1. Southwest Suburban Cable Commission**

Five local cities oversee the franchise agreement with Time/Warner Cable, the local cable company. The Southwest Suburban Cable Commission (Commission) is legally separate; the City does not appoint a voting majority of the Board; and the Commission is fiscally independent of the City. During 2011, the City contributed approximately \$ 26,700 to the Commission, which is included as an expenditure in the Special Revenue – Cable TV Fund, a nonmajor fund included with the City's other nonmajor governmental funds. Financial information can be obtained at 1010 First Street South, Hopkins, Minnesota 55343.

**2. LOGIS (a Jointly Governed Organization)**

This consortium of approximately 20 governmental entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of the Board; and the consortium is fiscally independent of the City. During 2011, the City paid \$ 717,800 to this organization for services provided, which is included as expenditures/expenses of the General, Water and Sewer Utility, Capital Replacement and Technology Development Funds. Financial information can be obtained at 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

**3. LOGIS Insurance Group**

This group provides cooperative purchasing of health and life insurance benefits for approximately 44 governmental entities. The total amount paid in 2011 was \$ 1,840,000 for services provided, which includes the employee's contribution as well as the City's contribution. Financial information can be obtained at 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

**4. Independent School District 270 (Hopkins Schools) Joint Venture**

The City and Hopkins Schools entered into an agreement to jointly fund the Lindbergh Activity Center that was completed in 1996 at Hopkins High School. The facility is owned jointly by Hopkins Schools and the City as tenants-in-common, 71% and 29%, respectively. The City is responsible for 29% of the operating costs. The City has included \$1,421,000 in capital assets as its share of the Lindbergh Activity Center. The City's share of the operating costs of the Lindbergh Activity Center for 2011 was \$ 119,400, which is included in parks and recreation expenditures of the General Fund. Financial information can be obtained at 1001 West Highway 7, Hopkins, Minnesota 55305.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity (Continued)**

**Joint Ventures and Jointly Governed Organizations (Continued)**

**5. Independent School District 276 (Minnetonka Schools) Joint Venture**

The City and Minnetonka Schools entered into an agreement to jointly fund a cultural arts center in 2000 at Minnetonka High School. The facility is jointly owned by Minnetonka Schools and the City as tenants-in-common, 55% and 45%, respectively, with the City being responsible for 50% of the annual operating costs. July 1, 2009 the joint venture agreement was modified to accommodate Minnetonka Schools purchasing the City's share of the facility over the next seven years. In return, the City will not be responsible for any future operating and capital expenditures, and will also maintain a guaranteed number of rehearsal hours through a 20-year operating lease with Minnetonka Schools. The City's operating lease costs for 2011 was \$ 60,000.

The City accounts for this investment as a joint venture in the government-wide financial statements. The joint venture does not represent current financial resources and is therefore not reported in the governmental funds. Financial information can be obtained at 5621 County Road 101, Minnetonka, Minnesota 55345.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The Fiduciary Funds are only reported in the Statement of Fiduciary Net Assets at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported 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.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
**(Continued)**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, which include the Fiduciary Funds which utilize accrual basis but do not have a measurement focus.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**Description of Funds:**

Major Governmental Funds:

General Fund – This Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Capital Project Funds

Community Investment Fund – This Fund accounts for the government’s residuals from special assessment funds where the bond has been retired. Expenditures from this fund are for projects that have a government-wide benefit.

Special Assessment Construction Fund – This Fund accounts for the proceeds of bonds sold for the purpose of water, sewer and street construction.



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

Major Governmental Funds: (Continued)

Capital Project Funds (Continued)

State Municipal Aid Fund – This Fund accounts for the revenues and expenditures related to the construction of county state-aid roads and the municipal state-aid street system.

Street Improvement Fund – This Fund accounts for the revenues and expenditures related to the reconstruction and maintenance of the local street system.

169/Bren Road Interchange Project Fund – This fund accounts for the revenues and expenditures related to the Highway 169/Bren Road Interchange Project.

Major Proprietary Funds:

Water and Sewer Utilities Fund – This Fund accounts for the operations of the City’s water and sewer services.

Ice Arena Fund – This Fund accounts for the operations of the City’s ice arena.

Environmental Fund – This Fund accounts for the operations of the City’s recycling services.

Williston Fitness Center Fund – This Fund accounts for the operations of the City’s fitness center.

Grays Bay Marina Fund – This Fund accounts for the operations of the City’s marina.

Storm Water Fund – This Fund accounts for the operations of the City’s storm drainage services.

Additionally, the City reports the following fund types:

Internal Service Funds – These Funds account for the risk management and fleet maintenance provided to other departments of the City on a cost-reimbursement basis.

Private Purpose Trust Funds – These Funds account for resources legally held in trust for others. The City’s three stewardship trust funds are used to account for the collection and remittance of contributions for the maintaining of wetlands in each specific development area.

Agency Fund – This fund is custodial in nature and does not present results of operations or have a measurement focus. The Escrow agency fund is used to accounts for various deposits, mainly contractor deposits used to ensure the installment and maintenance of erosion and sediment control measures, required by the City.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**  
**(Continued)**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's public utility fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. General revenues include all taxes, franchise fees and investment income.

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 are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**D. Assets, Liabilities and Net Assets or Equity**

**1. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

*Minnesota Statutes* require all deposits made by cities with financial institutions to be collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance.

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**1. Deposits and Investments (Continued)**

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

The City's investment policy has addressed concentration risk as to diversification and is required to limit potential losses to no more than the income generated by the portfolio. The City's policy also addresses interest rate risk by not allowing the City to invest in securities maturing more than ten years from the date of purchase unless directly matched to a specific cash flow.

No more than 50% of the dollar value of the City's investments will mature more than two years from the date of purchase, excluding investable funds from the Community Investment Fund. The City will also not purchase investments that, at the time of the investment, cannot be held to maturity. In addition, the policy states the City will handle its investment transactions with several legal, competing, reputable investment security dealers. The City's policy addresses credit risk by stating investments in commercial paper must have a security rating of A-1 (Moody's), P-1 (Standard & Poors) or F-1 (Fitch) among at least two of the three rating agencies. The City's policy also addresses exposure to custodial credit risk; stating collateral shall be government securities in the amount of 110% of the excess over the current FDIC insurance amount of \$250,000.

Investments for the government are reported at fair value. The Minnesota Municipal Investment Pool is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

**2. Receivables and Payables**

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

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. Receivables and Payables (Continued)**

The City levies its property tax for the subsequent year during the month of December. December 29 is the last day the City can certify a tax levy to the County Auditor for collection during the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available.

Hennepin County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment is due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

**3. Inventory and Other Assets**

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.

Inventories of the governmental funds are valued at average cost using the weighted average method. Inventories of the proprietary funds are valued at the lower of average cost using the weighted average method or market. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

**4. Use of Estimates**

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

**5. Capital Assets**

Capital assets, which include; property, plant, equipment and infrastructure assets (i.e., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial cost of more than \$10,000 and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**5. Capital Assets (Continued)**

Buildings and Structures	\$ 25,000
Improvements other than Buildings	100,000
Machinery and Equipment	10,000
Infrastructure	
Streets	100,000
Parks	100,000
Storm Sewer System	100,000
Water & Sanitary Sewer Systems	100,000
Intangible Assets	100,000

Infrastructure has been capitalized retroactively to 1980. Carrying value of prior infrastructure assets is considered to be insignificant to the overall value of capital assets of the City. Donated capital assets are recorded at estimated fair market value at the date of donation. It is the City's policy to not capitalize computer software or equipment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

The City's capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Structures	40
Improvements other than Buildings	10-30
Machinery and Equipment	5-15
Infrastructure	
Streets	35
Parks	20
Storm Sewer System	50
Water & Sanitary Sewer Systems	40

**6. Compensated Absences**

Under terms of union contracts and personnel policies, the City's employees are granted vacations in varying amounts depending on length of service and union contract or employee classification. All full-time employees accumulate eight hours of sick leave per month of service. Upon termination, employees are paid for all unused vacation up to a maximum of 280 hours, depending on years of service. Severance pay is the greater of 1/3 of unused sick leave or 4 weeks of pay plus 1 week of pay for every year of service over 10 years, up to a maximum of 13 weeks, provided the employee is eligible to receive severance pay per the City's personnel policy.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**7. 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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize non-current liabilities to the extent they have matured or will be liquidated with expendable, available financial resources. Bond premiums, discounts, and bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. Fund Balance Classifications**

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

**Non Spendable** – consists of amounts that are not in spendable form, such as inventory.

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

**Committed** – consists of internally imposed constraints. These constraints are established by Resolution of the City Council.

**Assigned** – Consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by City council and/or management.

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

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

The City Council has formally adopted a fund balance policy for the General Fund. The City's policy is to maintain a minimum unrestricted fund balance of 30% of the following year's operating budget.



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets. One element of that reconciliation explains that “Internal Service Funds are used by management to charge the costs of providing risk management and fleet maintenance for the City.” The details of this \$ 582,613 difference are as follows:

Net Assets of the Internal Service Fund	\$ 566,135
Add: Net Adjustment to Increase Net Assets - Business-Type Activities - Prior Year	68,205
Add: Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Current Year	<u>(51,727)</u>
Net Adjustment to Increase <i>Fund Balance - Total Governmental Funds</i> to Arrive at <i>Net Assets - Governmental Activities</i>	<u><u>\$ 582,613</u></u>

**B. Explanation of Certain Differences between the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.” The details of this \$3,679,012 difference are as follows:

Principal Repayments:	
General Obligation Debt	\$ 3,685,000
Amortization of Bond Discounts and Premiums:	
General Obligation Debt - Net	<u>(5,988)</u>
Net Adjustment to Increase <i>Net Changes in Fund Balances - Total Governmental Funds</i> to Arrive at <i>Changes in Net Assets of Governmental Activities</i>	<u><u>\$ 3,679,012</u></u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**B. Explanation of Certain Differences between the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)**

Another element of that reconciliation states that “Internal Service Funds are used by management to charge the costs of providing risk management and fleet maintenance for the City.” The details of this \$ 39,747 difference are as follows:

Change in Net Assets of the Internal Service Fund	\$ 91,474
Subtract: Gain from Charges to Business-Type Activities	<u>(51,727)</u>
Net Adjustment to Decrease <i>Net Change in Fund Balances - Total Governmental Funds</i> to Arrive at <i>Changes in Net Assets of Governmental Activities</i>	<u>\$ 39,747</u>

**C. Explanation of Certain Differences between the Proprietary Fund Statements of Net Assets and the Government-Wide Statement of Net Assets**

The proprietary fund statement of net assets includes reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the government-wide Statement of Net Assets. The description of the sole reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details of this \$ (44,431) are as follows:

Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Prior Year	\$ (68,205)
Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Current Year	<u>23,774</u>
Net Adjustment to Decrease <i>Net Assets - Total Enterprise Funds</i> to Arrive at <i>Net Assets - Business-Type Activities</i>	<u>\$ (44,431)</u>

**D. Explanation of Certain Differences between the Proprietary Fund Statements of Revenues, Expenses, and Changes in Fund Net Assets and the Government-Wide Statement of Activities**

The proprietary fund statement of revenues, expenses, and changes in fund net assets includes a reconciliation between change in net assets – total enterprise funds and change in net assets of business-type activities as reported in the government-wide Statement of Activities. The description of the sole reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details of this \$ 23,774 are as follows:

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**D. Explanation of Certain Differences between the Proprietary Fund Statements of Revenues, Expenses, and Changes in Fund Net Assets and the Government-Wide Statement of Activities (Continued)**

Gain from Charges to Business-Type Activities	<u>\$ 23,774</u>
Net Adjustment to Decrease <i>Net Change in Fund Balances - Total Enterprise Funds</i> to Arrive at <i>Changes in Net Assets of Business-Type Activities</i>	<u>\$ 23,774</u>

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

Budget amounts for the originally adopted budget and the final amended budget are approved by the City Council. Encumbrance accounting is employed in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures of liabilities because the commitments will be reapportioned and honored during the subsequent year. Budgeted expenditure appropriations lapse at year-end.

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for all funds of the City. However, the General and Special Revenue Funds are the only funds that are legally adopted through the budgetary process as documented below.
2. Public hearings are conducted to obtain taxpayer comments.
3. The preliminary budget is legally enacted through passage of a City Council resolution by September 15.
4. The final budget is legally enacted through passage of a resolution by December 20.
5. The City Council may authorize transfer of budgeted amounts between funds.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information (Continued)**

7. General and Special Revenue Funds expenditures may not legally exceed budgeted appropriations at the total fund level without City Council approval. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, other services and charges, capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter. Management may alter the budget within a fund but cannot exceed the total budgeted expenditures for the fund that was approved by the City Council.

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2011, expenditures exceeded appropriations in the following funds.

Police Forfeiture/Seizure	\$31,879
Shady Oak Lane Cemetary	2,188

These over-expenditures were funded by greater than expected revenues in each of these funds.

**C. Deficit Fund Equity**

The State Municipal Aid Capital Projects Fund had a deficit fund balance of \$ 282,237 as of December 31, 2011. This fund incurred expenditures in excess of revenues and other financing sources due to the reconstruction of County State-Aid Road 61 (Shady Oak Road), which is a joint project with Hennepin County. Future years Municipal State-Aid allocations are scheduled to cover the deficit fund balance.

The 169/Bren Road Interchange Project Fund had a deficit fund balance of \$ 396,952 as of December 31, 2011. Future years State Aids are scheduled to cover the deficit fund balance.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of December 31, 2011, the City’s bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution’s trust department or agent and in the government’s name.

As of December 31, 2011, the City had deposits as follows:

Checking	\$ 816,116
Savings	1,736,402
Certificates of Deposit	<u>1,811,186</u>
 Total Deposits	 <u>\$ 4,363,704</u>

**B. Investments**

As of December 31, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>			<u>Ratings</u>
	<u>Fair Value</u>	<u>2 Years or Less</u>	<u>2-10</u>	
FAMC	\$ 2,004,530	\$ 2,004,530	\$ -	AAA
FHLB	15,228,709	4,616,399	10,612,310	AAA
FHLMC	3,029,100	1,000,760	2,028,340	AAA
FNMA	22,722,105	5,655,885	17,066,220	AAA
FNMA Strip	-	-	-	N/A
FICO Strips	506,206	506,206	-	N/A
Broker CD's	3,974,340	3,727,101	247,239	N/A
Local Gov't Obligations	1,740,593	1,103,189	637,404	AA/Aa2
4-M	22,688,703	22,688,703	-	N/A
Money Market	<u>44</u>	<u>44</u>	<u>          </u>	N/A
	<u>\$ 71,894,330</u>	<u>\$ 41,302,817</u>	<u>\$ 30,591,513</u>	

Interest Rate Risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturities of its portfolio. No more than 50% of its portfolio, excluding investable funds from the Community Investment Fund, may mature at more than two years from the date of purchase. The \$ 30,591,513 of investments with maturities from 2 to 10 years includes \$ 19,328,667 of investable funds from the Community Investment Fund.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**B. Investments (Continued)**

The remaining amount of \$ 11,262,846 equates to 21% of total investments and is within the City’s investment policy limit of no more than 50% of total investments maturing over 2 years from the date of purchase. Also, no investments have maturities of more than 10 years.

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2011, the City’s investments are rated in the above table.

**Concentration of Credit Risk:** The risk of loss attributed to the magnitude of the City’s investments in a single issuer. The City places no limit on the amount that may be invested in any one issuer. As of December 31, 2011, more than 5 percent of the City’s investments are in FHLB and FNMA. These investments are 21% and 32%, respectively, of the City’s total investments.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City’s investments are insured by SIPC or other supplemental insurance, held in the City’s name by the counter party as of December 31, 2011. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the City’s portfolio in relation to the brokerage firm’s excess SIPC coverage limits, there is a risk the City would not receive its entire portfolio holdings if a brokerage firm should fail.

Summary of cash, deposits and investments as of December 31, 2011:

Petty Cash	\$ 3,100
Deposits	4,363,704
Investments	<u>71,894,330</u>
 Total	 <u><u>\$76,261,134</u></u>

Cash, deposits and investments are presented in the December 31, 2011 basic financial statements as follows:

Statement of Net Assets:

Cash and Investments (Including Cash Equivalents)	\$75,430,965
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Statement of Fiduciary Net Assets:

Cash and Investments (Including Cash Equivalents)	
Private-Purpose Trust Funds	271,307
Agency Funds	<u>558,862</u>

Total Deposits and Investments	<u><u>\$76,261,134</u></u>
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**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 15,519,556	\$ -	\$ -	\$ 15,519,556
Work in Progress	7,689,209	3,912,544	-	11,601,753
Total Capital Assets, Not Being Depreciated	23,208,765	3,912,544	-	27,121,309
Capital Assets, Being Depreciated:				
Buildings and Structures	20,542,998	-	-	20,542,998
Improvements Other Than Buildings	6,858,549	316,097	-	7,174,646
Furniture and Equipment	1,524,504	-	-	1,524,504
Machinery and Auto	5,951,704	1,420,674	(464,066)	6,908,312
Infrastructure:				
Streets	77,068,449	-	-	77,068,449
Park Additions	14,449,550	-	-	14,449,550
Total Capital Assets, Being Depreciated	126,395,754	1,736,771	(464,066)	127,668,459
Less Accumulated Depreciation for				
Buildings and Structures	(12,661,708)	(605,070)	-	(13,266,778)
Improvements Other Than Buildings	(5,388,249)	(87,854)	-	(5,476,103)
Furniture and Equipment	(591,411)	(242,282)	-	(833,693)
Machinery and Auto	(3,356,497)	(599,587)	464,066	(3,492,018)
Infrastructure:				
Streets	(28,120,438)	(2,203,001)	-	(30,323,439)
Park Additions	(2,112,939)	(379,443)	-	(2,492,382)
Total Accumulated Depreciation	(52,231,242)	(4,117,237)	464,066	(55,884,413)
Total Capital Assets, Being Depreciated, Net	74,164,512	(2,380,466)	-	71,784,046
Governmental Activities Capital Assets, Net	<u>\$ 97,373,277</u>	<u>\$ 1,532,078</u>	<u>\$ -</u>	<u>\$ 98,905,355</u>

Depreciation expense for governmental activities was charged to functions/programs of the government as follows:

General Services	\$ 329,748
Developer Services	28,986
Public Works	2,493,028
Public Safety	536,881
Parks and Recreation	728,594
Total Depreciation Expense	<u>\$ 4,117,237</u>

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**C. Capital Assets (Continued)**

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,050,103	\$ -	\$ -	\$ 1,050,103
Construction in Progress	-	-	-	-
Total Capital Assets, Not Being Depreciated	1,050,103	-	-	1,050,103
Capital Assets, Being Depreciated:				
Buildings and Structures	14,626,625	-	-	14,626,625
Improvements Other Than Buildings	2,066,399	-	-	2,066,399
Water Facilities	4,700,591	-	-	4,700,591
Machinery and Equipment	5,476,212	56,593	-	5,532,805
Sewer Lift Stations	2,823,196	134,633	-	2,957,829
Distribution System	126,658,665	593,776	-	127,252,441
Storm Sewers	35,476,205	575,000	-	36,051,205
Total Capital Assets, Being Depreciated	191,827,893	1,360,002	-	193,187,895
Less Accumulated Depreciation for				
Buildings and Structures	(7,364,259)	(534,740)		(7,898,999)
Improvements Other Than Buildings	(579,488)	(79,944)	-	(659,432)
Water Facilities	(3,143,885)	(84,215)	-	(3,228,100)
Machinery and Equipment	(3,931,830)	(243,050)	-	(4,174,880)
Sewer Lift Stations	(2,070,244)	(72,248)	-	(2,142,492)
Distribution System	(63,085,223)	(2,827,035)	-	(65,912,258)
Storm Sewers	(11,953,802)	(754,855)	-	(12,708,657)
Total Accumulated Depreciation	(92,128,731)	(4,596,087)	-	(96,724,818)
Total Capital Assets, Being Depreciated, Net	99,699,162	(3,236,085)	-	96,463,077
Business-Type Activities Capital Assets, Net	<u>\$ 100,749,265</u>	<u>\$ (3,236,085)</u>	<u>\$ -</u>	<u>\$ 97,513,180</u>

Depreciation expense for business-type activities was charged to functions/programs of the government as follows:

Water and Sewer Utilities	\$ 3,371,950
Ice Arena	207,804
Williston Fitness Center	171,465
Grays Bay Marina	25,983
Storm Water Fund	818,885
Total Depreciation Expense	<u>\$ 4,596,087</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**D. Leases**

Effective July 1, 2009 the City entered into a 20-year operating lease with Minnetonka School District to provide space within the Arts Center on 7 for an operational home for Music Association of Minnetonka (MAM). The lease can be terminated with at least one year’s written notice. The total cost of the operating lease for the year ended December 31, 2011 was \$51,000. The future minimum lease payments for the lease are as follows:

<u>Years Ending December 31</u>	<u>Amount</u>
2012	51,000
2013	51,000
2014	51,000
2015-2019	261,600
2020-2024	288,000
2025-2028	<u>230,400</u>
	<u>\$ 933,000</u>

**E. Long-Term Debt**

**1. General Obligation Bonds**

The City issues General Obligation (G.O.) Bonds to provide for financing of park improvements and municipal state-aid road improvements. G.O. Bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal debt service payments each year.

**2. Revenue Bonds**

The City has issued revenue bonds for water improvements. Debt service is covered through the revenue producing activities of this fund.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**E. Long-Term Debt (Continued)**

**3. Components of Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Balance at January 1, 2011	Issued	Retired	Balance at December 31, 2011	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Open Space and Park Improvement Bonds, Series 2002A	\$ 3,080,000	\$ -	\$ 3,080,000	\$ -	\$ -
General Obligation Open Space and Park Improvement Bonds, Series 2004A	3,670,000	-	305,000	3,365,000	320,000
General Obligation State-Aid Street Bonds, Series 2008A	1,980,000	-	165,000	1,815,000	120,000
General Obligation Open Space and Park Improvement Bonds, Series 2008B	2,410,000	-	135,000	2,275,000	140,000
General Obligation Open Space and Park Improvement Refunding Bonds, Series 2010A	2,620,000	-	-	2,620,000	335,000
Unamortized Bond Premium	130,116	-	16,405	113,711	-
Unamortized Bond Discount	(23,005)	-	(22,393)	(612)	-
Total G.O. Bonds, net	<u>13,867,111</u>	<u>-</u>	<u>3,679,012</u>	<u>10,188,099</u>	<u>915,000</u>
Compensated Absences	<u>2,401,837</u>	<u>894,191</u>	<u>895,956</u>	<u>2,400,072</u>	<u>910,805</u>
Governmental Activity Long-Term Liabilities	<u>\$ 16,268,948</u>	<u>\$ 894,191</u>	<u>\$ 4,574,968</u>	<u>\$ 12,588,171</u>	<u>\$ 1,825,805</u>
	Balance at January 1, 2011	Issued	Retired	Balance at December 31, 2011	Due Within One Year
Business-Type Activities:					
Bonds Payable:					
General Obligation Water Revenue Bonds, Series 2004B	\$ 2,615,000	\$ -	\$ 215,000	\$ 2,400,000	\$ 225,000
General Obligation Water Revenue Refunding Bonds, Series 2008C	4,180,000	-	655,000	3,525,000	645,000
Unamortized Bond Premium	112,504	-	22,132	90,372	-
Total Revenue Bonds, net	<u>6,907,504</u>	<u>-</u>	<u>892,132</u>	<u>6,015,372</u>	<u>870,000</u>
Compensated Absences	<u>256,569</u>	<u>138,297</u>	<u>108,020</u>	<u>286,846</u>	<u>108,020</u>
Business-Type Activity Long-Term Liabilities	<u>\$ 7,164,073</u>	<u>\$ 138,297</u>	<u>\$ 1,000,152</u>	<u>\$ 6,302,218</u>	<u>\$ 978,020</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**E. Long-Term Debt (Continued)**

**3. Components of Long-Term Liabilities (Continued)**

For the governmental activities, compensated absences, pension and postemployment obligations are generally liquidated by the General fund.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, compensated absences, which are reported in the internal service funds, are included in the above amounts.

Maturities of bonds payable for the next five years and in the aggregate thereafter are as follows:

Years Ending December 31	G.O. Bonds		Revenue Bonds		Total
	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	
2012	\$ 915,000	\$ 327,700	\$ 870,000	\$ 214,970	\$ 2,327,670
2013	955,000	300,513	895,000	180,820	2,331,333
2014	970,000	272,225	930,000	145,520	2,317,745
2015	995,000	242,495	1,000,000	107,915	2,345,410
2016	1,025,000	183,952	1,055,000	67,529	2,331,481
2017-2021	4,715,000	489,544	1,175,000	97,384	6,476,928
2022-2026	500,000	185,300	-	-	685,300
	<u>\$ 10,075,000</u>	<u>\$ 2,001,729</u>	<u>\$ 5,925,000</u>	<u>\$ 814,138</u>	<u>\$ 18,815,867</u>

The G.O. Water Revenue Bonds of 2004B along with the G.O. Water Revenue Refunding Bonds of 2008C are general obligations of the City backed by the full faith, credit and taxing power of the City. However, these Bonds were obtained for the specific purpose of repairing and replacing the utility system. For this reason, this liability is included within the Utility Enterprise Fund.

The G.O. Open Space and Park Improvement Bonds, Series 2002A, Series 2004A, and Series 2008B are general obligation bonds were used to purchase open space and make park improvements to the existing park system.

In December 2010, the City issued \$2,630,000 G.O. Open Space and Park Improvement Refunding Bonds for a refunding of G.O. Open Space and Park Improvement Bonds, Series 2002A. The net proceeds were received by the City to provide for the payment of the principal maturities at the call date of the refunded bonds and for the interest on the refunding bonds through the call date. The City was responsible for the principal and interest payments on the remaining refunded bond issues through the call date. The call date for the refunded bonds was February 1, 2011. The refunding resulted in reduction of future debt service payments of \$332,456 and a net present value savings of \$230,389.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**E. Long-Term Debt (Continued)**

**3. Components of Long-Term Liabilities (Continued)**

The G.O. State-Aid Street Bonds, Series 2008A are general obligation bonds used for the reconstruction of County State-Aid Highway 61 (Shady Oak Road) between Bren Road and Excelsior Boulevard.

There are a number of financial limitations and restrictions contained in the various bond indentures. At December 31, 2011, the City is in compliance with all significant financial limitations and restrictions.

The voters of the City approved, by special election on September 11, 2001, the issuance and sale by the City of G.O. Bonds of the City in an aggregate amount not to exceed \$15,000,000. The purpose of the Bonds, as approved by the voters, is to provide financing for a Parks Renewal and Open Space Preservation Program.

**4. Conduit Debt Obligations**

From time-to-time, the City has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the underlying property enhanced and are payable solely from payments received from the benefited entity. Neither the City, the State of Minnesota, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the Bonds are not reported as liabilities in the basic financial statements.

As of December 31, 2011, there were 11 series of Revenue Bonds outstanding, with an approximate outstanding balance of \$ 75,207,126.

**F. Commitments**

At December 31, 2011, the City had the following construction contract commitments outstanding:

Project	Contractor	Commitment
TH 169/Bren Road Interchange	Lunda Construction	\$ 862,047
TH 169/Bren Road Interchange Landscaping	Fairs Nursery	145,464
Prioritized Pipe Lining Phase I	Istiuform Tech	231,396
Police Dept Boiler	Owens Co.	66,300
Cedar Lake Road Mill & Overlay	Midwest Asphalt	85,457
Ranchview Court	Machtemes Construction	48,889
		\$ 1,439,553

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**G. Interfund Transactions**

**1. Interfund Receivables and Payables**

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	State Municipal Aid Fund	\$ 281,231	[1]
General Fund	Nonmajor Governmental funds	207,763	[1]
Utility Fund	Ice Arena Fund	248,112	[1]
Utility Fund	Williston Fitness Center	37,226	[1]
		<u>\$ 774,332</u>	

[1] The interfund receivables and payables eliminated what would have been a negative cash balance. The City expects these interfund transactions to be settled in January 2011.

**2. Transfers**

Transfer To	Transfer From	Amount	Purpose
General Fund	Other Nonmajor	\$ 83,800	Administrative costs
General Fund	Grays Bay Marina	19,600	Administrative costs
General Fund	Ice Arena	28,500	Administrative costs
General Fund	Environmental	198,300	Administrative costs
General Fund	Special Assessment		
	Construction Fund	34,600	Administrative costs
General Fund	Storm Water Fund	128,800	Administrative costs
General Fund	Water and Sewer Utilities	818,600	Administrative costs
General Fund	Williston Center	28,500	Administrative costs
Internal Service Fund	Grays Bay Marina	12,400	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Ice Arena	27,600	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Water and Sewer Utilities	233,800	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Williston Center	32,600	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Storm Water	24,300	Payment to Internal Service Fund for insurance costs
Community Investment	General Fund	100,000	Construction costs
Other Nonmajor	General Fund	63,000	Construction costs
		<u>\$ 1,834,400</u>	

**H. Segment Information**

The City maintains six Enterprise Funds that account for the water and sewer utility, ice arena facilities, recycling activities, a fitness center, a recreational marina and the storm water utility. The City considers each of its Enterprise Funds to be a segment. Since the required segment information is already included in the City's proprietary funds' Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets balance, this information has not been repeated in the notes to the basic financial statements.



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 4 – DETAILED NOTES ON ALL FUNDS**

**I. Contingencies**

1. There are several lawsuits pending in which the City is involved. The City estimates the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.
2. The City entered into a purchase agreement dated August 28, 2004 for the purchase real property. The purchase price of the property is \$2,600,000, of which the City has paid \$100,000 in earnest money that will be applied towards the total purchase price. The closing of the date of the purchase will take place on or before 30 days after the seller's estate or heirs give notice to the City of the seller's death, or at such earlier or later date as mutually agreed upon by the seller and the City.

**J. Fund Equity/Net Assets**

At December 31, 2011, a summary of the governmental fund balance classifications is as follows:

	General Fund	Community Investment	Special Assessment Construction	State Municipal Aid	Street Improvement	Hwy 169/ Bren Road Interchange	Other Governmental Funds	Total
<b>Nonspendable:</b>								
Inventory	\$ 112,339	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,339
Total Nonspendable	112,339	-	-	-	-	-	-	112,339
<b>Restricted for:</b>								
Cable TV	-	-	-	-	-	-	2,020,726	2,020,726
Grants	-	-	-	-	-	-	147,507	147,507
Electric Franchise Fees	-	-	-	-	-	-	1,747,984	1,747,984
Police Forfeiture	-	-	-	-	-	-	257,956	257,956
Debt Service	-	-	-	-	-	-	1,301,371	1,301,371
Total Restricted	-	-	-	-	-	-	5,475,544	5,475,544
<b>Committed to:</b>								
Technology Improvements	-	-	-	-	-	-	381,924	381,924
Fire Equipment	-	-	-	-	-	-	349,170	349,170
Capital Replacement	-	-	-	-	-	-	1,641,062	1,641,062
Development	-	-	-	-	-	-	3,690,245	3,690,245
Housing	-	-	-	-	-	-	1,835,262	1,835,262
Park Improvements	-	-	-	-	-	-	1,554,276	1,554,276
Total Committed	-	-	-	-	-	-	945,1939	945,1939
<b>Assigned To:</b>								
Budget Stabilization	11,544,440	-	-	-	-	-	-	11,544,440
Community Investment	-	19,388,151	7,854,620	-	-	-	-	27,242,771
Street Improvements	-	-	-	-	2,080,253	-	-	2,080,253
Cemetery	-	-	-	-	-	-	134,255	134,255
Total Assigned	11,544,440	19,388,151	7,854,620	-	2,080,253	-	134,255	41,001,719
Unassigned	4,574,091	-	-	(282,237)	-	(396,952)	-	3,894,902
Total	16,230,870	19,388,151	7,854,620	(282,237)	2,080,253	(396,952)	15,061,738	59,936,443

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks typically associated with municipal operations, including: thefts, destruction of assets, errors and omissions, employee injuries, general liability and natural disasters. Since the early 1980's, the City has been a member of the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool. The LMCIT program best meets municipal needs from the perspective of coverage as well as cost. It is sustained through member premiums and reinsurance for catastrophic events. Coverage limits match statutory caps for claims against Minnesota cities of \$1,000,000 per claim. Insurance settlements have never exceeded coverage during the City's membership in the LMCIT program.

Certain risk management activities of the City (i.e., premiums and deductibles) are accounted for by the Insurance Fund, an internal service fund that charges its costs to user departments. Such reimbursements are recorded as interfund services provided. The liability recorded by the Insurance Fund includes estimated deductibles/premium adjustments not settled as of December 31, 2011, including an estimate for items incurred but not reported.

Changes in the insurance claims liability during 2011 and 2010, recorded within the City's Internal Service Fund, are as follows:

	2011	2010
Unpaid Claims at Beginning of Year	\$ 20,588	\$ 2,966
Incurred Claims	597,413	969,297
Premiums and Settlements	(430,181)	(951,675)
Unpaid Claims at End of Year	\$ 187,820	\$ 20,588

**B. Employee Retirement Systems and Pension Plans**

**Pension Plans – Primary Government**

**1. Defined Benefit Pension Plans – State-wide**

**a. Plan Description**

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

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**B. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Plans – Primary Government (Continued)**

**1. Defined Benefit Pension Plans – State-wide (Continued)**

**a. Plan Description (Continued)**

All employees of the City in GERS are members of the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and provides benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after three years of credited service. The defined retirement benefits are based on a member's 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 GERS's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for Basic Plan members is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all PEPFF and GERS members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced social security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the Fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**B. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Plans – Primary Government (Continued)**

**1. Defined Benefit Pension Plans – State-wide (Continued)**

**a. Plan Description (Continued)**

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the web at mnpera.org, by writing to PERA at 60, Empire Drive No. 200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

**b. Funding Policy**

Pension benefits are funded from member and employer contributions and income from the investment of fund assets. *Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes.

GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010. The City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.0% for Coordinated Plan members, and 14.1% for PEPFF members.

The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2011, 2010 and 2009 were \$823,740, \$780,169, and \$752,611, respectively. The City's contributions to Public Employees Police and Fire Fund for the years ending December 31, 2011, 2010 and 2009 were \$724,374, \$684,861, and \$699,043, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

**2. Defined Contribution Plan**

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The Plan is established and administered in accordance with *Minnesota Statutes* Chapter 353D. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate.

The Plan 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.

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**B. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Plans – Primary Government (Continued)**

**1. Defined Contribution Plan – State-wide (Continued)**

Plan benefits depend solely on amounts contributed to the Plan plus investment earnings, less administrative expenses. *Minnesota Statutes* 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan. The City's contributions for the years ending December 31, 2011, 2010 and 2009 were \$1,800, \$1,800, and \$1,800, respectively, were equal to the contractually required contributions for each year as set by state statute.

**2. Minnetonka Firefighters' Relief Association**

**a. Plan Description**

The City contributes to a single-employer, public employee defined benefit retirement plan operated by the Minnetonka Firefighters' Relief Association (MFRA) for certain firefighters. Since volunteer firefighters of the City are members of the MFRA, contributions to the MFRA are not based on payroll, but rather on years of active service.

MFRA's actuarial accrued liability is determined as part of an actuarial valuation GERFormed every other year on January 1. Significant methods are as follows:

1. The most recent actuarial valuation date is January 1, 2010.
2. Actuarial cost is determined using the Entry Age Normal Cost Method.
3. Actuarial value of assets is market value.
4. Any changes in the unfunded accrued liability are amortized at a level dollar amount over a 20 year open period.

Significant actuarial assumptions are as follows:

1. Investment rate of return is 6.0% per annum.
2. Discount rate used to determine the present value of plan benefits is 6.0% per annum.
3. Mortality assumptions are based upon the 1983 Group Annuity Mortality Table.
4. Inflation rate, and projected salary increases are not applicable and there is no cost of living adjustment.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**B. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Plans – Primary Government (Continued)**

**3. Minnetonka Firefighters' Relief Association (Continued)**

**a. Plan Description (Continued)**

A detailed financial report for the MFRA, including financial statements and required disclosures, is available from the City upon request.

The MFRA provides retirement benefits as well as death and disability benefits. At 10 years, members are 50% vested with 5% increases each year to 100% vesting at 20 years. Members who retire at or after age 50 with 10 years of credited service are entitled to an annual benefit, payable monthly for life, in an amount equal to the applicable vesting percentage times the full service pension available to a member with 20 years of service. Benefits for member with greater than 20 years of credited service are equal to 30 times the number of years of active service, to a maximum of 30 years.

Commencing January 1, 1997, at the time of application for pension members may elect to receive a lump sum payment equal to 130 times the earned monthly pension benefit in lieu of any other benefits. Commencing January 1, 2006, new members to the MFRA may only receive a lump sum payment at time of application for pension equal to 130 times the earned monthly pension benefit in lieu of any other benefits.

**b. Funding Policy**

Contribution requirements of the MFRA are determined on an actuarial basis using the entry age normal actuarial cost method. Normal cost is funded on a current basis. The minimum tax levy obligation of the City is the financial requirement for the year less anticipated member contributions and state aids. The funding strategy for normal cost and the unfunded actuarial accrued liability should provide sufficient resources to pay MFRA benefits on a timely basis. Any additional payments by the City shall be used to amortize the unfunded liability of the relief association. The MFRA is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations.)

Total contributions to the MFRA Plan for the years ended December 31, 2011, 2010 and 2009 were \$436,879, \$602,450, and \$246,160, respectively. In 2011, the City contributed \$ 198,026 with all other contributed on-behalf of the State of Minnesota. The City receives the state aid contribution and is required by state statute to pass this through as a payment to the MFRA. This transaction is recorded as a revenue and an expenditure in the City's financial statements.

The contributed amounts were actuarially determined as described above and were based on an actuarial valuation as of the beginning of the respective fiscal year. The contributions were for funding the normal cost for the years ended December 31, 2011,

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**B. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Plans – Primary Government (Continued)**

**3. Minnetonka Firefighters’ Relief Association (Continued)**

**b. Funding Policy (Continued)**

2010 and 2009 of \$ 244,379, \$241,262, and \$279,482, respectively, and do not apply toward funding the amortization of any unfunded actuarial accrued liability.

Significant actuarial assumptions used to compute pension contribution requirements are substantially the same as those used to determine the standardized measure of the pension obligation. The computation of the pension contribution requirements for 2011, excluding the discount rate, was based on the same actuarial assumptions, benefit provision, actuarial funding method and other significant factors used to determine pension contribution requirements in previous years.

**c. Annual Pension Cost and Net Pension Obligation**

Three-year trend information for the MFRA is as follows:

Fiscal Year Ended	Annual Pension Cost (APC)	Actual Contributions			Percentage Contributed	Net Pension Obligation
		City	State	Total		
December 31, 2009	\$ 713,249	\$ -	\$ 246,160	\$ 246,160	34.51%	\$ (932,098)
December 31, 2010	486,966	348,168	254,282	602,450	123.72%	(465,009)
December 31, 2011	399,918	198,026	238,853	436,879	109.24%	(580,493)
Annual Required Contribution						\$ 338,425
Interest on Net Pension Obligation						(29,360)
Adjustment to Annual Required Contribution						90,853
Annual Pension Cost						399,918
Contributions Made						(436,879)
Increase (decrease) in Net Pension Obligation						(36,961)
Negative Net Pension Obligation Beginning of Year						(580,493)
Negative Net Pension Obligation End of Year						<u>\$ (617,454)</u>

**d. Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Plan Assets (A)	Accrued Liability (AAL) (B)	Funded (Unfunded) AAL (A)-(B)	Funded Ratio (A)/(B)	Annual Covered Payroll (C)	Percentage of Covered Payroll ((B-A)/C)
January 1, 2011	\$ 11,937,087	\$ 12,533,917	(596,830)	95.2	N/A	N/A
January 1, 2010	10,913,250	12,097,629	(1,184,379)	90.2	N/A	N/A
January 1, 2009	9,116,002	11,770,217	(2,654,215)	77.5	N/A	N/A

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**C. Postemployment Healthcare Plan**

**Plan Description**

The City provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by HealthPartners. It is the City's policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

**Funding Policy**

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2011, the City contributed \$ 98,478 to the plan. As of January 1, 2011, there were approximately 20 retirees receiving health benefits from the City's health plan.

**Annual OPEB Cost and Net OPEB Obligation**

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the City (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

For the governmental activities, other post-employment benefits are generally liquidated through the General Fund.

Annual Required contribution	\$ 246,986
Interest on Net OPEB obligation	30,577
Adjustment to Annual Required Contribution	<u>(24,663)</u>
Annual OPEB Cost (Expense)	252,900
Contributions Made	<u>(98,478)</u>
Increase in net OPEB Obligation	154,422
Net OPEB Obligation - Beg of Year	<u>679,482</u>
Net OPEB Obligation - End of Year	<u><u>\$ 833,904</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three years was as follows:



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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**C. Postemployment Healthcare Plan (Continued)**

<b>Fiscal Year</b>			<b>Employer</b>	<b>Percentage of</b>		
<b>Ended</b>	<b>Annual OPEB Cost</b>		<b>Contribution</b>	<b>Annual OPEB Cost</b>	<b>Net OPEB</b>	
				<b>Contributed</b>		<b>Obligation</b>
12/31/2011	\$	252,900	\$ 98,478	39%	\$	833,904
12/31/2010		257,390	84,946	33%		679,482
12/31/2009		384,341	152,999	40%		507,038

**Funded Status and Funding Progress**

As of January 1, 2011, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$ 2,396,547 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,396,547. The covered payroll (annual payroll of active employees covered by the plan) was \$ 14,762,243, and the ratio of the UAAL to the covered payroll was 16 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

In the January 1, 2011, the actuarial valuation date, the entry age normal cost method was used. The actuarial assumptions included a 4.5% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5%, shorter term, based on City's general assets).

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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2011**

**NOTE 5 – OTHER INFORMATION**

**C. Postemployment Healthcare Plan (Continued)**

The City currently does not plan to prefund this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 10 percent initially, reduced incrementally to an ultimate rate of 5 percent after ten years. Both rates included a 3 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2011 was 30 years.

**NOTE 6 – SUBSEQUENT EVENTS**

On March 1, 2012, the City issued \$4,415,000 of General Obligation Refunding Bonds. The interest rate on the bonds is 2.0% and the maturity date is February 1, 2020. The proceeds of the bonds will be used to refund the General Obligation Open Space and Park Improvement Bonds of 2004A and the General Obligation Water Revenue Bonds of 2004B.



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**REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2011**

**Schedule of Funding Progress for the Retiree Health Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Actuarial Accrued Liability	Funded Ratio	Estimated Covered Payroll	Percentage of Covered Payroll
January 1, 2011	\$ -	\$ 2,396,547	2,396,547	0.0%	\$ 14,762,243	16.2%
January 1, 2010	\$ -	\$ 2,230,377	2,230,377	0.0%	\$ 14,126,548	15.8%
January 1, 2009	\$ -	\$ 3,841,327	3,841,327	0.0%	\$ 14,869,455	25.8%

See Note 5C in the Notes to the Financial Statements for more detail on this schedule.



**CITY OF MINNETONKA**  
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**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2011**

	Special Revenue				
	Cable TV	Community Development Block Grant	Electric Franchise Fees	Grants	Housing & Redevelopment Authority
<b>ASSETS:</b>					
Cash and Investments	\$ 1,834,704	\$ 51,668	\$ 1,541,938	\$ -	\$ 319,159
Accounts Receivable	182,504	-	201,125	-	-
Interest Receivable	6,239	-	4,921	-	1,014
Property Taxes Receivable					
Unremitted	-	-	-	-	271
Delinquent	-	-	-	-	2,845
Due from Other Governments	7,459	-	-	189,477	-
Total Assets	<u>\$ 2,030,906</u>	<u>\$ 51,668</u>	<u>\$ 1,747,984</u>	<u>\$ 189,477</u>	<u>\$ 323,289</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ 3,936	\$ -	\$ -	\$ 982	\$ -
Accounts and Contracts Payable	6,244	20,543	-	3,995	-
Due to Other Funds	-	-	-	68,118	-
Deferred Revenue	-	-	-	-	2,845
Total Liabilities	<u>10,180</u>	<u>20,543</u>	<u>-</u>	<u>73,095</u>	<u>2,845</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	2,020,726	31,125	1,747,984	116,382	-
Committed	-	-	-	-	320,444
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>2,020,726</u>	<u>31,125</u>	<u>1,747,984</u>	<u>116,382</u>	<u>320,444</u>
Total Liabilities and Fund Balances	<u>\$ 2,030,906</u>	<u>\$ 51,668</u>	<u>\$ 1,747,984</u>	<u>\$ 189,477</u>	<u>\$ 323,289</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2011**  
**(Continued)**

	Special Revenue (Continued)			Debt Service	
	Police Forfeiture/ Seizure	Shady Oak Lane Cemetery	Total Special Revenue Funds	Park and Open Space Bonds	2008 State-Aid Street Bonds
<b>ASSETS:</b>					
Cash and Investments	\$ 275,665	\$ 133,781	\$ 4,156,915	\$ 1,295,535	\$ 1,533
Accounts Receivable	-	-	383,629	-	-
Interest Receivable	992	474	13,640	3,977	326
Property Taxes Receivable					
Unremitted	-	-	271	-	-
Delinquent	-	-	2,845	-	-
Due from Other Governments	-	-	196,936	-	-
Total Assets	<u>\$ 276,657</u>	<u>\$ 134,255</u>	<u>\$ 4,754,236</u>	<u>\$ 1,299,512</u>	<u>\$ 1,859</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ 4,918	\$ -	\$ -
Accounts and Contracts Payable	18,701	-	49,483	-	-
Due to Other Funds	-	-	68,118	-	-
Deferred Revenue	-	-	2,845	-	-
Total Liabilities	<u>18,701</u>	<u>-</u>	<u>125,364</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	257,956	-	4,174,173	1,299,512	1,859
Committed	-	-	320,444	-	-
Assigned	-	134,255	134,255	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>257,956</u>	<u>134,255</u>	<u>4,628,872</u>	<u>1,299,512</u>	<u>1,859</u>
Total Liabilities and Fund Balances	<u>\$ 276,657</u>	<u>\$ 134,255</u>	<u>\$ 4,754,236</u>	<u>\$ 1,299,512</u>	<u>\$ 1,859</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2011**  
**(Continued)**

	Debt Service (Continued)		Capital Projects			
	Total Debt Service Funds	Capital Replacement	Fire Apparatus	Technology Development	Development Fund	Livable Communities Housing Fund
<b>ASSETS:</b>						
Cash and Investments	\$ 1,297,068	\$ 1,677,426	\$ 350,111	\$ 421,568	\$ 1,884,789	\$ 1,226,396
Accounts Receivable	-	-	-	-	7,353	304,554
Interest Receivable	4,303	3,783	498	1,979	6,517	257
Property Taxes Receivable						
Unremitted	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Total Assets	<u>\$ 1,301,371</u>	<u>\$ 1,681,209</u>	<u>\$ 350,609</u>	<u>\$ 423,547</u>	<u>\$ 1,898,659</u>	<u>\$ 1,531,207</u>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ 695	\$ -
Accounts and Contracts Payable	-	40,147	1,439	41,623	47,810	16,389
Due to Other Funds	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>40,147</u>	<u>1,439</u>	<u>41,623</u>	<u>48,505</u>	<u>16,389</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	1,301,371	-	-	-	-	-
Committed	-	1,641,062	349,170	381,924	1,850,154	1,514,818
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>1,301,371</u>	<u>1,641,062</u>	<u>349,170</u>	<u>381,924</u>	<u>1,850,154</u>	<u>1,514,818</u>
Total Liabilities and Fund Balances	<u>\$ 1,301,371</u>	<u>\$ 1,681,209</u>	<u>\$ 350,609</u>	<u>\$ 423,547</u>	<u>\$ 1,898,659</u>	<u>\$ 1,531,207</u>



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2011**  
**(Continued)**

	Capital Projects (Continued)				
	Park and Open Space Bonds	Park Dedication	Tax Increment Financing	Total Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS:</b>					
Cash and Investments	\$ 589,753	\$ 1,009,628	\$ 1,832,453	\$ 8,992,124	\$ 14,446,107
Accounts Receivable	-	-	-	311,907	695,536
Interest Receivable	11,263	-	5,462	29,759	47,702
Property Taxes Receivable					
Unremitted	-	-	8,920	8,920	9,191
Delinquent	-	-	-	-	2,845
Due from Other Governments	-	-	-	-	196,936
Total Assets	<u>\$ 601,016</u>	<u>\$ 1,009,628</u>	<u>\$ 1,846,835</u>	<u>\$ 9,342,710</u>	<u>\$ 15,398,317</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ 695	\$ 5,613
Accounts and Contracts Payable	18,910	265	6,744	173,327	222,810
Due to Other Funds	-	37,193	-	37,193	105,311
Deferred Revenue	-	-	-	-	2,845
Total Liabilities	<u>18,910</u>	<u>37,458</u>	<u>6,744</u>	<u>211,215</u>	<u>336,579</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	5,475,544
Committed	582,106	972,170	1,840,091	9,131,495	9,451,939
Assigned	-	-	-	-	134,255
Unassigned	-	-	-	-	-
Total Fund Balances	<u>582,106</u>	<u>972,170</u>	<u>1,840,091</u>	<u>9,131,495</u>	<u>15,061,738</u>
Total Liabilities and Fund Balances	<u>\$ 601,016</u>	<u>\$ 1,009,628</u>	<u>\$ 1,846,835</u>	<u>\$ 9,342,710</u>	<u>\$ 15,398,317</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2011**

	Special Revenue				
	Cable TV	Community Development Block Grant	Electric Franchise Fees	Grants	Housing & Redevelopment Authority
<b>REVENUES:</b>					
<b>Taxes:</b>					
Property	\$ -	\$ -	\$ -	\$ -	\$ 169,297
Franchise	718,527	-	802,751	-	-
<b>Intergovernmental:</b>					
Federal Grants	-	136,593	-	260,313	-
State Grants	-	-	-	74,385	-
Local Grants	-	2,500	-	2,400	-
<b>Miscellaneous:</b>					
Investment Income	23,696	-	24,954	789	4,444
Other	9,055	-	-	-	-
<b>Total Revenues</b>	<b>751,278</b>	<b>139,093</b>	<b>827,705</b>	<b>337,887</b>	<b>173,741</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General Government	399,860	-	3,920	-	-
Development Services	-	162,969	-	-	114,521
Public Works	-	-	-	-	-
Public Safety	-	-	-	77,194	-
Park and Recreation	-	-	-	-	-
<b>Debt Service:</b>					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<b>Capital Outlay:</b>					
General Government	67,195	-	-	-	-
Development Services	-	-	-	-	-
Public Works	-	-	-	207,407	-
Public Safety	-	-	-	-	-
Park and Recreation	-	-	-	-	-
<b>Total Expenditures</b>	<b>467,055</b>	<b>162,969</b>	<b>3,920</b>	<b>284,601</b>	<b>114,521</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	284,223	(23,876)	823,785	53,286	59,220
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	-	-	-
Transfers Out	(28,500)	-	-	-	-
Payment on Refunding Bonds	-	-	-	-	-
Premium on Refunding Bonds Issued	-	-	-	-	-
Proceeds on Disposition of Capital Assets	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(28,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>255,723</b>	<b>(23,876)</b>	<b>823,785</b>	<b>53,286</b>	<b>59,220</b>
<b>FUND BALANCES:</b>					
Beginning of Year	1,765,003	55,001	924,199	63,096	261,224
End of Year	<u>\$ 2,020,726</u>	<u>\$ 31,125</u>	<u>\$ 1,747,984</u>	<u>\$ 116,382</u>	<u>\$ 320,444</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2011  
(Continued)**

	Special Revenue (Continued)			Debt Service	
	Police Forfeiture/ Seizure	Shady Oak Lane Cemetery	Total Special Revenue Funds	Park and Open Space Bonds	2008 State-Aid Street Bonds
<b>REVENUES:</b>					
Taxes:					
Property	\$ -	\$ -	\$ 169,297	\$ 1,129,153	\$ -
Franchise	-	-	1,521,278	-	-
Intergovernmental:					
Federal Grants	-	-	396,906	-	-
State Grants	-	-	74,385	-	235,888
Local Grants	-	-	4,900	-	-
Miscellaneous:					
Investment Income	4,959	2,349	61,191	(28,345)	331
Other	36,553	-	45,608	-	-
Total Revenues	<u>41,512</u>	<u>2,349</u>	<u>2,273,565</u>	<u>1,100,808</u>	<u>236,219</u>
<b>EXPENDITURES:</b>					
Current:					
General Government	-	2,188	405,968	-	-
Development Services	-	-	277,490	-	-
Public Works	-	-	-	-	-
Public Safety	61,879	-	139,073	-	-
Park and Recreation	-	-	-	-	-
Debt Service:					
Principal	-	-	-	440,000	165,000
Interest and Fiscal Charges	-	-	-	330,312	71,701
Capital Outlay:					
General Government	-	-	67,195	-	-
Development Services	-	-	-	-	-
Public Works	-	-	207,407	-	-
Public Safety	-	-	-	-	-
Park and Recreation	-	-	-	-	-
Total Expenditures	<u>61,879</u>	<u>2,188</u>	<u>1,097,133</u>	<u>770,312</u>	<u>236,701</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(20,367)	161	1,176,432	330,496	(482)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	(28,500)	-	-
Payment on Refunding Bonds	-	-	-	(3,080,000)	-
Premium on Refunding Bonds Issued	-	-	-	-	-
Proceeds on Disposition of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(28,500)	(3,080,000)	-
Net Change in Fund Balances	(20,367)	161	1,147,932	(2,749,504)	(482)
<b>FUND BALANCES:</b>					
Beginning of Year	<u>278,323</u>	<u>134,094</u>	<u>3,480,940</u>	<u>4,049,016</u>	<u>2,341</u>
End of Year	<u>\$ 257,956</u>	<u>\$ 134,255</u>	<u>\$ 4,628,872</u>	<u>\$ 1,299,512</u>	<u>\$ 1,859</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	Debt Service (Continued)		Capital Projects			
	Total Debt Service Funds	Capital Replacement	Fire Apparatus	Technology Development	Development Fund	Livable Communities Housing Fund
<b>REVENUES:</b>						
Taxes:						
Property	\$ 1,129,153	\$ 1,307,100	\$ 350,000	\$ 375,000	\$ -	\$ -
Franchise	-	-	-	-	-	-
Intergovernmental:						
Federal Grants	-	-	-	-	-	-
State Grants	235,888	-	-	-	672,741	-
Local Grants	-	-	-	-	-	-
Miscellaneous:						
Investment Income	(28,014)	14,345	509	4,872	24,349	12,244
Other	-	5,115	100	-	186,842	7,762
Total Revenues	<u>1,337,027</u>	<u>1,326,560</u>	<u>350,609</u>	<u>379,872</u>	<u>883,932</u>	<u>20,006</u>
<b>EXPENDITURES:</b>						
Current:						
General Government	-	-	-	-	-	-
Development Services	-	-	-	-	29,325	408,413
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Park and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	605,000	-	-	-	-	-
Interest and Fiscal Charges	402,013	-	-	-	-	-
Capital Outlay:						
General Government	-	-	-	-	-	-
Development Services	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	1,889,230	1,439	380,413	760,017	-
Park and Recreation	-	-	-	-	-	-
Total Expenditures	<u>1,007,013</u>	<u>1,889,230</u>	<u>1,439</u>	<u>380,413</u>	<u>789,342</u>	<u>408,413</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	330,014	(562,670)	349,170	(541)	94,590	(388,407)
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	-	100,000	-	-	-	-
Transfers Out	-	-	-	-	(55,300)	-
Payment on Refunding Bonds	(3,080,000)	-	-	-	-	-
Premium on Refunding Bonds Issued	-	-	-	-	-	-
Proceeds on Disposition of Capital Assets	-	134,388	-	-	-	-
Total Other Financing Sources (Uses)	(3,080,000)	234,388	-	-	(55,300)	-
Net Change in Fund Balances	(2,749,986)	(328,282)	349,170	(541)	39,290	(388,407)
<b>FUND BALANCES:</b>						
Beginning of Year	<u>4,051,357</u>	<u>1,969,344</u>	<u>-</u>	<u>382,465</u>	<u>1,810,864</u>	<u>1,903,225</u>
End of Year	<u>\$ 1,301,371</u>	<u>\$ 1,641,062</u>	<u>\$ 349,170</u>	<u>\$ 381,924</u>	<u>\$ 1,850,154</u>	<u>\$ 1,514,818</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2011  
(Continued)**

	Capital Projects (Continued)				
	Park and Open Space Bonds	Park Dedication	Tax Increment Financing	Total Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>					
<b>Taxes:</b>					
Property	\$ -	\$ 158,500	\$ 922,560	\$ 3,113,160	\$ 4,411,610
Franchise	-	-	-	-	1,521,278
<b>Intergovernmental:</b>					
Federal Grants	-	-	-	-	396,906
State Grants	-	-	22,241	694,982	1,005,255
Local Grants	-	253,912	-	253,912	258,812
<b>Miscellaneous:</b>					
Investment Income	16,496	5,859	24,922	103,596	136,773
Other	-	125,042	-	324,861	370,469
<b>Total Revenues</b>	<b>16,496</b>	<b>543,313</b>	<b>969,723</b>	<b>4,490,511</b>	<b>8,101,103</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General Government	-	-	-	-	405,968
Development Services	-	-	-	437,738	715,228
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	139,073
Park and Recreation	-	-	-	-	-
<b>Debt Service:</b>					
Principal	-	-	-	-	605,000
Interest and Fiscal Charges	-	-	-	-	402,013
<b>Capital Outlay:</b>					
General Government	-	-	787,127	787,127	854,322
Development Services	-	-	-	-	-
Public Works	-	-	-	-	207,407
Public Safety	-	-	-	3,031,099	3,031,099
Park and Recreation	1,436,384	266,402	-	1,702,786	1,702,786
<b>Total Expenditures</b>	<b>1,436,384</b>	<b>266,402</b>	<b>787,127</b>	<b>5,958,750</b>	<b>8,062,896</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,419,888)	276,911	182,596	(1,468,239)	38,207
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	-	100,000	100,000
Transfers Out	-	-	-	(55,300)	(83,800)
Payment on Refunding Bonds	-	-	-	-	(3,080,000)
Premium on Refunding Bonds Issued	-	-	-	-	-
Proceeds on Disposition of Capital Ass	-	-	-	134,388	134,388
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179,088</b>	<b>(2,929,412)</b>
<b>Net Change in Fund Balances</b>	<b>(1,419,888)</b>	<b>276,911</b>	<b>182,596</b>	<b>(1,289,151)</b>	<b>(2,891,205)</b>
<b>FUND BALANCES:</b>					
Beginning of Year	2,001,994	695,259	1,657,495	10,420,646	17,952,943
End of Year	\$ 582,106	\$ 972,170	\$ 1,840,091	\$ 9,131,495	\$ 15,061,738

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - CABLE TV  
Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Franchise Taxes	\$ 610,000	\$ 700,000	\$ 718,527	\$ 18,527	\$ 691,836
Intergovernmental:					
State Grant	-	-	-	-	-
Miscellaneous:					
Investment Income	30,000	30,000	23,696	(6,304)	24,820
Other Income	9,100	9,100	9,055	(45)	10,347
Total Revenues	<u>649,100</u>	<u>739,100</u>	<u>751,278</u>	<u>12,178</u>	<u>727,003</u>
<b>EXPENDITURES:</b>					
General Services					
Personal Services	175,900	175,900	170,409	5,491	181,686
Materials and Supplies	3,500	3,500	1,550	1,950	1,865
Other Services and Charges	225,300	224,300	227,901	(3,601)	186,722
Total General Services	<u>404,700</u>	<u>403,700</u>	<u>399,860</u>	<u>3,840</u>	<u>370,273</u>
Capital Outlay	<u>143,500</u>	<u>157,500</u>	<u>67,195</u>	<u>90,305</u>	<u>79,830</u>
Total Expenditures	<u>548,200</u>	<u>561,200</u>	<u>467,055</u>	<u>94,145</u>	<u>450,103</u>
Excess of Revenues Over (Under) Expenditures	<u>100,900</u>	<u>177,900</u>	<u>284,223</u>	<u>106,323</u>	<u>276,900</u>
<b>OTHER FINANCING (USES):</b>					
Operating Transfers to Other Funds	<u>(28,500)</u>	<u>(28,500)</u>	<u>(28,500)</u>	-	<u>(27,600)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	<u>\$ 72,400</u>	<u>\$ 149,400</u>	255,723	<u>\$ 106,323</u>	249,300
<b>FUND BALANCES:</b>					
Beginning of Year			<u>1,765,003</u>		<u>1,515,703</u>
End of Year			<u>\$ 2,020,726</u>		<u>\$ 1,765,003</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT  
Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Intergovernmental:					
Federal Grant	\$ 180,000	\$ 190,000	\$ 136,593	\$ (53,407)	\$ 328,055
Miscellaneous:					
Other Income	10,000	2,500	2,500	-	4,000
Total Revenues	<u>190,000</u>	<u>192,500</u>	<u>139,093</u>	<u>(53,407)</u>	<u>332,055</u>
<b>EXPENDITURES:</b>					
Development Services:					
Personal Services			-	-	8,213
Other Services and Charges	<u>222,000</u>	<u>174,526</u>	<u>162,969</u>	<u>11,557</u>	<u>321,559</u>
	<u>222,000</u>	<u>174,526</u>	<u>162,969</u>	<u>11,557</u>	<u>329,772</u>
Excess of Revenues Over (Under) Expenditures	<u>(32,000)</u>	<u>17,974</u>	<u>(23,876)</u>	<u>(41,850)</u>	<u>2,283</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating Transfers from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	<u>\$ (32,000)</u>	<u>\$ 17,974</u>	<u>(23,876)</u>	<u>\$ (41,850)</u>	<u>2,283</u>
<b>FUND BALANCES:</b>					
Beginning of Year			<u>55,001</u>		<u>52,718</u>
End of Year			<u>\$ 31,125</u>		<u>\$ 55,001</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - ELECTRIC FRANCHISE FEES  
Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
Franchise Taxes	\$ 802,000	\$ 802,000	\$ 802,751	\$ 751	\$ 796,498
Intergovernmental:					
Local Cost-Share	-	-	-	-	413,413
Miscellaneous:					
Investment Income	25,000	25,000	24,954	(46)	3,826
Total Revenues	<u>827,000</u>	<u>827,000</u>	<u>827,705</u>	<u>705</u>	<u>1,213,737</u>
EXPENDITURES:					
General Services:					
Other Services and Charges	<u>50,000</u>	<u>10,000</u>	<u>3,920</u>	<u>6,080</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 777,000</u>	<u>\$ 817,000</u>	823,785	<u>\$ 6,785</u>	1,213,737
FUND BALANCES:					
Beginning of Year			<u>924,199</u>		<u>(289,538)</u>
End of Year			<u>\$ 1,747,984</u>		<u>\$ 924,199</u>



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - GRANTS  
Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
<b>Intergovernmental:</b>					
Federal Grants	\$ 358,800	\$ 296,600	\$ 260,313	\$ (36,287)	\$ 145,462
State Grants	74,400	74,400	74,385	(15)	80,584
Local Grants	-	2,400	2,400	-	4,366
<b>Miscellaneous:</b>					
Investment Income	2,000	1,100	789	(311)	4,235
Other Income	-	-	-	-	-
Total Revenues	<u>435,200</u>	<u>374,500</u>	<u>337,887</u>	<u>(36,613)</u>	<u>234,647</u>
<b>EXPENDITURES:</b>					
<b>Public Safety:</b>					
<b>Police:</b>					
Personal Services	50,300	50,300	37,617	12,683	33,336
Materials and Supplies	-	21,000	22,848	(1,848)	-
Other Services and Charges	74,400	53,300	16,729	36,571	293,145
Total Public Safety	<u>124,700</u>	<u>124,600</u>	<u>77,194</u>	<u>47,406</u>	<u>326,481</u>
Capital Outlay	<u>308,500</u>	<u>246,300</u>	<u>207,407</u>	<u>38,893</u>	<u>98,029</u>
Total Expenditures	<u>433,200</u>	<u>370,900</u>	<u>284,601</u>	<u>86,299</u>	<u>424,510</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 2,000</u>	<u>\$ 3,600</u>	53,286	<u>\$ 49,686</u>	(189,863)
<b>FUND BALANCES:</b>					
Beginning of Year			<u>63,096</u>		<u>252,959</u>
End of Year			<u>\$ 116,382</u>		<u>\$ 63,096</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - HOUSING & REDEVELOPMENT AUTHORITY  
Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
General Property Taxes	\$ 175,000	\$ 175,000	\$ 169,297	\$ (5,703)	\$ 170,843
Miscellaneous:					
Investment Income	-	4,000	4,444	444	2,293
Total Revenues	<u>175,000</u>	<u>179,000</u>	<u>173,741</u>	<u>(5,259)</u>	<u>173,136</u>
<b>EXPENDITURES:</b>					
Development Services:					
Other Services and Charges	<u>175,000</u>	<u>180,000</u>	<u>114,521</u>	<u>65,479</u>	<u>10,265</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (1,000)</u>	59,220	<u>\$ 60,220</u>	162,871
<b>FUND BALANCES:</b>					
Beginning of Year			<u>261,224</u>		<u>98,353</u>
End of Year			<u>\$ 320,444</u>		<u>\$ 261,224</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - POLICE FORFEITURE/SEIZURE FUND  
Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Miscellaneous:					
Investment Income	\$ -	\$ -	\$ 4,959	\$ 4,959	\$ 5,200
Other Income	30,000	30,000	36,553	6,553	75,114
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>41,512</u>	<u>11,512</u>	<u>80,314</u>
<b>EXPENDITURES:</b>					
Public Safety:					
Personal Services	-	-	704	(704)	8,810
Materials and Supplies	-	-	37,845	(37,845)	75,395
Other Services and Charges	30,000	30,000	23,330	6,670	53,209
Total Public Safety	<u>30,000</u>	<u>30,000</u>	<u>61,879</u>	<u>(31,879)</u>	<u>137,414</u>
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>61,879</u>	<u>(31,879)</u>	<u>137,414</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	(20,367)	<u>\$ (20,367)</u>	(57,100)
<b>FUND BALANCES:</b>					
Beginning of Year			<u>278,323</u>		<u>335,423</u>
End of Year			<u>\$ 257,956</u>		<u>\$ 278,323</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - SHADY OAK LANE CEMETERY  
Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Miscellaneous:					
Investment Income	\$ -	\$ -	\$ 2,349	\$ 2,349	\$ 2,184
<b>EXPENDITURES:</b>					
General Services:					
Other Services and Charges	-	-	2,188	(2,188)	1,650
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	161	<u>\$ 161</u>	534
<b>FUND BALANCES:</b>					
Beginning of Year			<u>134,094</u>		<u>133,560</u>
End of Year			<u>\$ 134,255</u>		<u>\$ 134,094</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**  
**December 31, 2011**

	Self Insurance	Fleet Maintenance	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 451,828	\$ 244,765	\$ 696,593
Due From Other Governments	-	7,859	7,859
Interest Receivable	(260)	1,268	1,008
Prepaid Items	91,442	-	91,442
Inventories	-	72,858	72,858
Total Assets	\$ 543,010	\$ 326,750	\$ 869,760
 <b>LIABILITIES AND NET ASSETS:</b>			
Liabilities:			
Current Liabilities:			
Salaries and Wages Payable	\$ -	\$ 9,827	\$ 9,827
Accounts Payable	187,820	55,820	243,640
Current Portion of			
Compensated Absences	-	14,849	14,849
Total Current Liabilities	187,820	80,496	268,316
Long-Term Liabilities:			
Compensated Absences	-	47,666	47,666
Unfunded OPEB Obligation	-	15,596	15,596
Total Noncurrent Liabilities	-	63,262	63,262
Total Liabilities	187,820	143,758	331,578
 Net Assets:			
Unrestricted	355,190	182,992	538,182
Total Net Assets	355,190	182,992	538,182
Total Liabilities and Net Assets	\$ 543,010	\$ 326,750	\$ 869,760

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS -  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2011**

	Self Insurance	Fleet Maintenance	Total
<b>OPERATING REVENUES:</b>			
Charges to City Departments	\$ 203,700	\$ 1,525,986	\$ 1,729,686
Other Revenue	71,667	50,748	122,415
Total Operating Revenues	275,367	1,576,734	1,852,101
<b>OPERATING EXPENSES:</b>			
Personal Services	-	401,696	401,696
Supplies, Repairs and Maintenance	-	793,404	793,404
Other Services and Charges	614,955	312,260	927,215
Total Operating Expenses	614,955	1,507,360	2,122,315
Operating Income (Loss)	(339,588)	69,374	(270,214)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income	1,241	1,794	3,035
Income (Loss) before Transfers	(338,347)	71,168	(267,179)
Transfers In	330,700	-	330,700
Change in Net Assets	(7,647)	71,168	63,521
<b>NET ASSETS:</b>			
Net Assets - Beginning	362,837	111,824	474,661
Net Assets - Ending	\$ 355,190	\$ 182,992	\$ 538,182

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2011**

	Self Insurance	Fleet Maintenance	Total
<b>CASH FLOWS - OPERATING ACTIVITIES:</b>			
Receipts from Interfund Services Provided	\$ 203,700	\$ 1,520,300	\$ 1,724,000
Other Revenue	71,667	50,748	122,415
Payments to Suppliers	-	(1,170,085)	(1,170,085)
Payments to Employees	-	(396,187)	(396,187)
Payments of Benefits on Behalf of Employees	(419,770)	-	(419,770)
Net Cash Flows - Operating Activities	(144,403)	4,776	(139,627)
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from Other Funds	330,700	-	330,700
<b>CASH FLOWS - INVESTING ACTIVITIES:</b>			
Interest and Dividends Received	3,208	1,298	4,506
Net Change in Cash and Cash Equivalents	189,505	6,074	195,579
Cash and Cash Equivalents, January 1	262,323	238,691	501,014
Cash and Cash Equivalents, December 31	\$ 451,828	\$ 244,765	\$ 696,593
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH FLOWS - OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ (339,588)	\$ 69,374	\$ (270,214)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities			
Due from Other Governments	-	(5,686)	(5,686)
Accounts Receivable	-	-	-
Inventories	-	(6,711)	(6,711)
Prepaid Items	27,953	-	27,953
Accounts Payable	167,232	(57,710)	109,522
Salaries and Wages Payable	-	(584)	(584)
Compensated Absences Payable	-	3,367	3,367
Unfunded OPEB Obligation	-	2,726	2,726
Total Adjustments	195,185	(64,598)	130,587
Net Cash Flows - Operating Activities	\$ (144,403)	\$ 4,776	\$ (139,627)

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
PRIVATE-PURPOSE TRUST FUNDS**  
**December 31, 2011**

	<u>Clarion Hills Stewardship</u>	<u>Meadow Woods Stewardship</u>	<u>Stone Trace Stewardship</u>	<u>Total</u>
<b>ASSETS:</b>				
Cash and Investments	\$ 188,215	\$ 59,788	\$ 23,304	\$ 271,307
Interest Receivable	<u>642</u>	<u>231</u>	<u>81</u>	<u>954</u>
Total Assets	<u>188,857</u>	<u>60,019</u>	<u>23,385</u>	<u>272,261</u>
<b>LIABILITIES:</b>				
Accounts Payable	<u>2,302</u>	<u>-</u>	<u>-</u>	<u>2,302</u>
<b>NET ASSETS:</b>				
Net Assets, Held in Trust	<u><u>\$ 186,555</u></u>	<u><u>\$ 60,019</u></u>	<u><u>\$ 23,385</u></u>	<u><u>\$ 269,959</u></u>



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS -  
PRIVATE-PURPOSE TRUST FUNDS**  
**For the Year Ended December 31, 2011**

	<u>Clarion Hills Stewardship</u>	<u>Meadow Woods Stewardship</u>	<u>Stone Trace Stewardship</u>	<u>Total</u>
<b>ADDITIONS:</b>				
Contributions from Participants	\$ 6,380	\$ 26,745	\$ 1,485	\$ 34,610
Investment Earnings Interest	<u>3,305</u>	<u>742</u>	<u>394</u>	<u>4,441</u>
Total Additions	9,685	27,487	1,879	39,051
<b>DEDUCTIONS:</b>				
Benefits	<u>4,652</u>	<u>-</u>	<u>-</u>	<u>4,652</u>
Change in Net Assets	5,033	27,487	1,879	34,399
Net Assets - January 1	<u>181,522</u>	<u>32,532</u>	<u>21,506</u>	<u>235,560</u>
Net Assets - December 31	<u><u>\$ 186,555</u></u>	<u><u>\$ 60,019</u></u>	<u><u>\$ 23,385</u></u>	<u><u>\$ 269,959</u></u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ESCROW FUND**  
**Year Ended December 31, 2011**

	<u>Balance at January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 2011</u>
<b>ESCROW FUND:</b>				
<b>ASSETS:</b>				
Cash and Investments	\$ 755,479	\$ 158,352	\$ 467,761	\$ 446,070
<b>LIABILITIES:</b>				
Accounts Payable	\$ 755,479	\$ 158,352	\$ 467,761	\$ 446,070
<b>I-494 CORRIDOR COMMISSION:</b>				
<b>ASSETS:</b>				
Cash and Investments	\$ -	\$ 435,023	\$ 322,231	\$ 112,792
<b>LIABILITIES:</b>				
Due to Other Governments	\$ -	\$ 435,023	\$ 322,231	\$ 112,792
<b>TOTAL ALL AGENCY FUNDS:</b>				
<b>ASSETS:</b>				
Cash and Investments	\$ 755,479	\$ 593,375	\$ 789,992	\$ 558,862
Total Assets	\$ 755,479	\$ 593,375	\$ 789,992	\$ 558,862
<b>LIABILITIES:</b>				
Accounts Payable	\$ 755,479	\$ 158,352	\$ 467,761	\$ 446,070
Due To Other Governments	-	435,023	322,231	112,792
Total Liabilities	\$ 755,479	\$ 593,375	\$ 789,992	\$ 558,862



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For The Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
General Property Taxes	\$ 21,091,611	\$ 21,091,611	\$ 20,919,497	\$ (172,114)	\$ 20,513,205
<b>Licenses and Permits:</b>					
<b>Licenses:</b>					
Liquor Licenses	200,000	202,000	213,096	11,096	209,394
Food Handlers Licenses	168,000	170,000	184,311	14,311	169,866
Building Permits	750,000	1,400,000	1,753,265	353,265	1,012,853
Plumbing Permits	100,000	130,000	176,817	46,817	128,109
Electrical Permits	170,000	255,000	357,577	102,577	181,723
HVAC Permits	235,000	400,000	468,951	68,951	247,380
Other Licenses and Permits	150,000	150,000	193,238	43,238	128,706
<b>Total Licenses and Permits</b>	<u>1,773,000</u>	<u>2,707,000</u>	<u>3,347,255</u>	<u>640,255</u>	<u>2,078,031</u>
<b>Intergovernmental Revenues:</b>					
Homestead / Market Value Credit	-	-	5,846	5,846	4,949
Public Safety State Aid	610,500	597,000	598,960	1,960	633,528
Federal Grants	-	-	114,115	114,115	5,889
State Grants	71,200	71,200	71,220	20	71,220
Other	42,500	114,400	145,575	31,175	69,104
<b>Total Intergovernmental Revenues</b>	<u>724,200</u>	<u>782,600</u>	<u>935,716</u>	<u>153,116</u>	<u>784,690</u>
<b>Charges for Services:</b>					
Recreation Fees	1,230,000	1,150,000	1,127,592	(22,408)	1,069,472
Other	306,400	306,400	388,239	81,839	440,316
<b>Total Charges for Services</b>	<u>1,536,400</u>	<u>1,456,400</u>	<u>1,515,831</u>	<u>59,431</u>	<u>1,509,788</u>
<b>Fines and Forfeitures</b>	540,000	580,000	586,092	6,092	556,190
<b>Other Revenues:</b>					
Investment Income	285,000	150,000	197,292	47,292	226,989
Building and Equipment Rε	340,800	342,300	327,490	(14,810)	311,201
Other	258,889	150,000	163,281	13,281	106,266
<b>Total Other Revenues</b>	<u>884,689</u>	<u>642,300</u>	<u>688,063</u>	<u>45,763</u>	<u>644,456</u>
<b>Total Revenues before Other Financing Sources</b>	<u>26,549,900</u>	<u>27,259,911</u>	<u>27,992,454</u>	<u>732,543</u>	<u>26,086,360</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating Transfers from Other Funds	1,340,700	1,340,700	1,340,700	-	1,311,300
<b>Total Revenues and Other Financing Sources</b>	<u>\$ 27,890,600</u>	<u>\$ 28,600,611</u>	<u>\$ 29,333,154</u>	<u>\$ 732,543</u>	<u>\$ 27,397,660</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For The Year Ended December 31, 2011**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
<b>General Government:</b>					
Mayor and Council:					
Personal Services	\$ 70,900	\$ 70,900	\$ 73,148	\$ (2,248)	\$ 70,708
Other Services and Charges	147,300	144,200	160,354	(16,154)	135,037
Total Mayor and Council	<u>218,200</u>	<u>215,100</u>	<u>233,502</u>	<u>(18,402)</u>	<u>205,745</u>
General Administration:					
Personal Services	979,400	979,400	953,664	25,736	951,863
Supplies, Repairs and Maintenance	21,700	21,200	18,631	2,569	31,891
Other Services and Charges	256,700	240,700	158,756	81,944	169,950
Capital Outlay	-	-	-	-	-
Total General Administration	<u>1,257,800</u>	<u>1,241,300</u>	<u>1,131,051</u>	<u>110,249</u>	<u>1,153,704</u>
Information Technology:					
Personal Services	361,000	361,000	349,736	11,264	341,080
Supplies, Repairs and Maintenance	2,500	2,000	2,555	(555)	1,811
Other Services and Charges	282,200	277,200	259,421	17,779	243,445
Total Information Technology	<u>645,700</u>	<u>640,200</u>	<u>611,712</u>	<u>28,488</u>	<u>586,336</u>
Finance:					
Personal Services	586,200	584,900	556,307	28,593	553,925
Supplies, Repairs and Maintenance	6,200	6,500	6,427	73	5,603
Other Services and Charges	124,600	124,100	120,265	3,835	119,700
Total Finance	<u>717,000</u>	<u>715,500</u>	<u>682,999</u>	<u>32,501</u>	<u>679,228</u>
Assessing:					
Personal Services	512,100	512,100	503,099	9,001	482,093
Supplies, Repairs and Maintenance	6,900	8,800	13,522	(4,722)	4,602
Other Services and Charges	115,100	112,900	95,560	17,340	89,207
Total Assessing	<u>634,100</u>	<u>633,800</u>	<u>612,181</u>	<u>21,619</u>	<u>575,902</u>
Contingency:					
Other Services and Charges	50,000	50,000	-	50,000	-
Total General Government	<u>3,522,800</u>	<u>3,495,900</u>	<u>3,271,445</u>	<u>224,455</u>	<u>3,200,915</u>
<b>Development Services:</b>					
Planning:					
Personal Services	545,200	545,200	517,698	27,502	515,823
Supplies, Repairs and Maintenance	5,700	4,600	4,024	576	4,098
Other Services and Charges	21,500	19,700	17,040	2,660	18,442
Total Planning	<u>572,400</u>	<u>569,500</u>	<u>538,762</u>	<u>30,738</u>	<u>538,363</u>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
<b>Development Services: (Continued)</b>					
<b>Engineering:</b>					
Personal Services	\$ 999,700	\$ 975,000	\$ 950,932	\$ 24,068	\$ 977,574
Supplies, Repairs and Maintenance	22,000	22,000	17,631	4,369	19,300
Other Services and Charges	105,100	104,900	55,236	49,664	91,308
<b>Total Engineering</b>	<b>1,126,800</b>	<b>1,101,900</b>	<b>1,023,799</b>	<b>78,101</b>	<b>1,088,182</b>
<b>Community Development:</b>					
Personal Services	1,011,600	1,021,600	1,040,966	(19,366)	963,112
Supplies, Repairs and Maintenance	18,900	15,600	17,596	(1,996)	14,105
Other Services and Charges	139,300	142,000	139,576	2,424	104,873
<b>Total Community Development</b>	<b>1,169,800</b>	<b>1,179,200</b>	<b>1,198,138</b>	<b>(18,938)</b>	<b>1,082,090</b>
<b>Total Development Services</b>	<b>2,869,000</b>	<b>2,850,600</b>	<b>2,760,699</b>	<b>89,901</b>	<b>2,708,635</b>
<b>Public Works:</b>					
<b>Street:</b>					
Personal Services	1,714,800	1,714,800	1,666,534	48,266	1,692,120
Supplies, Repairs and Maintenance	408,700	417,200	450,295	(33,095)	397,958
Other Services and Charges	800,500	885,800	929,869	(44,069)	919,266
<b>Total Street</b>	<b>2,924,000</b>	<b>3,017,800</b>	<b>3,046,698</b>	<b>(28,898)</b>	<b>3,009,344</b>
<b>Building:</b>					
Personal Services	540,600	540,600	540,150	450	474,614
Supplies, Repairs and Maintenance	83,200	88,700	103,481	(14,781)	87,360
Other Services and Charges	396,600	377,600	337,178	40,422	314,316
<b>Total Building</b>	<b>1,020,400</b>	<b>1,006,900</b>	<b>980,809</b>	<b>26,091</b>	<b>876,290</b>
<b>Total Public Works</b>	<b>3,944,400</b>	<b>4,024,700</b>	<b>4,027,507</b>	<b>(2,807)</b>	<b>3,885,634</b>
<b>Public Safety:</b>					
<b>Police:</b>					
Personal Services	6,935,700	6,895,900	6,683,596	212,304	7,229,962
Supplies, Repairs and Maintenance	397,900	385,100	370,674	14,426	303,451
Other Services and Charges	829,600	828,000	794,265	33,735	736,300
Capital Outlay	30,000	30,000	1,102	28,898	2,847
<b>Total Police</b>	<b>8,193,200</b>	<b>8,139,000</b>	<b>7,849,637</b>	<b>289,363</b>	<b>8,272,560</b>
<b>Dispatch:</b>					
Personal Services	757,800	762,800	747,787	15,013	-
Supplies, Repairs and Maintenance	6,700	6,700	83	6,617	-
Other Services and Charges	14,700	6,800	849	5,951	-
<b>Total Dispatch</b>	<b>779,200</b>	<b>776,300</b>	<b>748,719</b>	<b>27,581</b>	<b>-</b>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
<b>Public Safety: (Continued)</b>					
<b>Fire:</b>					
Personal Services	1,352,100	1,342,100	1,215,014	127,086	1,148,875
Supplies, Repairs and Maintenance	164,800	176,000	194,569	(18,569)	168,016
Other Services and Charges	777,700	794,000	717,147	76,853	963,314
<b>Total Fire</b>	<b>2,294,600</b>	<b>2,312,100</b>	<b>2,126,730</b>	<b>185,370</b>	<b>2,280,205</b>
<b>Legal:</b>					
Personal Services	\$ 674,100	\$ 683,600	\$ 668,941	\$ 14,659	\$ 644,250
Supplies, Repairs and Maintenance	8,000	5,000	4,722	278	4,652
Other Services and Charges	83,700	53,500	42,480	11,020	48,394
<b>Total Legal</b>	<b>765,800</b>	<b>742,100</b>	<b>716,143</b>	<b>25,957</b>	<b>697,296</b>
<b>Environmental Health:</b>					
Personal Services	331,800	331,800	310,805	20,995	314,179
Supplies, Repairs and Maintenance	7,200	6,500	5,769	731	8,472
Other Services and Charges	8,300	8,100	3,906	4,194	5,018
<b>Total Environmental Health</b>	<b>347,300</b>	<b>346,400</b>	<b>320,480</b>	<b>25,920</b>	<b>327,669</b>
<b>Total Public Safety</b>	<b>12,380,100</b>	<b>12,315,900</b>	<b>11,761,709</b>	<b>554,191</b>	<b>11,577,730</b>
<b>Parks and Recreation:</b>					
<b>Joint Recreation:</b>					
Personal Services	766,400	766,400	750,549	15,851	737,312
Supplies, Repairs and Maintenance	95,600	84,200	81,404	2,796	92,641
Other Services and Charges	478,700	448,700	462,910	(14,210)	448,891
Capital Outlay	4,000	2,500	10,921	(8,421)	8,455
<b>Total Joint Recreation</b>	<b>1,344,700</b>	<b>1,301,800</b>	<b>1,305,784</b>	<b>(3,984)</b>	<b>1,287,299</b>
<b>Minnetonka Recreation:</b>					
Personal Services	220,400	220,400	163,479	56,921	180,340
Supplies, Repairs and Maintenance	2,350	1,400	1,344	56	1,782
Other Services and Charges	318,350	343,100	274,518	68,582	256,652
<b>Total Minnetonka Recreation</b>	<b>541,100</b>	<b>564,900</b>	<b>439,341</b>	<b>125,559</b>	<b>438,774</b>
<b>Parks and Trails:</b>					
Personal Services	797,700	812,800	766,438	46,362	816,539
Supplies, Repairs and Maintenance	164,300	168,000	141,333	26,667	149,915
Other Services and Charges	411,100	392,300	309,630	82,670	368,568
<b>Total Parks and Trails</b>	<b>1,373,100</b>	<b>1,373,100</b>	<b>1,217,401</b>	<b>155,699</b>	<b>1,335,022</b>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2011**  
**(Continued)**

	2011			Variance - Positive (Negative)	2010
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
Parks and Recreation: (Continued)					
Natural Resources:					
Personal Services	475,000	475,000	502,925	(27,925)	437,350
Supplies, Repairs and Maintenance	7,800	6,900	5,115	1,785	4,759
Other Services and Charges	568,200	654,000	517,453	136,547	406,278
Total Natural Resources	<u>1,051,000</u>	<u>1,135,900</u>	<u>1,025,493</u>	<u>110,407</u>	<u>848,387</u>
Community Facility:					
Personal Services	\$ 357,000	\$ 352,000	\$ 320,705	\$ 31,295	\$ 337,184
Supplies, Repairs and Maintenance	20,000	19,000	22,215	(3,215)	15,724
Other Services and Charges	119,500	115,500	80,348	35,152	91,401
Capital Outlay	25,000	25,000	33,449	(8,449)	-
Total Community Facility	<u>521,500</u>	<u>511,500</u>	<u>456,717</u>	<u>54,783</u>	<u>444,309</u>
Senior Services:					
Personal Services	202,200	202,200	225,960	(23,760)	190,205
Supplies, Repairs and Maintenance	42,500	43,200	60,673	(17,473)	36,897
Other Services and Charges	98,200	90,700	90,171	529	83,518
Total Senior Services	<u>342,900</u>	<u>336,100</u>	<u>376,804</u>	<u>(40,704)</u>	<u>310,620</u>
Total Parks and Recreation	<u>5,174,300</u>	<u>5,223,300</u>	<u>4,821,540</u>	<u>401,760</u>	<u>4,664,411</u>
Total Expenditures before Other Financing Uses	27,890,600	27,910,400	26,642,900	1,267,500	26,037,325
<b>OTHER FINANCING USES:</b>					
Operating Transfers to Other Funds	<u>100,000</u>	<u>100,000</u>	<u>163,000</u>	<u>(63,000)</u>	<u>920,406</u>
Total Expenditures and Other Financing Uses	<u>\$ 27,990,600</u>	<u>\$ 28,010,400</u>	<u>\$ 26,805,900</u>	<u>\$ 1,204,500</u>	<u>\$ 26,957,731</u>





**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**NET ASSETS BY COMPONENT**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities:</b>										
Invested in Capital Asset, Net of Related Debt	\$ 77,502,103	\$ 60,918,780	\$ 58,589,188	\$ 68,094,182	\$ 71,804,372	\$ 74,653,377	\$ 77,534,541	\$ 83,655,961	\$ 83,506,166	\$ 88,717,256
Restricted	-	-	-	3,049,919	2,219,295	3,607,401	3,024,656	1,868,249	4,709,001	2,027,278
Unrestricted	49,986,660	47,854,746	51,929,349	42,987,244	49,882,234	53,307,749	54,306,879	55,735,299	57,322,293	60,535,626
<b>Total Governmental Activities - Net Assets</b>	<b>\$ 127,488,763</b>	<b>\$ 108,773,526</b>	<b>\$ 110,518,537</b>	<b>\$ 114,131,345</b>	<b>\$ 123,905,901</b>	<b>\$ 131,568,527</b>	<b>\$ 134,866,076</b>	<b>\$ 141,259,509</b>	<b>\$ 145,537,460</b>	<b>\$ 151,280,160</b>
<b>Business-Type Activities:</b>										
Invested in Capital Asset, Net of Related Debt	\$ 80,745,062	\$ 103,331,782	\$ 107,439,538	\$ 100,522,318	\$ 100,741,167	\$ 99,698,437	\$ 97,954,844	\$ 96,506,196	\$ 93,841,761	\$ 91,497,808
Unrestricted	15,306,590	14,711,066	10,284,759	16,184,568	16,232,539	16,414,397	16,304,474	15,207,652	15,336,367	14,967,144
<b>Total Business-Type Activities - Net Assets</b>	<b>\$ 96,051,652</b>	<b>\$ 118,042,848</b>	<b>\$ 117,724,297</b>	<b>\$ 116,706,886</b>	<b>\$ 116,973,706</b>	<b>\$ 116,112,834</b>	<b>\$ 114,259,318</b>	<b>\$ 111,713,848</b>	<b>\$ 109,178,128</b>	<b>\$ 106,464,952</b>
<b>Primary Government:</b>										
Invested in Capital Asset, Net of Related Debt	\$ 158,247,165	\$ 164,250,562	\$ 166,028,726	\$ 168,616,500	\$ 172,545,539	\$ 174,351,814	\$ 175,489,385	\$ 180,162,157	\$ 177,347,927	\$ 180,215,064
Restricted	-	-	-	3,049,919	2,219,295	3,607,401	3,024,656	1,868,249	4,709,001	2,027,278
Unrestricted	65,293,250	62,565,812	62,214,108	59,171,812	66,114,773	69,722,146	70,611,353	70,942,951	72,658,660	75,502,770
<b>Total Primary Government - Net Assets</b>	<b>\$ 223,540,415</b>	<b>\$ 226,816,374</b>	<b>\$ 228,242,834</b>	<b>\$ 230,838,231</b>	<b>\$ 240,879,607</b>	<b>\$ 247,681,361</b>	<b>\$ 249,125,394</b>	<b>\$ 252,973,357</b>	<b>\$ 254,715,588</b>	<b>\$ 257,745,112</b>

Source: City of Minnetonka financial records

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**CHANGES IN NET ASSETS**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXPENSES:</b>										
<b>Governmental Activities:</b>										
General Services	\$ 3,263,957	\$ 3,368,527	\$ 5,577,616	\$ 3,845,767	\$ 5,008,340	\$ 6,123,720	\$ 5,396,909	\$ 4,628,824	\$ 4,477,560	\$ 4,149,584
Development Services	4,084,288	3,721,740	4,717,644	4,273,501	7,374,899	6,516,066	6,003,544	5,871,573	7,605,857	3,847,870
Public Works	5,532,420	5,650,257	4,450,843	7,976,618	5,953,730	7,259,467	12,157,209	9,591,740	7,142,475	24,090,987
Public Safety	8,037,610	8,278,875	8,347,066	9,182,954	10,576,665	10,986,149	12,977,197	11,988,138	12,357,201	12,409,458
Parks and Recreation	4,742,890	4,437,735	4,134,449	4,435,720	4,845,665	5,581,150	5,673,979	6,052,694	6,672,404	5,890,446
Interest on Long-Term Debt	71,321	186,354	240,717	356,151	343,799	330,724	466,715	458,436	431,771	374,044
<b>Total Governmental Activities Expenses</b>	<b>25,732,486</b>	<b>25,643,488</b>	<b>27,468,335</b>	<b>30,070,711</b>	<b>34,103,098</b>	<b>36,797,276</b>	<b>42,675,553</b>	<b>38,591,405</b>	<b>38,687,268</b>	<b>50,762,389</b>
<b>Business-Type Activities:</b>										
Water and Sewer Utility	9,710,497	10,354,264	9,081,488	10,111,076	10,686,176	12,076,575	13,252,488	12,764,705	13,114,139	13,343,368
Ice Arena	870,704	659,012	944,165	935,561	1,014,955	1,010,791	1,037,482	1,018,502	1,006,918	1,057,145
Environmental Operations	790,909	711,270	777,149	823,820	841,137	765,423	879,639	848,867	875,629	894,089
Williston Fitness Center	761,850	773,798	800,285	746,017	603,103	1,016,659	1,180,776	1,180,890	1,298,249	1,535,296
Grays Bay Marina	56,684	116,108	138,675	136,179	162,618	221,473	240,170	173,979	186,682	229,171
Storm Water Fund	-	705,075	647,179	952,982	1,001,338	1,370,055	1,139,945	1,161,573	1,348,729	1,404,959
<b>Total Business-Type Activities</b>	<b>12,190,644</b>	<b>13,319,527</b>	<b>12,388,941</b>	<b>13,705,635</b>	<b>14,309,327</b>	<b>16,460,976</b>	<b>17,730,500</b>	<b>17,148,516</b>	<b>17,830,346</b>	<b>18,464,028</b>
<b>Total Primary Government Expenses</b>	<b>\$ 37,923,130</b>	<b>\$ 38,963,015</b>	<b>\$ 39,857,276</b>	<b>\$ 43,776,346</b>	<b>\$ 48,412,425</b>	<b>\$ 53,258,252</b>	<b>\$ 60,406,053</b>	<b>\$ 55,739,921</b>	<b>\$ 56,517,614</b>	<b>\$ 69,226,417</b>
<b>PROGRAM REVENUES</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
General Services	\$ 1,146,635	\$ 859,817	\$ 800,969	\$ 585,079	\$ 505,749	\$ 244,369	\$ 242,723	\$ 280,815	\$ 240,663	\$ 265,748
Development Services	2,363,829	2,544,856	2,861,244	3,088,246	2,993,453	3,689,544	2,950,072	2,213,535	2,810,732	3,661,616
Public Works	549,422	199,570	785,330	606,946	766,629	545,023	1,094,941	1,772,247	524,274	282,005
Public Safety	322,468	342,681	400,287	682,324	852,120	963,542	1,032,899	1,027,156	1,040,938	980,840
Parks and Recreation	1,135,429	1,062,972	1,139,518	1,127,661	1,177,864	1,345,236	1,405,871	1,228,146	1,245,988	1,347,482
Operating Grants and Contributions	462,863	422,190	497,997	440,468	1,022,470	1,487,496	1,463,367	905,041	1,574,153	1,207,580
Capital Grants and Contributions	4,226,815	2,337,730	2,131,223	3,421,232	2,713,064	3,014,909	3,733,640	3,386,878	1,249,302	14,536,698
<b>Total Governmental Activities Program Revenues</b>	<b>10,207,461</b>	<b>7,769,816</b>	<b>8,616,568</b>	<b>9,951,956</b>	<b>10,031,349</b>	<b>11,290,119</b>	<b>11,923,513</b>	<b>10,813,818</b>	<b>8,686,050</b>	<b>22,281,969</b>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**CHANGES IN NET ASSETS**  
**Last Ten Fiscal Years**  
**(Continued)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2011
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Water and Sewer Utility	7,919,163	7,912,583	8,988,752	8,588,548	8,977,363	9,535,859	10,170,646	10,389,772	10,513,551	11,024,675
Ice Arena	639,471	677,127	624,212	707,204	744,882	772,935	854,833	876,255	852,219	863,016
Environmental Operations	520,347	612,720	434,483	711,790	653,323	727,241	1,024,257	994,102	559,958	923,286
Williston Fitness Center	489,183	561,137	670,167	894,223	833,233	802,312	935,528	1,105,237	1,133,859	1,402,967
Grays Bay Marina	-	1,400	129,500	157,224	165,361	182,397	204,056	225,851	200,664	235,753
Storm Water Fund	-	-	868,067	1,342,290	1,483,231	1,420,923	1,702,692	1,853,346	1,967,659	2,157,297
Operating Grants and Contributions	139,420	188,200	1,926,443	134,421	123,662	121,721	173,747	134,845	133,780	190,021
Capital Grants and Contributions	-	-	288,913	-	-	118,900	668,389	538,747	219,371	-
<b>Total Business-Type Activities Program Revenues</b>	<b>9,707,584</b>	<b>9,953,167</b>	<b>13,930,537</b>	<b>12,535,700</b>	<b>12,981,055</b>	<b>13,682,288</b>	<b>15,734,148</b>	<b>16,118,155</b>	<b>15,581,061</b>	<b>16,797,015</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 19,915,045</b>	<b>\$ 17,722,983</b>	<b>\$ 22,547,105</b>	<b>\$ 22,487,656</b>	<b>\$ 23,012,404</b>	<b>\$ 24,972,407</b>	<b>\$ 27,657,661</b>	<b>\$ 26,931,973</b>	<b>\$ 24,267,111</b>	<b>\$ 39,078,984</b>
<b>NET EXPENSE (REVENUE)</b>										
Governmental Activities	\$ (16,450,047)	\$ (15,525,025)	\$ (17,873,672)	\$ (18,851,767)	\$ (20,118,755)	\$ (25,507,157)	\$ (30,752,040)	\$ (27,777,587)	\$ (30,001,218)	\$ (28,480,420)
Business-Type Activities	(2,382,686)	(2,237,477)	611,010	146,759	(724,580)	(2,778,688)	(1,996,352)	(1,030,361)	(2,249,285)	(1,667,013)
<b>Total Primary Government Net Expense</b>	<b>\$ (18,832,733)</b>	<b>\$ (17,762,502)</b>	<b>\$ (17,262,662)</b>	<b>\$ (18,705,008)</b>	<b>\$ (20,843,335)</b>	<b>\$ (28,285,845)</b>	<b>\$ (32,748,392)</b>	<b>\$ (28,807,948)</b>	<b>\$ (32,250,503)</b>	<b>\$ (30,147,433)</b>
<b>GENERAL REVENUES AND OTHER</b>										
<b>CHANGES IN NET ASSETS:</b>										
<b>Governmental Activities:</b>										
Property Taxes	\$ 15,302,351	\$ 17,703,791	\$ 19,207,192	\$ 19,858,800	\$ 21,853,159	\$ 27,585,892	\$ 28,749,045	\$ 28,384,529	\$ 30,004,879	\$ 30,663,713
Franchise Taxes	-	-	-	-	-	-	-	1,483,731	1,477,059	1,521,278
State aid - Unrestricted	2,397,300	1,105,409	199,192	147,100	144,540	96,700	586,787	322,000	89,789	85,859
Investment earnings	2,772,313	1,823,679	819,490	717,525	975,889	2,032,157	2,745,739	2,744,051	1,162,580	590,467
Sale of Capital Assets	-	-	-	-	-	-	-	-	131,546	-
Other General Revenue	(3,555)	84,600	4,443	192,154	62,975	69,805	45,228	50,678	45,167	139,503
Transfers	413,086	(2,725,286)	(21,071,882)	727,000	695,000	895,100	1,042,984	1,064,600	1,260,000	1,222,300
<b>Total Governmental Activities</b>	<b>20,881,495</b>	<b>17,992,193</b>	<b>(841,565)</b>	<b>21,642,579</b>	<b>23,731,563</b>	<b>30,679,654</b>	<b>33,169,783</b>	<b>34,049,589</b>	<b>34,171,020</b>	<b>34,223,120</b>
<b>Business-Type Activities:</b>										
Property Taxes	-	-	50,000	-	-	-	-	-	-	-
Investment earnings	1,261,341	615,482	256,870	291,698	369,673	715,829	906,162	823,429	278,519	176,137
Other	76,395	127,489	1,434	77,809	32,496	3,357	2,778	-	3,466	-
Transfers	(413,086)	2,725,286	21,071,882	(727,000)	(695,000)	(895,100)	(1,042,984)	(1,064,600)	(1,260,000)	(1,222,300)
<b>Total Business-Type Activities</b>	<b>924,650</b>	<b>3,468,257</b>	<b>21,380,186</b>	<b>(357,493)</b>	<b>(292,831)</b>	<b>(175,914)</b>	<b>(134,044)</b>	<b>(241,171)</b>	<b>(978,015)</b>	<b>(1,046,163)</b>
<b>Total Primary Government</b>	<b>\$ 21,806,145</b>	<b>\$ 21,460,450</b>	<b>\$ 20,538,621</b>	<b>\$ 21,285,086</b>	<b>\$ 23,438,732</b>	<b>\$ 30,503,740</b>	<b>\$ 33,035,739</b>	<b>\$ 33,808,418</b>	<b>\$ 33,193,005</b>	<b>\$ 33,176,957</b>

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**CHANGES IN NET ASSETS**  
**Last Ten Fiscal Years**  
**(Continued)**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
CHANGE IN NET ASSETS:										
Governmental Activities	\$ 4,431,448	\$ 2,467,168	\$ (18,715,237)	\$ 2,790,812	\$ 3,612,808	\$ 5,172,497	\$ 2,417,743	\$ 6,272,002	\$ 4,169,802	\$ 5,742,700
Business-Type Activities	<u>(1,458,036)</u>	<u>1,230,780</u>	<u>21,991,196</u>	<u>(210,734)</u>	<u>(1,017,411)</u>	<u>(2,954,602)</u>	<u>(2,130,396)</u>	<u>(1,271,532)</u>	<u>(3,227,300)</u>	<u>(2,713,176)</u>
Total Primary Government	<u>\$ 2,973,412</u>	<u>\$ 3,697,948</u>	<u>\$ 3,275,959</u>	<u>\$ 2,580,078</u>	<u>\$ 2,595,397</u>	<u>\$ 2,217,895</u>	<u>\$ 287,347</u>	<u>\$ 5,000,470</u>	<u>\$ 942,502</u>	<u>\$ 3,029,524</u>

Source: City of Minnetonka financial records

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**FUND BALANCES-GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund:</b>										
Reserved	\$ 421,536	\$ 239,355	\$ 252,143	\$ 334,709	\$ 550,755	\$ 440,696	\$ 525,579	\$ 548,795	\$ 464,915	\$ -
Unreserved	6,599,464	5,928,684	6,938,153	7,966,059	9,137,243	11,304,419	12,792,693	13,263,687	13,238,701	-
Nonspendable	-	-	-	-	-	-	-	-	-	112,339
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	11,544,440
Unassigned	-	-	-	-	-	-	-	-	-	4,574,091
<b>Total General Fund</b>	<b>7,021,000</b>	<b>6,168,039</b>	<b>7,190,296</b>	<b>8,300,768</b>	<b>9,687,998</b>	<b>11,745,115</b>	<b>13,318,272</b>	<b>13,812,482</b>	<b>13,703,616</b>	<b>16,230,870</b>
<b>All Other Governmental Funds:</b>										
Reserved	20,914,394	20,815,999	421,545	2,861,788	1,809,299	2,185,193	1,147,636	725,463	-	-
Unreserved, reported in:										
Special revenue funds	902,087	953,880	1,139,383	1,422,669	1,403,032	480,475	1,179,875	2,098,383	3,480,940	-
Capital projects funds	16,778,506	16,130,348	38,605,775	32,063,930	35,144,773	38,206,390	40,487,678	38,582,206	37,522,912	-
Debt service funds	13,849	-	-	-	-	-	1,022,355	1,252,169	4,051,357	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	5,475,544
Committed	-	-	-	-	-	-	-	-	-	9,451,939
Assigned	-	-	-	-	-	-	-	-	-	29,457,279
Unassigned	-	-	-	-	-	-	-	-	-	(679,189)
<b>Total All Other Governmental Funds</b>	<b>38,608,836</b>	<b>37,900,227</b>	<b>40,166,703</b>	<b>36,348,387</b>	<b>38,357,104</b>	<b>40,872,058</b>	<b>43,837,544</b>	<b>42,658,221</b>	<b>45,055,209</b>	<b>43,705,573</b>
<b>Total Governmental Funds</b>	<b>\$ 45,629,836</b>	<b>\$ 44,068,266</b>	<b>\$ 47,356,999</b>	<b>\$ 44,649,155</b>	<b>\$ 48,045,102</b>	<b>\$ 52,617,173</b>	<b>\$ 57,155,816</b>	<b>\$ 56,470,703</b>	<b>\$ 58,758,825</b>	<b>\$ 59,936,443</b>

Source: City of Minnetonka financial records

Note: The City implemented GASB Statement 54 in 2011, resulting in significant reclassification of the components of fund balance. Years prior to 2011 have not been restated.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>REVENUES:</b>										
Property Taxes	\$ 17,486,129	\$ 18,736,902	\$ 19,398,176	\$ 20,987,277	\$ 26,402,902	\$ 27,423,837	\$ 28,221,316	\$ 30,088,341	\$ 30,631,013	\$ 30,731,107
Franchise Taxes	474,687	482,225	-	865,882	1,118,887	1,229,276	1,483,731	1,477,059	1,488,334	1,521,278
Special Assessments	1,178,280	1,149,172	951,632	829,712	502,429	496,359	430,278	454,492	642,249	434,936
Licenses and Permits	2,246,066	2,394,113	2,711,392	2,893,336	2,804,370	3,306,961	2,574,866	1,876,184	2,078,031	3,347,255
Intergovernmental	3,969,232	2,449,660	2,335,902	3,949,865	3,467,784	3,575,400	3,827,767	4,077,426	2,828,175	15,144,889
Interest and Other Revenues	4,719,447	3,296,911	-	-	-	-	-	-	-	-
Net increase in fair value of investments	54,119	(277,186)	-	-	-	-	-	-	-	-
Redevelopment Payments	316,586	363,429	-	-	-	-	-	-	-	-
Charges for Services	-	-	1,673,527	1,745,159	1,933,531	1,501,794	1,534,637	1,469,808	1,509,788	1,515,831
Program Revenues	-	-	809,587	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	446,619	379,902	422,886	550,567	644,680	665,907	631,304	586,092
Miscellaneous	1,162,796	973,752	1,653,405	1,808,192	3,183,990	3,890,910	4,877,252	2,059,364	2,120,317	2,141,861
<b>Total Revenues</b>	<b>31,607,342</b>	<b>29,568,978</b>	<b>29,980,240</b>	<b>33,459,325</b>	<b>39,836,779</b>	<b>41,975,104</b>	<b>43,594,527</b>	<b>42,168,581</b>	<b>41,929,211</b>	<b>55,423,249</b>
<b>EXPENDITURES:</b>										
General Government	2,499,199	2,396,499	3,100,998	3,486,289	4,660,672	5,569,967	4,690,725	3,984,884	4,000,524	3,677,413
Development Services	3,413,862	3,385,705	3,312,022	4,166,237	7,266,134	6,394,870	5,926,346	5,913,107	5,782,211	3,810,407
Public Works	3,048,770	3,013,740	3,351,907	3,549,570	3,381,581	4,699,136	5,365,413	4,919,395	3,885,634	4,027,507
Public Safety	7,478,966	7,688,401	8,072,854	8,493,005	9,940,505	10,192,352	10,897,161	11,372,566	12,038,778	11,899,680
Park and Recreation	3,034,641	3,483,450	3,637,370	3,984,170	4,243,892	4,718,183	4,855,598	5,062,868	5,559,757	4,777,170
Debt Service:										
Principal retirement on bonded debt	-	-	165,000	270,000	470,000	560,000	575,000	595,000	930,000	-
Interest and other expenditures	4,677	183,205	180,063	340,376	346,392	334,605	406,959	475,020	444,244	1,007,013
Capital Outlay	7,826,751	10,329,212	11,244,335	12,572,522	8,888,421	6,249,304	12,685,903	11,945,616	10,363,767	23,323,129
<b>Total Expenditures</b>	<b>27,306,866</b>	<b>30,480,212</b>	<b>33,064,549</b>	<b>36,862,169</b>	<b>39,197,597</b>	<b>38,718,417</b>	<b>45,403,105</b>	<b>44,268,456</b>	<b>43,004,915</b>	<b>52,522,319</b>
Excess of Revenues Over (Under) Expenditures	4,300,476	(911,234)	(3,084,309)	(3,402,844)	639,182	3,256,687	(1,808,578)	(2,099,875)	(1,075,704)	2,900,930
<b>OTHER FINANCING SOURCES (USES):</b>										
Bond Proceeds	4,947,500	-	5,000,000	-	-	-	4,705,000	-	2,620,000	-
Premium on Bonds Issued	-	-	-	-	-	-	52,042	-	88,021	-
Transfers In	1,828,697	1,314,362	2,316,493	2,414,500	2,589,378	3,394,121	1,443,370	3,161,800	2,761,706	1,503,700
Transfers Out	(4,303,983)	(1,901,822)	(1,649,493)	(1,719,500)	(1,694,278)	(2,078,737)	(378,770)	(1,901,800)	(1,557,106)	(281,400)
Principal Payment on Refunded Bonds	-	-	-	-	-	-	-	-	-	(3,080,000)
Proceeds on Disposition of Capital Assets	-	-	-	-	-	-	-	131,546	-	134,388
<b>Total Other Financing Sources (Uses)</b>	<b>2,472,214</b>	<b>(587,460)</b>	<b>5,667,000</b>	<b>695,000</b>	<b>895,100</b>	<b>1,315,384</b>	<b>5,821,642</b>	<b>1,391,546</b>	<b>3,912,621</b>	<b>(1,723,312)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 6,772,690</b>	<b>\$ (1,498,694)</b>	<b>\$ 2,582,691</b>	<b>\$ (2,707,844)</b>	<b>\$ 1,534,282</b>	<b>\$ 4,572,071</b>	<b>\$ 4,013,064</b>	<b>\$ (708,329)</b>	<b>\$ 2,836,917</b>	<b>\$ 1,177,618</b>
Debt Service as a Percentage of Noncapital Expenditures	0.0%	0.8%	1.4%	2.3%	2.6%	2.7%	2.6%	3.1%	3.9%	2.2%

Source: City of Minnetonka financial records

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Industrial Property</u>	<u>Other Property</u>	<u>Less: Tax Increment Property</u>	<u>Less: Net Fiscal Disparities</u>	<u>Net Taxable Tax Capacity</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Taxable Market Value</u>	<u>Taxable Tax Capacity as a Percentage of Estimated Market Value</u>
2002	42,145,982	28,218,886	560,156	3,394,120	7,576,768	59,954,136	30.995%	5,923,738,600	1.01%
2003	44,946,906	28,603,369	569,801	3,404,148	8,418,844	62,297,084	30.945%	6,452,076,900	0.97%
2004	50,774,862	26,326,176	593,672	3,385,115	7,865,746	66,443,849	29.779%	6,895,750,900	0.96%
2005	55,905,178	26,245,084	620,634	3,407,742	7,438,384	71,924,770	28.810%	7,447,046,100	0.97%
2006	61,265,869	28,329,946	631,282	3,786,433	6,851,418	79,589,246	28.597%	8,113,917,400	0.98%
2007	70,730,520	24,476,432	651,972	2,856,552	7,442,502	85,559,870	28.428%	8,542,466,300	1.00%
2008	70,876,684	35,226,221	604,330	1,760,011	7,685,098	97,262,126	27.578%	8,581,940,800	1.13%
2009	67,304,037	34,937,234	621,716	1,720,058	8,387,874	92,755,055	30.700%	8,231,108,300	1.13%
2010	67,387,621	34,853,650	612,053	1,691,878	8,923,870	92,237,576	30.901%	8,275,660,200	1.11%
2011	62,980,807	34,416,696	644,196	1,649,966	9,113,094	87,278,639	33.705%	7,831,970,800	1.11%

Source: City of Minnetonka financial records



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**PROPERTY TAX RATES PER \$10,000 OF TAX CAPACITY -**  
**ALL DIRECT AND OVERLAPPING GOVERNMENTAL UNITS**  
**Years 2002 Through 2011**

Year Collectible	City Direct Rate		Overlapping					Totals		
	Operating	Debt Service	Hopkins	Minnetonka	Wayzata	Hennepin County	Misc. *	School	School	School
			District No. 270	District No. 276	School District No. 284			District No. 270	District No. 276	District No. 284
2002**	30.995	-	14.967	20.868	26.793	50.409	9.548	105.919	111.820	117.745
2003	30.945	-	20.588	24.215	23.264	50.607	9.523	111.663	115.290	114.339
2004	29.779	-	22.097	23.158	22.038	47.195	9.892	108.963	110.024	108.904
2005	28.810	-	19.176	21.989	22.762	44.172	8.889	101.047	103.860	104.633
2006	28.597	-	21.565	22.952	21.893	41.016	8.389	99.567	100.954	99.895
2007	28.416	0.012	19.157	24.931	20.392	39.110	8.417	95.112	100.886	96.347
2008	27.567	0.011	19.218	17.980	19.668	38.571	8.546	93.913	92.675	94.363
2009	30.686	0.014	23.189	18.859	23.475	42.640	9.632	106.162	101.832	106.447
2010	30.887	0.014	23.050	18.657	23.311	42.056	8.138	104.145	99.752	104.406
2011	33.691	0.014	26.456	21.274	24.034	45.187	9.172	114.520	109.338	112.098

\* - Includes Metropolitan Mosquito Control, Metropolitan Council, Metropolitan Transit Debt, Park Meseum, Hennepin Parks, Hennepin HRA Hennepin County Regional Railroad Authority, Watershed Districts, Minnetonka HRA.

\*\* - The 2001 Omnibus tax bill enacted sweeping reforms to the Minnesota state/local finance system, including continuation of compression of tax classification, the State takeover of the general education property taxes for school districts and the State takeover of transit levies.

Source: Hennepin County Taxpayer Services Department

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**PRINCIPAL TAXPAYERS**  
**Current Year and Nine Years Ago**

Taxpayer	Type of Business	2011			2002		
		Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
General Growth (Ridgedale)	Regional Shopping Center	\$ 2,299,250	1	2.63%	\$ 2,072,750	2	3.46%
Carlson Companies	Office Center	1,901,558	2	2.18%	2,242,162	1	3.74%
United Health Group	Office Center	1,619,250	3	1.86%	810,130	6	1.35%
Wells Operating Partnership	Office Center	817,250	4	0.94%	879,970	3	1.47%
KBS REIT II	Office Center	785,250	5	0.90%			
Property Reserve, Inc.	Office Center	719,250	6	0.82%	774,490	8	1.29%
SCM West Ridge, inc.	Shopping Center	666,010	7	0.76%			
Cargill, Inc.	Office Center	621,250	8	0.71%	861,518	5	1.44%
HQ, LLC	Commercial	599,250	9	0.69%			
RT Crest Ridge LLC	Office Center	533,250	10	0.61%			
CSM Investors	Retail				867,080	4	1.45%
Teachers Insurance	Office Center				805,740	7	1.34%
Target Corporation	Retail				758,968	9	1.27%
Midway Warehouse Ltd.	Office Center				742,180	10	1.24%
		<u>\$ 10,561,568</u>		<u>5.43%</u>	<u>\$ 10,814,988</u>		<u>8.25%</u>

Source: City of Minnetonka Assessor's Office

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**PROPERTY TAX LEVIES AND COLLECTIONS**  
**Last Ten Fiscal Years**

Year Collected	Taxes Levied for the Fiscal Year	Collection within the Fiscal Year of the Levy		Additions/ (Abatements)	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2002	18,571,800	18,330,240	98.70%	-	4,259	18,334,499	98.72%
2003	19,718,195	19,546,900	99.13%	-	53,566	19,600,466	99.40%
2004	19,502,896	19,419,919	99.57%	(147,137)	18,442	19,291,224	98.91%
2005	21,696,431	21,527,970	99.22%	(100,826)	123,936	21,551,080	99.33%
2006	23,819,419	23,486,300	98.60%	(159,328)	93,918	23,420,890	98.33%
2007	26,043,106	25,736,868	98.82%	(130,863)	102,634	25,708,639	98.72%
2008 *	26,796,051	26,625,195	99.36%	(179,256)	221,547	26,667,486	99.52%
2009 *	28,344,019	28,121,687	99.22%	(10,456)	161,378	28,272,609	99.75%
2010 *	29,060,560	28,749,479	98.93%	(53,518)	53,145	28,749,106	98.93%
2011	29,894,854	29,507,710	98.70%	(438,683)	-	29,069,027	97.24%

Source: Hennepin County Tax Settlement Reports

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities General Obligation Bonds	Business-type Activities Water Revenue Bonds	Total Primary Government	General Obligation as a Percentage of Personal Income	Total Debt as a Percentage of Personal Income	General Obligation Debt Per Capita	Total Debt Per Capita
2002	5,000,000	8,355,000	13,355,000	0.43%	0.68%	162	260
2003	5,000,000	7,920,000	12,920,000	0.39%	0.64%	153	250
2004	9,835,000	11,025,000	20,860,000	0.53%	1.00%	214	405
2005	9,565,000	10,550,000	20,115,000	0.41%	0.77%	205	391
2006	9,095,000	9,920,000	19,015,000	0.36%	0.70%	192	368
2007	8,535,000	9,205,000	17,740,000	0.34%	0.65%	179	344
2008	12,665,000	8,410,000	21,075,000	0.29%	0.73%	163	409
2009	12,070,000	7,635,000	19,705,000	0.26%	0.67%	148	381
2010	13,760,000	6,795,000	20,555,000	0.24%	0.71%	137	413
2011	10,075,000	5,925,000	16,000,000	0.20%	0.55%	119	322

Source: City of Minnetonka financial records

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

Fiscal Year	Gross Bonded Debt	Less Amounts Available in Debt Service Funds	Total	General Percentage of Total Estimated Taxable Market Value of Property (1)	Total Debt as a Percentage Per Capita (2)
2002	5,000,000	13,849	4,986,151	0.08%	97
2003	5,000,000	291,961	4,708,039	0.07%	91
2004	9,835,000	421,545	9,413,455	0.14%	183
2005	9,565,000	758,782	8,806,218	0.12%	171
2006	9,095,000	898,014	8,196,986	0.10%	159
2007	8,535,000	963,645	7,571,355	0.09%	147
2008	12,665,000	1,022,355	11,642,645	0.14%	226
2009	12,070,000	1,252,169	10,817,831	0.13%	209
2010	13,760,000	4,051,357	9,708,643	0.12%	195
2011	10,075,000	1,301,371	8,773,629	0.11%	176

Source: City of Minnetonka financial records

(1) Market Value can be found in the schedule of tax capacity and estimated actual value of taxable property

(2) Population data can be found in the schedule of demographic and economic statistics

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**December 31, 2011**

<u>Governmental Units</u>	<u>Net Debt Outstanding</u>	(1) <u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
City of Minnetonka	\$ 12,445,000	100.00 %	<u>\$ 12,445,000</u>
Overlapping Debt:			
School Districts			
I.S.D. 270 - Hopkins	149,705,000	48.72	72,936,276
I.S.D. 276 - Minnetonka	129,304,548	30.90	39,955,105
I.S.D. 283 - St. Louis Park	46,045,000	0.01	4,605
I.S.D. 284 - Wayzata	51,525,000	16.13	8,310,983
Hennepin County	690,930,000	5.91	40,833,963
Hennepin County Parks	66,605,000	8.07	5,375,024
Hennepin County RR Authority	40,505,000	5.91	2,393,846
Regional:			
Metropolitan Council	276,430,000	2.63	<u>7,270,109</u>
Total Overlapping Debt			<u>177,079,910</u>
Total Direct and Overlapping Debt			<u>\$ 189,524,910</u>

Source: Hennepin County Taxpayer Services Department

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

(1) The percentage of overlapping debt is estimated using tax capacity. Applicable percentages were estimated by determining the portion of Hennepin County's tax capacity that is within the City of Minnetonka's boundaries and dividing it by Hennepin County's total tax capacity.

**CITY OF MINNETONKA  
Hennepin County, Minnesota**

**LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Market Value (Taxable)	\$ 6,452,076,900	\$ 6,895,750,900	\$ 7,447,046,100	\$ 8,113,917,400	\$ 8,542,466,300	\$ 8,581,940,800	\$ 8,581,940,800	\$ 8,231,108,300	\$ 8,275,660,200	\$ 7,831,970,800
Debt Limit 2% of Market Value (Note A)	107,645,816	115,441,204	124,423,360	148,306,200	170,849,326	171,638,816	171,638,816	164,622,166	165,513,204	156,639,416
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	5,000,000	5,000,000	9,835,000	9,565,000	9,095,000	8,535,000	12,665,000	12,070,000	13,760,000	10,075,000
Available in Debt Service Funds	(13,849)	(291,961)	(421,545)	(758,782)	(898,014)	(963,645)	(1,022,355)	(1,252,169)	(4,051,357)	(1,301,371)
Total Debt Applicable to Debt Limit	4,986,151	4,708,039	9,413,455	8,806,218	8,196,986	7,571,355	11,642,645	10,817,831	9,708,643	8,773,629
Legal Debt Margin	\$ 102,659,665	\$ 110,733,165	\$ 115,009,905	\$ 139,499,982	\$ 162,652,340	\$ 164,067,461	\$ 159,996,171	\$ 153,804,335	\$ 155,804,561	\$ 147,865,787
Total net debt applicable to the limit as a percentage of debt limit	4.63%	4.08%	7.57%	5.94%	4.80%	4.41%	6.78%	6.57%	5.87%	5.60%

NOTE (A):

M.S.A. Section 475.53 (Limit on Net Debt)

Subdivision 1. Generally, except of otherwise provided in Sections 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of two percent of the market value of taxable property in the municipality.

NOTE (B):

M.S.A. Section 475.51 Definitions: Subdivision 4. "Net debt" means the amount remaining after deduction from its gross debt 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 of 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 on any combination thereof or for any other public convenience from which a revenue is or may be derived
- (6) Amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those deductible under this subdivision

M.S.A. Section 469.178, subdivision 1. (tax increment bonds)"...The bonds are not included for purposes of computing the net debt of any municipality

Source: City of Minnetonka financial records

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**PLEGDED-REVENUE COVERAGE**  
**Last Ten Fiscal Years**

Fiscal Year	Utility Bonds					Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		
				Principal	Interest	
2002	7,939,372	6,169,558	1,769,814	345,000	409,897	2.34
2003	8,991,285	6,699,206	2,292,079	435,000	389,590	2.78
2004	8,588,548	5,548,448	3,040,100	455,000	411,001	3.51
2005	8,977,363	6,503,383	2,473,980	475,000	474,404	2.61
2006	9,535,859	6,905,401	2,630,458	630,000	446,949	2.44
2007	10,170,646	8,280,625	1,890,021	715,000	418,179	1.67
2008	10,389,772	9,365,605	1,024,167	745,000	488,037	0.83
2009	10,513,551	9,042,034	1,471,517	775,000	282,485	1.39
2010	11,308,402	8,954,086	2,354,316	840,000	246,226	2.17
2011	11,030,795	9,547,062	1,483,733	870,000	212,468	1.37

Note: Operating expenses do not include depreciation.

Source: City of Minnetonka financial records



**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Calendar Years**

Calendar Year	(1) Population	(2) School Enrollment	(3) Unemployment Rate	(4) Per Capita Income	Total Personal Income	(1) Total Employment
2002	51,420	25,142	4.5%	38,215	1,965,015,300	45,258
2003	51,658	25,231	4.7%	39,361	2,033,310,538	44,336
2004	51,480	25,603	4.5%	40,410	2,080,306,800	46,287
2005	51,500	25,583	3.7%	50,412	2,596,218,000	46,980
2006	51,657	25,633	3.5%	52,905	2,732,913,585	46,832
2007	51,519	25,636	2.9%	52,905	2,725,612,695	47,546
2008	51,499	25,769	5.3%	55,819	2,874,622,681	47,329
2009	51,756	26,174	5.8%	56,564	2,927,526,384	47,329
2010	49,734	26,445	5.8%	57,841	2,876,652,888	46,176
2011	49,734	26,736	4.5%	58,575	2,913,156,997	48,690

Sources:

(1) 2010 is a regular decennial census figure. All other years are best available estimates provided by the Metropolitan Council.

(2) School enrollment is the total number of students in schools located in Minnetonka for Independent School District No. 270 (Hopkins), 276 (Minnetonka), and 284 (Wayzata), each of which serves a portion of the City as well as other communities. Enrollment numbers obtained from the Minnesota Department of Education.

(3) Unemployment rates were compiled by the Minnesota Department of Economic Security, Research and Statistics Department, for Hennepin County.

(4) 2010 is a regular decennial census figure. All other years are best available estimates provided by the Minnesota State Demographic Center.

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

Taxpayer	2011			2002		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment*
United Health Group	4,678	1	10.13%			
Cargill, Inc.	2,350	2	5.09%	2,000	4	4.42%
Emerson Process Management, Inc.	1,600	3	3.47%			
Starkey Laboratories	1,325	4	2.87%	1,200	8	2.65%
Super Valu Stores, Inc.	1,265	5	2.74%	1,100	10	2.43%
Medica Health Plans	1,200	6	2.60%			
St Jude Medical	1,100	7	2.38%			
Carlson Companies	1,005	8	2.18%	3,100	2	6.85%
Independent School District (No. 276)	1,050	9	2.27%			
MTS Systems Corporation	800	10	1.73%			
Ridgedale Shopping Center				2,575	3	5.69%
Advanced Circuits				1,200	5	2.65%
Metris				1,100	9	2.43%
Best Buy				4,310	1	9.52%
Rosemount Engineering				1,200	7	2.65%
Allina Health System			-	1,200	6	2.65%
	<u>16,373</u>		<u>35.46%</u>	<u>18,985</u>		<u>41.95%</u>

Source: Minnesota Department of Employment and Economic Development.

\* - City-wide employment numbers unavailable

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government:</b>										
Mayor and City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
General Administration	8.00	8.00	8.00	8.50	8.50	9.00	9.00	8.72	8.72	8.97
Information Technology	2.50	2.75	2.75	2.75	2.75	2.75	3.75	3.75	3.75	3.75
Finance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Assessing	6.00	6.00	6.00	6.00	6.20	6.20	6.20	5.25	5.25	5.25
<b>Development Services:</b>										
Planning	7.70	6.70	5.63	5.88	6.97	6.97	6.97	6.25	6.25	6.25
Engineering	11.40	11.40	11.38	9.88	10.78	10.78	10.78	10.25	10.00	9.75
Community Development	14.55	14.55	14.55	14.55	14.55	15.55	15.55	10.40	10.40	10.40
Development Fund	-	-	-	-	-	0.20	0.20	0.20	0.20	0.20
<b>Parks and Recreation:</b>										
Recreation	6.80	6.80	6.80	6.80	6.70	6.70	6.70	5.90	6.15	6.15
Community Center	4.60	4.60	4.60	4.60	4.60	4.60	4.60	4.35	3.85	3.75
Parks and Trails	8.60	8.60	11.20	9.60	9.63	9.51	9.51	9.51	9.01	8.91
Senior Services	0.50	0.50	0.50	0.50	0.50	2.50	2.50	2.50	2.50	2.50
Minnetonka Recreation	-	-	-	-	0.90	0.90	0.90	0.90	1.15	1.15
Natural Resources	-	-	-	3.60	4.63	4.51	4.51	4.51	4.51	4.58
<b>Streets and Buildings:</b>										
Buildings and Grounds	6.50	6.50	6.50	6.50	6.50	6.50	6.50	5.50	7.00	7.40
Street	23.60	22.60	22.60	22.60	22.63	22.53	22.53	22.53	22.53	20.95
Equipment	5.60	5.60	5.60	5.60	5.63	-	-	-	-	-
<b>Public Safety:</b>										
<b>Police:</b>										
Licensed	54.00	55.00	55.00	56.00	56.00	56.00	58.00	57.00	56.00	47.00
Other	20.20	20.20	20.20	20.20	20.35	20.35	20.35	19.35	19.35	19.35
<b>Fire:</b>										
Full-time	7.50	7.00	7.00	7.00	7.00	7.00	7.00	6.50	6.50	6.50
Paid on call	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Dispatch	-	-	-	-	-	-	-	-	-	9.00
Environmental Health	3.00	2.50	2.50	2.50	3.00	3.00	3.40	3.40	3.40	3.40
Legal	5.30	5.30	5.25	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Cable Television	2.85	2.90	2.75	2.75	2.75	2.25	2.25	2.25	2.25	2.00
Forestry	2.60	2.60	-	-	-	-	-	-	-	-
Water and Sewer Utility	14.60	14.60	14.60	14.60	15.63	15.54	15.54	16.14	16.14	16.22
Ice Arena	4.60	4.60	4.60	4.60	4.60	4.60	3.80	3.80	3.80	3.80
Williston Center	3.90	3.90	3.90	3.90	3.90	3.95	6.95	6.95	5.15	5.05
Environmental	1.20	1.20	2.20	1.20	1.20	1.53	1.53	1.53	1.53	1.58
Gray's Bay Marina	-	-	-	-	-	-	-	-	-	0.20
Storm Water	-	-	-	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Fleet Maintenance Internal Service	-	-	-	-	-	5.53	5.53	4.53	4.53	4.58
<b>Total</b>	<b>319.10</b>	<b>317.40</b>	<b>317.10</b>	<b>319.60</b>	<b>325.40</b>	<b>328.45</b>	<b>334.05</b>	<b>321.47</b>	<b>319.42</b>	<b>318.14</b>

Source: City of Minnetonka financial records

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public Safety:</b>										
<b>Police:</b>										
Calls for service	35,043	35,248	35,604	34,721	34,364	35,133	43,532	44,305	43,300	43,500
Criminal offenses	2,458	2,568	2,971	3,233	3,225	3,366	3,006	2,372	2,250	2,250
<b>Fire:</b>										
Number of calls	779	634	573	603	549	568	566	768	792	790
<b>Legal:</b>										
Cases opened and processed by staff	-	2,295	1,296	1,313	1,371	1,218	1,009	959	975	975
<b>Environmental Health:</b>										
Number of licensed establishments	-	734	777	768	762	778	721	721	730	735
Number of nuisance complaints	-	480	421	532	526	562	473	602	550	550
<b>Development Services:</b>										
<b>Engineering:</b>										
Number of construction projects underway	23	13	14	1	12	14	13	17	14	11
Number of construction projects completed	29	9	12	5	6	9	8	11	13	12
<b>Community Development:</b>										
Permits issued	7,262	6,942	7,965	7,588	7,495	7,094	6,424	5,431	5,500	5,500
<b>Planning:</b>										
Number of planning applications received	-	149	171	168	164	149	153	110	135	120
Number of building permits reviewed	-	520	1,195	1,120	1,675	1,680	1,686	1,304	1,000	1,200
<b>Public Works:</b>										
<b>Street Maintenance:</b>										
Miles of city maintained	253.0	253.0	254.0	254.0	254.7	254.7	254.9	254.9	254.9	254.9
<b>Street Improvement:</b>										
Miles of street rehabilitated	11.8	9.7	6.2	2.9	2.5	2.7	2.4	4.5	1.9	4.6
Average pavement condition index	-	77	77	77	77	80	78	78	78	81
<b>Park &amp; Recreation:</b>										
<b>Joint Recreation:</b>										
Numer of program participants	35,927	34,707	33,492	33,385	35,243	42,369	46,357	45,101	32,000	33,000
<b>Senior Services:</b>										
Number of program participants	4,000	5,692	5,575	5,590	4,200	4,225	5,484	5,523	4,300	4,400

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**  
**(Continued)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Park & Recreation: (Continued)										
Parks and Trails:										
Numer of parks maintained	-	48	49	49	50	50	50	50	50	50
Park acreage:										
Active	313.5	313.5	313.5	313.5	315.3	315.3	315.3	315.3	315.3	315.3
Passive	740.9	740.9	740.9	740.9	740.9	740.9	740.9	740.9	740.9	740.9
Miles of trail and sidewalk maintained	-	77	79	79	86	86	86	92	92	92
Natural Resources:										
Number of diseased trees removed	806	1,523	2,944	2,406	2,520	1,977	2,055	1,794	2,200	2,300
Number of permits reviewed/inspected for natural resource compliance	215	222	292	302	319	225	530	465	475	475
General Government:										
Administrative Services:										
Number of registered voters	34,755	33,698	39,289	35,548	34,636	34,656	35,354	35,124	37,497	37,500
Water and Sewer Utility:										
Number of utility customer accounts	16,131	16,794	16,549	16,622	16,925	17,061	16,610	16,598	17,101	17,100
Water pumped (million gallons)	2,777	3,167	2,644	2,605	2,695	2,802	2,586	2,678	2,700	2,800
Utility locate requests completed	8,699	9,967	9,702	10,651	9,745	9,349	7,425	6,861	8,500	8,000
Ice Arena:										
Ice rental hours sold	3,063	2,818	3,298	3,255	3,220	3,283	3,302	3,134	3,150	3,150
Environmental:										
Curbside recycling picked up (tons)	6,300	6,420	6,460	6,417	6,356	5,672	5,655	5,256	6,000	6,000
Willston Center:										
Total memberships sold	1,358	1,781	1,706	1,777	1,981	2,021	2,047	1,985	1,985	2,100
Gray's Bay:										
Slip lease rate	\$ -	\$ 2,800	\$ 2,800	\$ 2,800	\$ 2,940	\$ 3,524	\$ 3,700	\$ 3,800	\$ 3,800	\$ 3,800
Storm Water:										
Number of storm sewer projects completed	3	4	1	5	4	5	4	4	3	4

Source: Various city departments

**CITY OF MINNETONKA**  
**Hennepin County, Minnesota**

**CAPITAL ASSEST STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public Safety:</b>										
<b>Police:</b>										
Stations	1	2	2	2	2	2	2	2	2	2
Number of police officers	54	55	54	56	56	56	58	57	57	57
Fire Stations	5	5	5	5	5	5	5	5	5	5
<b>Public Works:</b>										
Streets (miles)	253	253	254	255	255	255	255	255	255	255
Streetlights	1,644	1,659	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670
<b>Parks and Recreation:</b>										
Parks acreage	1,054	1,054	1,054	1,054	1,054	1,056	1,056	1,056	1,056	1,056
Parks	-	48	49	49	50	50	50	50	50	50
<b>Water and Sewer Utilities:</b>										
Water mains (miles)	307	307	308	308	308	308	308	308	308	308
Fire hydrants	2,577	2,577	2,577	2,577	2,577	2,577	2,577	2,577	2,577	2,577
Water plant daily capacity	18,500,000	18,500,000	18,500,000	18,500,000	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000
Storage capacity (gallons)	12,450,000	12,950,000	12,950,000	12,950,000	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000
Sanitary sewers (miles)	255	255	256	256	256	256	256	256	256	256
<b>Storm Water</b>										
Storm sewers (miles)	81	82	84	86	87	88	88	88	88	88

Source: Various city departments