



City of  
**minnetonka**

*Where quality is our nature*



Photo by John Piepkorn

**Minnetonka, MN**  
**Comprehensive Annual Financial Report**  
*For the year ended December 31, 2008*

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE CITY OF  
MINNETONKA, MINNESOTA**

*For the Year Ended December 31, 2008*

**John Gunyou - City Manager**

**Merrill King – Finance Director/Treasurer  
Darin Nelson, CPA - Assistant Finance Director**

**PREPARED BY: DEPARTMENT OF FINANCE**

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



*City of*  
**minnetonka**

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**AND**

**SECTION I**

**INTRODUCTORY SECTION**

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

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

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

**ELECTED OFFICIALS AND ADMINISTRATION**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Office Expires</u>
Janis Callison*	Mayor	December 31, 2009
Dick Allendorf	Council Member at Large	December 31, 2009
Terry Schneider**	Council Member at Large	December 31, 2009
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
Jame Hiller	Council Member - Ward 4	December 31, 2011

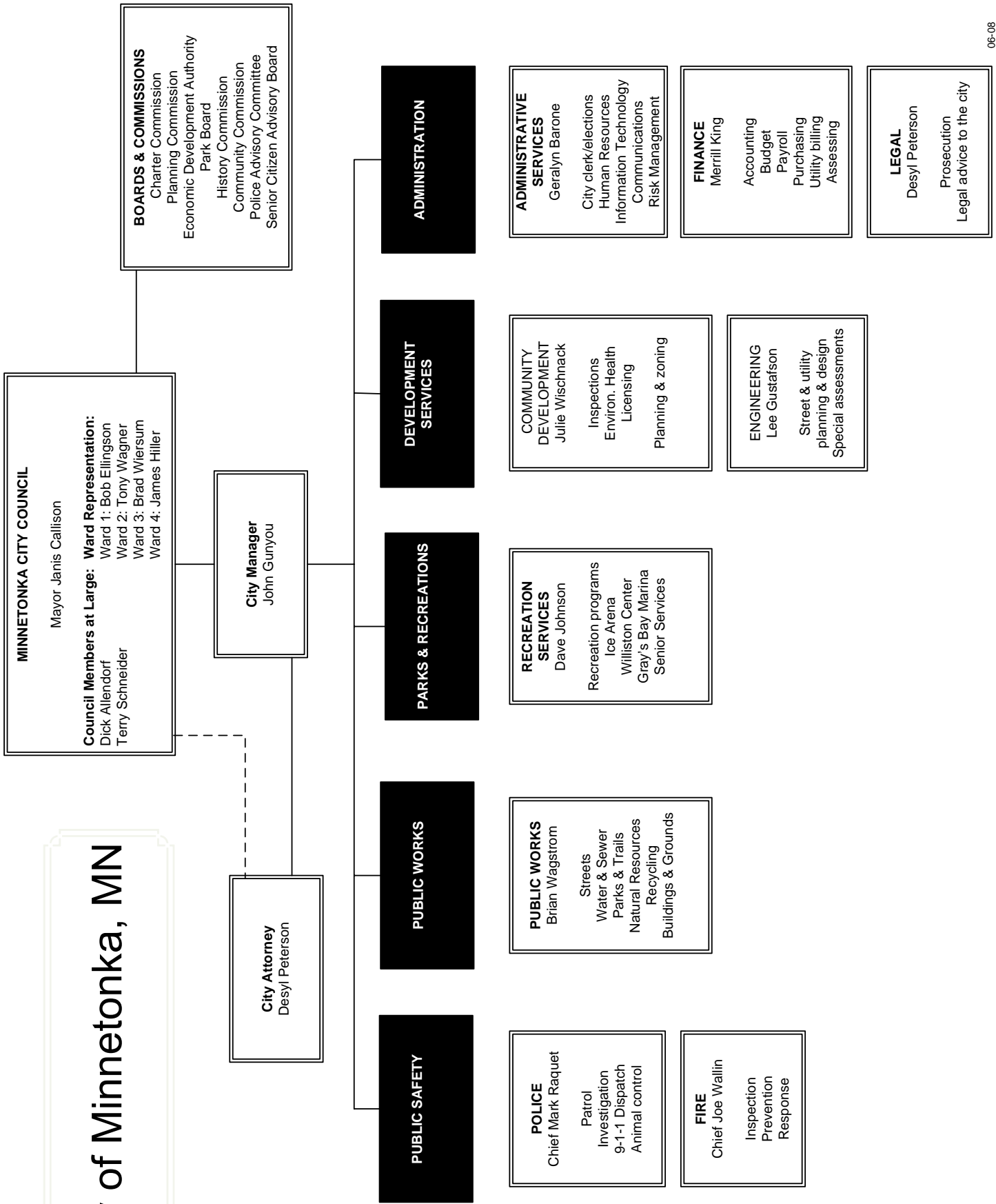
Administration

John Gunyou	City Manager
Geralyn R. Barone	Assistant City Manager
Merrill King	Finance Director/Treasurer
Darin Nelson	Assistant Finance Director

\*Terry Schneider replaced Janis Callison as Mayor on January 5, 2009.

\*\*The City Council appointed Amber Greves on January 26, 2009 to fill the remainder of Terry Schneider's At Large Council Member position.

# City of Minnetonka, MN



June 9, 2009

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, 2008 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, 2008, 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, 2008, 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 240 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 2008 population estimate of 51,499 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, 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 47,000 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-2009, the apartment and commercial development portions of the project were completed and occupied.

In 2008, the city experienced 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. 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. Also, 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 project is a ten-story, 350,000 square feet high rise office tower and associated parking facility that will houses 1,750 additional employees. Phase two of the UHG expansion is slated as early as 2009-2010 and will add a second ten-story tower office building of an additional 300,000 square feet for 1,500 additional workers.

Economic development continues to expand along the Interstate 394 corridor in Minnetonka in 2008 and 2009. The Crossroads Corporate 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. The total project consists of two office towers of a total 232,000 square feet and associated parking ramps and has a combined construction estimate of approximately \$20 million. In 2009, BMW began construction of a new large car dealership along the corridor. And finally, the city has begun 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 605 affordable units since its decision to actively participate in the Metropolitan Councils' Livable Communities Program in 1996. In 2001, the City began financially assisting the West Hennepin Affordable Housing Land Trust (WHAHLT) to preserve scattered-site affordable homes in Minnetonka.

Minnetonka continues to experience a very significant amount of construction activity, including major new buildings and the expansion of existing buildings. In 2008, permits were issued for \$117 million of construction work. Commercial construction included major remodeling and tenant improvements, as well as the previously mentioned office expansions and new multi family construction. Residential additions and remodeling continue to be a significant part of Minnetonka's current construction activity.

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 seven Minnesota cities currently possessing the top bond rating.

## **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 new comprehensive plan will impact 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:

Lindbergh Center – As a joint project of the City and the Hopkins School District, this large athletic facility was built at Hopkins High School, which is located within the City of

Minnetonka. Opened in 1996, the Lindbergh Center is regularly used for community recreation and special events as well as the school's physical education and athletic programs.

Williston Center – The fitness center was acquired in 1995, and expansion and renovation projects were completed in 1998. Recent annual upgrades include new fitness equipment along with the installation of a new gymnasium floor in 2005. The City's most recent Capital Improvement Plan (CIP) includes a substantial investment for upgrading the facility's infrastructure in 2010-11, which includes 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.

Ice Arena – Located on the civic center campus, the buildings were originally acquired by the City in the mid-1970s and offer two ice sheets for public access and programming. The City has substantially upgraded components of the facility a number of times and most recently replaced the refrigeration system for Rink B in 2003, the entrance and parking lot to Rink B in 2006, the cooling tower for Rink A in 2007, and public safety flooring for Rink B in 2008.

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. The City's current CIP includes funding in 2010 for renovation of the facility's play area and related equipment in order to meet new state standards.

Burwell Park – This park is designated on the National Register of Historic Places and represents the City's pride in its rich past and serves 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 in 2009 which would incorporate new trails, bridges, and the creation of a botanical garden west.

Public Works Facility – In 2003, Minnetonka completed construction of a new 77,000 square foot public works facility. The building accommodates 53 employees and their trucks and equipment, plus many seasonal workers. The facility also houses Hennepin County trucks and their crews, under an innovative cost sharing agreement.

Parks Renewal – By mid-2009, Minnetonka had nearly completed its parks renewal effort. This program is a city-wide, neighborhood-based initiative to renew and update all of Minnetonka's 42 neighborhood and community parks. The parks renewal program, and related open space acquisitions, are funded through a \$15 million referendum passed in 2001.

As part of the federal government's stimulus funding in 2009, the city was allocated at least \$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 is well positioned to immediately add to the almost \$700,000 already programmed for energy conservation projects in its 2010-2014 Capital Improvement Plan. The initial 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 45 miles of trail, with an additional 3.2 miles slated for construction over the next five years, including those in the expanded Burwell Park.

In 2006, the City began to develop 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. 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 will include amenities such as open space purchases, facilities for recreation and environmental education, historic preservation, and improvements to the trail system. The city has 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.

The municipal and sanitary sewer system will also be covered by the comprehensive plan to ensure that capacity meets future requirements over the next 20 years. In recent years, Minnetonka has taken substantial steps to upgrade its municipal water and sanitary sewer infrastructure, including the addition of water storage and production capacity to respond to peak demand times. Recently, the City upgraded its monitoring system for water and sewer facility alarms and controls to allow remote supervisory control over the facilities. In 2006, the City's water capacity increased by bringing on-line a \$7.5 million reconstruction of one of its eight water plants.

The City is continuing its efforts to improve the water/sewer enterprise for future years. By 2009, the City was well into its third year of efforts to reduce its water system costs through a five-year program to decrease clear water inflow and infiltration into the sanitary sewer system. By mid- 2009, the City had all but completed an extensive 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.

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 a new road program. The program includes an innovative thin overlay pavement process and has a goal to reconstruct or overlay all streets that had not received major maintenance in the prior twenty years, by 2016. The city currently spends an average of over \$5 million annually on the program and does not special assess residential properties for road reconstruction.

Additionally, the city has participated 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 under construction in 2009. Similar major projects in the next five years include: 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.

Current plans for mass transit in the state include a portion of Minnetonka through the Opus area of the city. It is anticipated that the Light Rail Southwest Corridor will begin preliminary engineering in 2013 and construction in 2015. The project will be connected to other redevelopment efforts and construction in the area, including local road improvements.

Minnetonka conducts several significant cooperative programs with nearby cities and school districts. One program provides building inspection services to the cities of Deephaven, Greenwood, and Woodland. Without hiring additional personnel, the City is paid for providing approximately \$70,000 of inspection services to these cities each year. 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.

## **OTHER FINANCIAL INFORMATION**

### 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.

### Long-term Financial Planning

The City annually prepares an updated five-year capital improvement plan 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.

### Cash Management

The City subscribes to the "pooled cash" concept of investing which means that all funds with cash balances participate in an investment pool. This permits some funds to be overdrawn and others to show cash balances when, in fact, the City as a whole has a cash balance. This pooled cash concept provides for investing greater amounts of money at more favorable rates. Interest earnings are then allocated quarterly to the participating funds.

For further information on the City's cash and investments, please see Note 4.A and 4.B. of the City's Notes to the Combined Financial Statements.

## Risk Management

The City belongs to two organizations that were created for insurance purposes. The LOGIS Health Care Group is a joint powers agreement between 44 local government agencies with a combined group size of 5,700 for pooling of health and life insurance experience ratings. The group requests bid proposals from at least three health insurance providers every three years and annually reviews coverage and costs of the chosen provider for the members.

The League of Minnesota Cities Insurance Trust was founded to provide general liability and workers' compensation insurance to League of Minnesota Cities members. The program provides coverage for damages up to \$1,000,000 per incident and limits the City's liability to \$25,000 per claim and \$150,000 per year for general liability. Minnesota Statutes provide a \$1,000,000 limit per incident in liability claims against the City.

For further information on the City's risk management activities, please refer to note 5.A. of the City's Notes to the Combined Financial Statements.

## **CERTIFICATE OF ACHIEVEMENT**

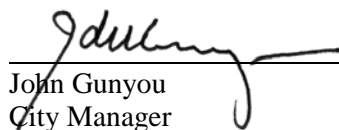
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Minnetonka for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the 25th consecutive 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 Darin Nelson, Assistant Finance Director, and the Finance Department staff for their work in preparing this report.

Respectfully submitted,

  
\_\_\_\_\_  
John Gunyou  
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, 2007

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.



President

Executive Director



**SECTION II**  
**FINANCIAL SECTION**



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

## INDEPENDENT AUDITOR'S REPORT

June 9, 2009

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, 2008, 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 2007 financial statements and, in our report dated June 20, 2008, 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 that 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the General Fund and the Electric Franchise Fees Special Revenue Fund for the year then ended in conformity with U.S. generally accepted accounting principles.

As discussed in Note 5c to the financial statements, the City has implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employees for Post Employment Benefits Other than Pensions*.



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, 2007, from which such partial information was derived.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2009 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 important for assessing the results of our audit.

The Management's Discussion and Analysis, the Firefighters' Relief and Pension Association – Schedule of Funding Progress and the Schedule of Funding Progress for the retiree health plan as listed in the Table of Contents, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental information identified in the Table of Contents as Combining and Individual Fund Financial Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining and Individual Fund Financial Statements and Schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information identified in the Table of Contents as the Introductory and Statistical Section is presented for purposes of additional analysis and is 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.  
Minneapolis, Minnesota

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2008**

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, 2008. 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 \$249.1 million. Of this amount, \$70.6 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 \$1.4 million.
- The City's governmental funds reported combined ending fund balances of \$56.6 million. Of this total amount, approximately 50% is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$11.3 million, or 43.8%, of total General Fund expenditures of \$25.8 million.

**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, 2008**

**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, \$175.5 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, 2008**

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, \$3 million or approximately 1.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$70.6 million or 28.4%, 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 by \$2.9 million. This fluctuation is attributed to both unspent bond proceeds and prudent fiscal control within the General Fund. During 2008, the City issued \$2.49 million in bonds for open space and park improvements along with \$2.2 million in State-Aid street improvement bonds. Although the entire State-Aid street bond proceeds were expensed by year-end, approximately \$2.3 million remain available for spending from the open space and park improvements bond issuance. Sound fiscal control by all departments within the City's General Fund resulted in actual expenditures being approximately \$850,000 less than budget.

Long-term liabilities increased approximately \$4 million due to the previously mentioned \$4.69 of bond issuances netted against the current year's scheduled principal payments.

**Business-type Activities**

The net assets of the City's business-type activities remained relatively unchanged with only an incremental decrease of \$1.9 million in net assets. The deficit change in net assets is primarily due to business-type activities not fully covering depreciation expenses.

Our analysis on the following page focuses on the net assets (Table 1) of the City's governmental and business-type activities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2008**

**Table 1**

**STATEMENT OF NET ASSETS**

December 31, 2008

*(in thousands)*

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 65,957	\$ 63,023	\$ 17,224	\$ 17,479	\$ 83,181	\$ 80,502
Capital assets	87,997	83,155	106,522	108,903	194,519	192,058
Total assets	\$ 153,954	\$ 146,178	\$ 123,746	\$ 126,382	\$ 277,700	\$ 272,560
Current and other liabilities	\$ 5,963	\$ 5,423	\$ 1,738	\$ 1,726	\$ 7,701	\$ 7,149
Long-term liabilities	13,125	9,186	7,749	8,543	20,874	17,729
Total liabilities	19,088	14,609	9,487	10,269	28,575	24,878
Net assets:						
Invested in capital assets, net of related debt	77,534	74,654	97,955	99,699	175,489	174,353
Restricted for:						
Capital Acquisitions	1,148	1,184	-	-	1,148	1,184
Debt Service	1,022	830	-	-	1,022	830
Development	28	-	-	-	28	-
Other Purposes	-	1,593	-	-	-	1,593
Public Safety	827	-	-	-	827	-
Unrestricted	54,307	53,308	16,304	16,414	70,611	69,722
Total net assets	134,866	131,569	114,259	116,113	249,125	247,682
Total liabilities and net assets	\$ 153,954	\$ 146,178	\$ 123,746	\$ 126,382	\$ 277,700	\$ 272,560

**STATEMENT OF ACTIVITIES**

**Governmental Activities**

The net assets of the City's governmental activities increased by \$3.3 million, or 2.5%. The City is in the fourth year of a ten-year road revitalization program, which is designed to overlay or reconstruct every local street. As a result, the City experienced and will continue to experience increases in infrastructure outlay. In 2008, the City accumulated an additional \$2.9 million of net assets, invested in capital assets net of related debt.

Property taxes increased by \$1.2 million, or 3.9%, due to inflationary increases in operating expenses, along with a \$200,000 inflationary increase in the street improvement levy to maintain sufficient funding levels for the City's road revitalization program.

Public works expenses increased \$4.9 million in 2008. This large increase is specifically due to the street reconstruction of Shady Oak Road. This is a joint project between Hennepin County and the City. The City's share of the projects costs are approximately \$4.3 million, which were expensed in 2008.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**December 31, 2008**

Public safety expenses increased almost \$2 million in 2008. A large part of the increase is attributed to expensing the prior year's negative net pension obligation of \$1.2 million from the City's Statement of Net Assets. In prior years, the Minnetonka Fire Relief Association's pension has been overfunded which resulted in recognizing the excess net pension obligation as an asset on the City's Statement of Net Assets. Due to the collapse of the financial markets, this excess net pension obligation has been eliminated, thus the prior year's asset of \$1.2 million was expensed in the current year. Also contributing the increased public safety expenses was the fire department's purchase of both a pumper truck and a ladder truck in 2008, which amounted to almost \$800,000.

**Business-type Activities**

Water and sewer revenues increased approximately \$550,000, which is a result of implementing a revised tiered-rate water usage structure that emphasizes conservation. High consumption users are now charged a much steeper rate for excess consumption to encourage future conservation.

2008 saw an increase in water and sewer expenses. This increase is directly attributed to the water meter replacement program which was implemented in late 2007 and is scheduled for completion in 2009. 2008 expenses related to the water meter replacement program amounted to \$1.9 million.

The following table (table 2) indicates the changes in net assets for the City's governmental and business-type activities:

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2008**

**Table 2**

**STATEMENT OF ACTIVITIES**

December 31, 2008

(in thousands)

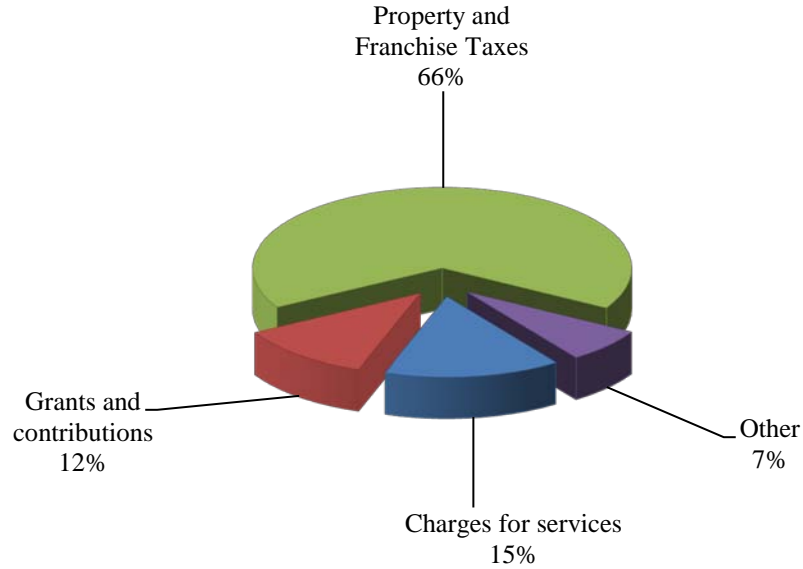
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 6,727	\$ 6,787	\$ 15,445	\$ 14,892	\$ 22,172	\$ 21,679
Operating grants and contributions	1,463	1,487	135	174	1,598	1,661
Capital grants and contributions	3,734	3,015	539	669	4,273	3,684
General revenues:						
Taxes	29,868	28,749	-	-	29,868	28,749
State Aid - Unrestricted	322	587	-	-	322	587
Investment earnings	2,744	2,746	823	906	3,567	3,652
Other general revenue	51	45	-	3	51	48
<b>Total Revenues</b>	<b>\$ 44,909</b>	<b>\$ 43,416</b>	<b>\$ 16,942</b>	<b>\$ 16,644</b>	<b>\$ 61,851</b>	<b>\$ 60,060</b>
<b>Expenses</b>						
General services	\$ 5,397	\$ 6,124	\$ -	\$ -	\$ 5,397	\$ 6,124
Development services	6,004	6,516	-	-	6,004	6,516
Public works	12,157	7,259	-	-	12,157	7,259
Public safety	12,977	10,986	-	-	12,977	10,986
Parks and recreation	5,674	5,581	-	-	5,674	5,581
Interest on long-term debt	467	331	-	-	467	331
Water and sewer utility	-	-	13,253	12,077	13,253	12,077
Ice arena	-	-	1,037	1,011	1,037	1,011
Environmental	-	-	880	765	880	765
Williston Center	-	-	1,181	1,017	1,181	1,017
Grays Bay Marina	-	-	240	221	240	221
Storm water fund	-	-	1,140	1,370	1,140	1,370
<b>Total Expenses</b>	<b>42,676</b>	<b>36,797</b>	<b>17,731</b>	<b>16,461</b>	<b>60,407</b>	<b>53,258</b>
Change in net assets before transfers	2,233	6,619	(789)	183	1,444	6,802
Transfers	1,065	1,043	(1,065)	(1,043)	-	-
Change in net assets	3,298	7,662	(1,854)	(860)	1,444	6,802
Net assets - Beginning of Year, as Previously Stated	131,568	123,317	116,113	116,973	247,681	240,290
Prior Period Adjustment	-	589	-	-	-	589
Net assets - Beginning of Year, as Restated	131,568	123,906	116,113	116,973	247,681	240,879
Net assets - Ending	\$ 134,866	\$ 131,568	\$ 114,259	\$ 116,113	\$ 249,125	\$ 247,681

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2008**

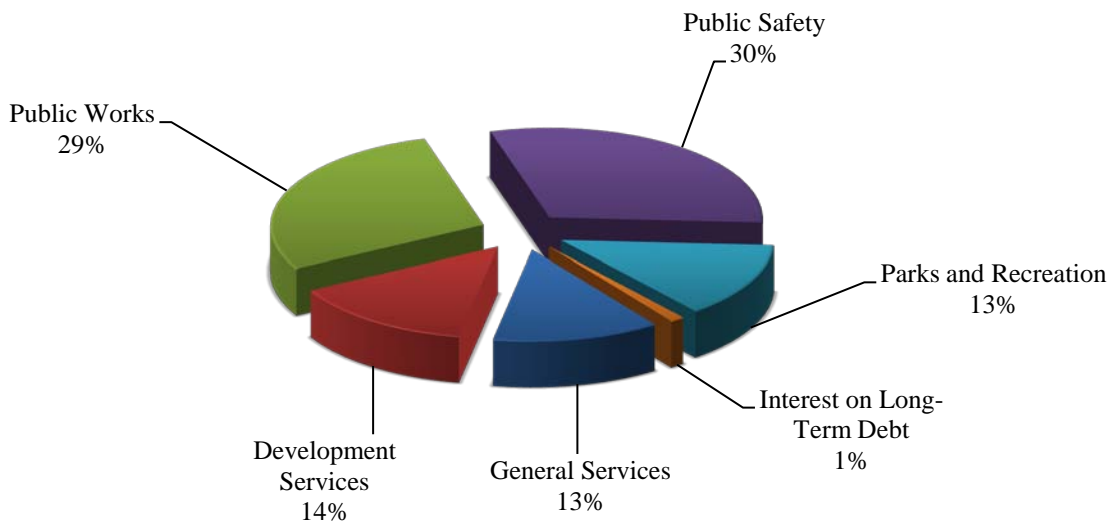
The following chart visually illustrates the City's revenue by source for its governmental activities:

**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, 2008**

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

*General Fund*

In 2008, the City's General Fund fund balance increased by approximately \$1.0 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 \$857,000 or 3.2%, under budget. Actual revenues were approximately \$550,000 greater than budget due favorable investment income and higher than expected license and permit fees.

Investment income remained stable from 2007 to 2008, even though market rates dropped significantly. The investment income maintained 2007 levels due to increasing market values of long-term investments purchased in prior years. The city maintains an investment policy of holding investments to maturity. Since the City is unlikely to sell these investments prior to maturity, the City will not realize these gains in future years when these long-term investments reach maturity.

With the downturn in the economy, license and permit revenue was budgeted to decrease in 2008. However, due in part to one significant development initiated in December of 2008, license and permit revenue came in almost \$300,000 over budget.

*Electric Franchise Fees*

The \$783,000 fund balance deficit in the Electric Franchise Fees fund is a multi-year culmination of major project undertakings, along with substantial increases in raw material prices used in burying the underground electric utility lines. Major underground burial projects were substantially complete at the end of 2008 and future projects are not scheduled to start until 2012. This will allow the fund time to replenish its fund balance by collecting future franchise fees.

*Community Investment Fund*

The increase in available fund balance of approximately \$1.2 million in the Community Investment Fund balance was due to minimal activity taking place in this fund for 2008. Investment earnings accounted for the only activity. The City's 2009-2013 Capital Improvement Program includes major capital expenditures from this fund in 2010 and 2011 for the Williston Center rehabilitation and the Minnehaha Creek Corridor project. Current and prior year's investment earnings are expected to finance these future projects.

*Special Assessment Construction Fund*

The decrease in available fund balance of approximately \$300,000 in the Special Assessment Construction Fund was mainly due to the design and reconstruction of the I-394 and Hopkins Crossroad intersection. A majority of the costs associated with this project are scheduled to be reimbursed from a development that directly benefits from the intersection improvements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2008**

*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 the year totaled \$4.3 million. The remaining balance will be funded through Municipal State-Aid received from the State of Minnesota. The City receives approximately \$1.6 million of Municipal State-Aid per year.

*Street Improvement Fund*

The City ramped up its Street Improvement Fund levy in 2006 and 2007 along with an inflationary increase in 2008 to fund the previously mentioned road revitalization 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 2008 the Street Improvement Fund expended \$4.4 million on various street maintenance and reconstruction projects. The current year's remaining excess revenues over expenditures of approximately \$650,000 will be added the prior year's ending fund balance to total \$1.5 million in available fund balance to be spent in the 2009 and 2010 construction seasons.

**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. Two significant changes from the original budget to the final amended budget were the downward revisions of both license and permit revenues and intergovernmental revenues.

Due to the slumping economy building permit revenues were projected to come in over \$500,000 less than what was originally budgeted. Fortunately in December a large development project submitted building permits requests, which brought the current year's license and permit revenue in \$300,000 over the revised budget but still \$200,000 short of the original budget.

The intergovernmental revenue budget amount was also revised downward by approximately \$100,000. This reduction is due to a correction of an error in the State of Minnesota's funding formula for Fire State-Aid. Future funding levels are expected to remain at the lower revised rate.

There were no significant budget-to-actual variances on the expenditure side of the General Fund. Sound fiscal control by all departments within the General Fund resulted in actual expenditures being 3.2% percent under the final amended budget. City management was well aware of the slowdown in licenses and permits, as well as the economy as a whole, and took the necessary steps to control spending.

Actual revenues were approximately \$300,000 greater than the final amended budget due largely to investment income exceeding budget by nearly the same amount. As stated earlier, even though market rates dropped significantly throughout the year, investment income maintained 2007 levels due to increasing market values of long-term investments purchased in prior years. The city maintains an investment policy of holding investments to maturity. Since the City is

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**  
**December 31, 2008**

unlikely to sell these investments prior to maturity, the City will not realize these gains in future years when these long-term investments reach maturity.

**CAPITAL ASSETS**

At the end of 2008, the City had \$194.5 million invested in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of approximately \$2.5 million or 1.3%, over the prior year.

The City's fiscal year 2009 capital budget appropriates another \$16.6 million for capital projects, of which approximately \$13.6 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 \$21.1 million in bonds outstanding versus \$17.7 million last year, an increase of \$3.4 million. The increase was due to the issuance of \$2.2 million in State-Aid Street Bonds and the issuance of \$2.5 million in Open Space and Park Improvement Bonds. In addition, the city issued \$4.2 million in Water Revenue Refunding Bonds which was used to defease Water Revenue Bonds issued in 2000. Existing debt service principal payments account for a \$1.2 million reduction in outstanding bonds. More detailed information about the City's long-term debt is presented in Note 4.D. to the financial statements.

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

**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.

Over recent years, the City has taken significant steps to build a solid fiscal foundation for years to come. In both 2007 and 2008, the City maintained budget growth to a modest 4% or less each year, which was in line with national government inflation rates for local government costs.

The 2009 budget continues to reflect the City's highest priorities: public safety, streets, utilities and parks. These functions continue to represent the focus of city programs and projects, accounting for more than eight out of every ten dollars in the combined 2009 budget. During the budget preparation process, the City was acutely aware of the weakening economy and the negative impacts that were likely to occur. To counteract a projected decline in revenues, specifically development related fees, the City took certain steps to contain costs. These cost containments included freezing non-personnel costs at 2008 budget levels, continuing the City's aggressive energy efficiency program with the goal of holding electric and heating costs

**CITY OF MINNETONKA  
Hennepin County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
December 31, 2008**

constant, and enacting a hiring freeze in order to consider alternatives methods for service delivery.

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).



**BASIC FINANCIAL  
STATEMENTS**



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

**STATEMENT OF NET ASSETS**  
**December 31, 2008**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Investments (Including Cash Equivalents)	\$ 58,199,259	\$ 14,817,202	\$ 73,016,461
Receivables:			
Accounts Receivable	928,245	2,023,677	2,951,922
Interest Receivable	374,194	116,159	490,353
Taxes Receivable	669,957	3,092	673,049
Special Assessments Receivable	1,579,938	242,518	1,822,456
Due from Other Governments	1,283,693	153,407	1,437,100
Internal Balances	186,917	(186,917)	-
Other Assets	106,451	-	106,451
Unamortized Bond Discount	29,457	-	29,457
Inventories	226,367	55,183	281,550
Investment in Joint Venture	2,372,622	-	2,372,622
Capital Assets, Net of Related Depreciation:			
Land - Nondepreciable	14,888,879	1,050,103	15,938,982
Construction in Progress - Nondepreciable	2,724,840	181,604	2,906,444
Buildings	8,823,557	10,953,682	19,777,239
Improvements Other than Buildings	1,644,668	1,486,064	3,130,732
Machinery and Equipment	3,496,884	1,739,669	5,236,553
Infrastructure	56,418,363	91,110,490	147,528,853
Total Assets	\$ 153,954,291	\$ 123,745,933	\$ 277,700,224

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, 2008**  
**(Continued)**

	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES AND NET ASSETS:</b>			
<b>Liabilities:</b>			
Salaries and Wages Payable	\$ 279,834	\$ 28,054	\$ 307,888
Accounts and Contracts Payable	1,594,164	420,679	2,014,843
Accrued Interest Payable	192,171	153,859	346,030
Due to Other Governments	1,361,943	-	1,361,943
Unearned Revenue	436,951	67,945	504,896
<b>Noncurrent Liabilities:</b>			
Unamortized Bond Premium	50,053	156,768	206,821
Unfunded OPEB Obligation	244,347	31,349	275,696
<b>Bonds Payable:</b>			
Due Within One Year	595,000	775,000	1,370,000
Due in More than One Year	12,070,000	7,635,000	19,705,000
<b>Compensated Absences/ Severance Payable:</b>			
Due Within One Year	1,208,944	104,168	1,313,112
Due in More than One Year	1,054,808	113,793	1,168,601
<b>Total Liabilities</b>	<b>19,088,215</b>	<b>9,486,615</b>	<b>28,574,830</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	77,534,541	97,954,844	175,489,385
<b>Restricted for:</b>			
Capital Acquisitions	1,147,636	-	1,147,636
Debt Service	1,022,355	-	1,022,355
Development	27,892	-	27,892
Public Safety	826,773	-	826,773
Unrestricted	54,306,879	16,304,474	70,611,353
<b>Total Net Assets</b>	<b>134,866,076</b>	<b>114,259,318</b>	<b>249,125,394</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 153,954,291</b>	<b>\$ 123,745,933</b>	<b>\$ 277,700,224</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, 2008**

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	\$ 5,396,909	\$ 242,723	\$ 521,400	\$ -	\$ (4,632,786)	\$ -	\$ (4,632,786)
Development Services	6,003,544	2,950,072	-	1,154,702	(1,898,770)	-	(1,898,770)
Public Works	12,157,209	1,094,941	89,498	2,578,938	(8,393,832)	-	(8,393,832)
Public Safety	12,977,197	1,032,899	852,469	-	(11,091,829)	-	(11,091,829)
Parks and Recreation	5,673,979	1,405,871	-	-	(4,268,108)	-	(4,268,108)
Unallocated Interest on Long-Term Debt	466,715	-	-	-	(466,715)	-	(466,715)
<b>Total Governmental Activities</b>	<b>42,675,553</b>	<b>6,726,506</b>	<b>1,463,367</b>	<b>3,733,640</b>	<b>(30,752,040)</b>	<b>-</b>	<b>(30,752,040)</b>
<b>Business-Type Activities:</b>							
Water and Sewer Utilities	13,252,488	10,389,772	-	248,771	-	(2,613,945)	(2,613,945)
Ice Arena	1,037,482	876,255	-	-	-	(161,227)	(161,227)
Environmental	879,639	994,102	134,845	-	-	249,308	249,308
Williston Fitness Center	1,180,776	1,105,237	-	-	-	(75,539)	(75,539)
Grays Bay Marina	240,170	225,851	-	-	-	(14,319)	(14,319)
Storm Water	1,139,945	1,853,346	-	289,976	-	1,003,377	1,003,377
<b>Total Business-type Activities</b>	<b>17,730,500</b>	<b>15,444,563</b>	<b>134,845</b>	<b>538,747</b>	<b>-</b>	<b>(1,612,345)</b>	<b>(1,612,345)</b>
<b>Total Governmental and Business-Type Activities</b>	<b>\$ 60,406,053</b>	<b>\$ 22,171,069</b>	<b>\$ 1,598,212</b>	<b>\$ 4,272,387</b>	<b>(30,752,040)</b>	<b>(1,612,345)</b>	<b>(32,364,385)</b>
<b>General Revenues:</b>							
Property Taxes					28,384,529	-	28,384,529
Franchise Taxes					1,483,731	-	1,483,731
State Aid - Unrestricted					322,000	-	322,000
Investment Earnings					2,744,051	823,429	3,567,480
Other General Revenue					50,678	-	50,678
Transfers					1,064,600	(1,064,600)	-
<b>Total General Revenues and Transfers</b>					<b>34,049,589</b>	<b>(241,171)</b>	<b>33,808,418</b>
Change in Net Assets					3,297,549	(1,853,516)	1,444,033
Net Assets - Beginning					131,568,527	116,112,834	247,681,361
Net Assets - Ending					<b>\$ 134,866,076</b>	<b>\$ 114,259,318</b>	<b>\$ 249,125,394</b>

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

# MAJOR GOVERNMENTAL FUNDS

**General Fund** – The general fund accounts for all revenues and expenditures of a governmental unit which are not accounted for in other funds. It normally receives a greater variety and number of taxes and other general revenues than any other fund. This fund has flowing into it such revenues as general property taxes, licenses and permits, fines and penalties, intergovernmental revenues, charges for current services, and interest earnings. Most of the day-to-day operations of governmental units will be financed from this fund.

## SPECIAL REVENUE FUND

**Electric Franchise Fees Fund** – This fund was established to account for electric franchise fee revenues and the corresponding expenditures for the burial of overhead utility lines on major streets.

## CAPITAL PROJECTS FUNDS

**Community Investment Fund** – This fund was established to account for residuals from special assessment funds where the bonds have been retired. Expenditures from this fund are for projects that have a city-wide benefit.

**Special Assessment Construction Fund** – This fund was established to account for the proceeds of bonds for the purpose of water, sewer, and street construction.

**State Municipal Aid Fund** – This fund was established to account for the revenues and expenditures for the construction of county state-aid roads and the municipal state-aid street system.

**Street Improvement Fund** – This fund was established to account for the revenues and expenditures related to the reconstruction and maintenance of the local street system.

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

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2008**

	General	Special Revenue Electric Franchise Fees	Capital Projects Community Investment	Special Assessment Construction
<b>ASSETS:</b>				
Cash and Investments (Including Cash Equivalents)	\$ 12,311,100	\$ -	\$ 22,609,544	\$ 8,093,936
Accounts Receivable	31,743	200,654	-	-
Interest Receivable	110,231	-	169,467	-
Property Taxes Receivable:				
Unremitted	158,962	-	-	-
Delinquent	506,895	-	-	-
Special Assessments Receivable:				
Unremitted	-	-	-	28,049
Current	-	-	-	324,781
Delinquent	-	-	-	29,724
Deferred	-	-	-	1,197,384
Due from Other Governments	244,197	-	-	-
Due from Other Funds	1,288,679	-	-	-
Other Assets	106,451	-	-	-
Inventories	163,579	-	-	-
Advances to Other Funds	10,000	-	-	-
	<u>\$ 14,931,837</u>	<u>\$ 200,654</u>	<u>\$ 22,779,011</u>	<u>\$ 9,673,874</u>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Salaries and Wages Payable	\$ 272,681	\$ -	\$ -	\$ -
Accounts and Contracts Payable	540,639	-	-	181,901
Due to Other Governments	6,978	-	-	-
Due to Other Funds	-	984,463	-	-
Deferred Revenue	1,318,846	-	-	1,551,889
Total Liabilities	<u>2,139,144</u>	<u>984,463</u>	<u>-</u>	<u>1,733,790</u>
<b>Fund Balances:</b>				
Reserved for:				
Advances	10,000	-	-	-
Encumbrances	-	-	-	800,859
Fire Relief	352,000	-	-	-
Inventories	163,579	-	-	-
Unreserved, Reported in:				
General Fund:				
Designated for:				
Compensated Absences	959,224	-	-	-
Recreation Scholarships	1,855	-	-	-
Senior Center	21,083	-	-	-
Undesignated	11,284,952	-	-	-
Special Revenue Funds:				
Designated for:				
Compensated Absences	-	-	-	-
Undesignated	-	(783,809)	-	-
Debt Service Funds:				
Undesignated	-	-	-	-
Capital Projects Funds:				
Designated for:				
Construction	-	-	22,779,011	-
Undesignated	-	-	-	7,139,225
Total Fund Balances	<u>12,792,693</u>	<u>(783,809)</u>	<u>22,779,011</u>	<u>7,940,084</u>
	<u>\$ 14,931,837</u>	<u>\$ 200,654</u>	<u>\$ 22,779,011</u>	<u>\$ 9,673,874</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, 2008**  
**(Continued)**

	Capital Projects		Other Governmental Funds	Total Governmental Funds
	State Municipal Aid	Street Improvement		
<b>ASSETS:</b>				
Cash and Investments (Including Cash Equivalents)	\$ -	\$ 1,600,922	\$ 12,630,518	\$ 57,246,020
Accounts Receivable	-	25,231	659,944	917,572
Interest Receivable	-	2,262	85,792	367,752
Property Taxes Receivable:				
Unremitted	-	-	4,100	163,062
Delinquent	-	-	-	506,895
Special Assessments Receivable:				
Unremitted	-	-	-	28,049
Current	-	-	-	324,781
Delinquent	-	-	-	29,724
Deferred	-	-	-	1,197,384
Due from Other Governments	747,898	-	291,598	1,283,693
Due from Other Funds	-	-	-	1,288,679
Other Assets	-	-	-	106,451
Inventories	-	-	-	163,579
Advances to Other Funds	-	-	-	10,000
<b>Total Assets</b>	<b>\$ 747,898</b>	<b>\$ 1,628,415</b>	<b>\$ 13,671,952</b>	<b>\$ 63,633,641</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Salaries and Wages Payable	\$ -	\$ -	\$ 2,029	\$ 274,710
Accounts and Contracts Payable	-	129,055	611,798	1,463,393
Due to Other Governments	1,354,429	-	536	1,361,943
Due to Other Funds	12,882	-	17,000	1,014,345
Deferred Revenue	18,278	-	-	2,889,013
<b>Total Liabilities</b>	<b>1,385,589</b>	<b>129,055</b>	<b>631,363</b>	<b>7,003,404</b>
<b>Fund Balances:</b>				
<b>Reserved for:</b>				
Advances	-	-	-	10,000
Encumbrances	-	30,398	316,379	1,147,636
Fire Relief	-	-	-	352,000
Inventories	-	-	-	163,579
<b>Unreserved, Reported in:</b>				
<b>General Fund:</b>				
<b>    Designated for:</b>				
Compensated Absences	-	-	-	959,224
Recreation Scholarships	-	-	-	1,855
Senior Center	-	-	-	21,083
Undesignated	-	-	-	11,284,952
<b>Special Revenue Funds:</b>				
<b>    Designated for:</b>				
Compensated Absences	-	-	8,260	8,260
Undesignated	-	-	1,955,424	1,171,615
<b>Debt Service Funds:</b>				
Undesignated	-	-	1,022,355	1,022,355
<b>Capital Projects Funds:</b>				
<b>    Designated for:</b>				
Construction	-	-	1,674,329	24,453,340
Undesignated	(637,691)	1,468,962	8,063,842	16,034,338
<b>Total Fund Balances</b>	<b>(637,691)</b>	<b>1,499,360</b>	<b>13,040,589</b>	<b>56,630,237</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 747,898</b>	<b>\$ 1,628,415</b>	<b>\$ 13,671,952</b>	<b>\$ 63,633,641</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, 2008**

Total Fund Balances - Governmental Funds	\$ 56,630,237
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	132,316,921
Less Accumulated Depreciation	(44,319,730)
Long-term investments in joint ventures are not available financial resources and, therefore, are not reported as assets in governmental funds.	2,372,622
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	(12,665,000)
Unamortized Bond Discount/(Premium)	(20,596)
Compensated Absences and Severance Payable	(2,215,037)
Other Post Employment Benefits Payable	(238,741)
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.	2,452,062
Governmental funds do not report a liability for accrued interest until due and payable.	(192,171)
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).	<u>745,509</u>
Total Net Assets - Governmental Activities	<u><u>\$ 134,866,076</u></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, 2008**

	General	Special Revenue	Capital Projects	
		Electric Franchise Fees	Community Investment	Special Assessment Construction
<b>REVENUES:</b>				
Taxes:				
Property	\$ 18,554,815	\$ -	\$ -	\$ -
Franchise	-	801,446	-	-
Special Assessments	-	-	-	430,278
Licenses and Permits	2,574,866	-	-	-
Intergovernmental	1,033,573	521,400	-	-
Charges for Services	1,273,662	-	-	260,975
Fines and Forfeitures	541,961	-	-	-
Miscellaneous	1,661,672	-	1,204,645	324,000
Total Revenues	<u>25,640,549</u>	<u>1,322,846</u>	<u>1,204,645</u>	<u>1,015,253</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	3,215,564	1,003,495	-	-
Development Services	3,135,641	-	-	375,755
Public Works	4,050,774	-	-	-
Public Safety	10,656,545	-	-	-
Park and Recreation	4,615,158	-	-	31,758
Debt Service	-	-	-	-
Capital Outlay	88,289	-	-	929,024
Total Expenditures	<u>25,761,971</u>	<u>1,003,495</u>	<u>-</u>	<u>1,336,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(121,422)	319,351	1,204,645	(321,284)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,213,600	-	-	76,365
Transfers Out	(44,600)	-	-	(31,200)
Issuance of Debt	-	-	-	-
Premium on Bonds Issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,169,000</u>	<u>-</u>	<u>-</u>	<u>45,165</u>
Net Change in Fund Balances	1,047,578	319,351	1,204,645	(276,119)
<b>FUND BALANCES:</b>				
Beginning of Year	<u>11,745,115</u>	<u>(1,103,160)</u>	<u>21,574,366</u>	<u>8,216,203</u>
End of Year	<u>\$ 12,792,693</u>	<u>\$ (783,809)</u>	<u>\$ 22,779,011</u>	<u>\$ 7,940,084</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, 2008**  
**(Continued)**

	Capital Projects		Other Governmental Funds	Total Governmental Funds
	State Municipal Aid	Street Improvement		
<b>REVENUES:</b>				
Taxes:				
Property	\$ -	\$ 5,000,000	\$ 4,666,501	\$ 28,221,316
Franchise	-	-	682,285	1,483,731
Special Assessments	-	-	-	430,278
Licenses and Permits	-	-	-	2,574,866
Intergovernmental	1,566,865	-	705,929	3,827,767
Charges for Services	-	-	-	1,534,637
Fines and Forfeitures	-	-	102,719	644,680
Miscellaneous	-	66,691	1,620,244	4,877,252
Total Revenues	<u>1,566,865</u>	<u>5,066,691</u>	<u>7,777,678</u>	<u>43,594,527</u>
<b>EXPENDITURES:</b>				
Current:				
General Government	-	-	471,666	4,690,725
Development Services	-	-	2,414,950	5,926,346
Public Works	-	1,284,650	29,989	5,365,413
Public Safety	-	-	240,616	10,897,161
Park and Recreation	-	-	208,682	4,855,598
Debt Service	35,403	-	946,556	981,959
Capital Outlay	4,298,703	3,156,388	4,213,499	12,685,903
Total Expenditures	<u>4,334,106</u>	<u>4,441,038</u>	<u>8,525,958</u>	<u>45,403,105</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,767,241)	625,653	(748,280)	(1,808,578)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	31,605	121,800	1,443,370
Transfers Out	(107,970)	-	(195,000)	(378,770)
Issuance of Debt	2,215,000	-	2,490,000	4,705,000
Premium on Bonds Issued	22,520	-	29,522	52,042
Total Other Financing Sources (Uses)	<u>2,129,550</u>	<u>31,605</u>	<u>2,446,322</u>	<u>5,821,642</u>
Net Change in Fund Balances	(637,691)	657,258	1,698,042	4,013,064
<b>FUND BALANCES:</b>				
Beginning of Year	-	842,102	11,342,547	52,617,173
End of Year	<u>\$ (637,691)</u>	<u>\$ 1,499,360</u>	<u>\$ 13,040,589</u>	<u>\$ 56,630,237</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, 2008**

Net Change in Fund Balances - Total Governmental Funds \$ 4,013,064

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 Contributions	1,012,073
Capital Outlay	7,729,015
Depreciation Expense	(3,863,819)
Loss on Disposed Assets	(35,772)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 261,123

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. (4,183,279)

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	(103,475)
Changes in Other Post Employment Benefits Payable	(238,741)
Changes in Accrued Interest Payable	(58,519)

Net pension obligation activity is not recognized in the Governmental Funds but recognized as the expense/revenue is incurred in the Statement of Activities (1,152,565)

Internal Service Funds are used by management to charge the costs of providing insurance for the City (See Note 2.B). (81,556)

Change in Net Assets of Governmental Activities \$ 3,297,549

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, 2008**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Property Taxes	\$19,076,200	\$19,046,200	\$18,554,815	\$ (491,385)
Licenses and Permits	2,813,700	2,489,000	2,574,866	85,866
Intergovernmental Revenues	862,500	768,800	1,033,573	264,773
Charges for Services	1,450,400	1,431,500	1,273,662	(157,838)
Fines and Forfeitures	513,000	540,000	541,961	1,961
Other Revenues	<u>1,025,950</u>	<u>1,042,550</u>	<u>1,661,672</u>	<u>619,122</u>
Total Revenues	25,741,750	25,318,050	25,640,549	322,499
<b>EXPENDITURES:</b>				
General Government	3,480,300	3,438,000	3,215,564	222,436
Development Services	3,237,700	3,283,700	3,135,641	148,059
Public Works	4,003,100	4,026,950	4,050,774	(23,824)
Public Safety	11,188,500	10,991,900	10,656,545	335,355
Park and Recreation	4,877,750	4,765,500	4,615,158	150,342
Capital Outlay	<u>123,400</u>	<u>113,500</u>	<u>88,289</u>	<u>25,211</u>
Total Expenditures	26,910,750	26,619,550	25,761,971	857,579
Excess of Revenues over (under) Expenditures	(1,169,000)	(1,301,500)	(121,422)	1,180,078
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,213,600	1,213,600	1,213,600	-
Transfers Out	<u>(44,600)</u>	<u>(44,600)</u>	<u>(44,600)</u>	<u>-</u>
Total Other Financing Sources (Uses)	1,169,000	1,169,000	1,169,000	-
Net Change in Fund Balance	-	(132,500)	1,047,578	1,180,078
<b>FUND BALANCES:</b>				
Beginning of Year	<u>11,745,115</u>	<u>11,745,115</u>	<u>11,745,115</u>	<u>-</u>
End of Year	<u><u>\$11,745,115</u></u>	<u><u>\$11,612,615</u></u>	<u><u>\$12,792,693</u></u>	<u><u>\$ 1,180,078</u></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 - BUDGET AND ACTUAL -**  
**SPECIAL REVENUE FUND - ELECTRIC FRANCHISE FEES**  
**Year Ended December 31, 2008**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Franchise Taxes	\$ 802,000	\$ 802,000	\$ 801,446	\$ (554)
Intergovernmental:				
Local Cost-Share	521,400	521,400	521,400	-
Total Revenues	1,323,400	1,323,400	1,322,846	(554)
EXPENDITURES:				
General Services:				
Other Services and Charges	2,000,000	2,224,800	1,003,495	1,221,305
Excess of Revenues Over (Under) Expenditures	\$ (676,600)	\$ (901,400)	319,351	\$ 1,220,751
FUND BALANCES:				
Beginning of Year			(1,103,160)	
End of Year			\$ (783,809)	

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

## **PROPRIETARY FUNDS**

**ENTERPRISE FUNDS** – These funds are established to account for the financing of self supporting activities of governmental units which render services on a user charge basis to the general public. Minnetonka’s enterprises include the public utility engaged in the provision of water and sewer services, and ice arena, an environmental fund, a fitness center, a storm water fund, and a marina and public access to Lake Minnetonka.

**INTERNAL SERVICE FUNDS** – The City has two internal service funds, the Self Insurance Fund and the Fleet Maintenance Fund, that respectively account for the risk management and fleet maintenance services provided to other City departments on a cost-reimbursement basis.



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

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**December 31, 2008**

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	\$ 12,971,669	\$ 500	\$ 1,530,768	\$ 75,261	\$ 239,004	\$ -	\$ 14,817,202	\$ 953,239
Accounts Receivable	1,601,574	15,985	91,852	2,804	-	311,462	2,023,677	10,673
Interest Receivable	102,979	-	11,606	49	1,525	-	116,159	6,442
Taxes Receivable	3,092	-	-	-	-	-	3,092	-
Special Assessments Receivable	242,518	-	-	-	-	-	242,518	-
Due from Other Funds	520,929	-	-	-	-	-	520,929	-
Due from Other Governments	597	-	152,810	-	-	-	153,407	-
Inventories	55,033	150	-	-	-	-	55,183	62,788
Total Current Assets	<u>15,498,391</u>	<u>16,635</u>	<u>1,787,036</u>	<u>78,114</u>	<u>240,529</u>	<u>311,462</u>	<u>17,932,167</u>	<u>1,033,142</u>
<b>Noncurrent Assets:</b>								
<b>Capital Assets:</b>								
Land	247,650	-	-	348,000	-	454,453	1,050,103	-
Construction in Progress	5,526	-	-	-	-	176,078	181,604	-
Buildings and Structures	6,675,368	4,711,977	-	2,889,681	-	352,240	14,629,266	-
Water Supply Facilities	3,381,757	-	-	-	-	-	3,381,757	-
Water Storage Facilities	1,318,834	-	-	-	-	-	1,318,834	-
Water Mains and Lines	126,100,529	-	-	-	-	-	126,100,529	-
Sewer Lift Stations	2,823,196	-	-	-	-	-	2,823,196	-
Storm Drainage System	-	-	-	-	-	32,924,084	32,924,084	-
Improvements Other than Buildings	1,071,935	-	-	91,479	740,000	-	1,903,414	-
Machinery and Equipment	4,278,299	189,739	-	168,445	13,334	529,547	5,179,364	-
Total Cost	<u>145,903,094</u>	<u>4,901,716</u>	<u>-</u>	<u>3,497,605</u>	<u>753,334</u>	<u>34,436,402</u>	<u>189,492,151</u>	<u>-</u>
Less Accumulated Depreciation	(67,006,073)	(3,163,571)	-	(1,924,649)	(179,360)	(10,696,886)	(82,970,539)	-
Net Capital Assets	<u>78,897,021</u>	<u>1,738,145</u>	<u>-</u>	<u>1,572,956</u>	<u>573,974</u>	<u>23,739,516</u>	<u>106,521,612</u>	<u>-</u>
Total Noncurrent Assets	<u>78,897,021</u>	<u>1,738,145</u>	<u>-</u>	<u>1,572,956</u>	<u>573,974</u>	<u>23,739,516</u>	<u>106,521,612</u>	<u>-</u>
Total Assets	<u>\$ 94,395,412</u>	<u>\$ 1,754,780</u>	<u>\$ 1,787,036</u>	<u>\$ 1,651,070</u>	<u>\$ 814,503</u>	<u>\$ 24,050,978</u>	<u>\$ 124,453,779</u>	<u>\$ 1,033,142</u>

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, 2008**  
**(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	\$ 13,782	\$ 5,132	\$ 1,014	\$ 8,126	\$ -	\$ -	\$ 28,054	\$ 5,124
Accounts Payable	270,383	5,235	-	11,453	249	133,359	420,679	130,771
Accrued Interest Payable	153,859	-	-	-	-	-	153,859	-
Due to Other Funds	-	274,334	-	-	-	520,929	795,263	-
Advances from Other Funds	-	-	-	10,000	-	-	10,000	-
Unearned Revenue	-	-	-	16,645	51,300	-	67,945	-
Current Portion of								
Compensated Absences	62,213	15,895	9,105	16,955	-	-	104,168	23,149
Bonds Payable	775,000	-	-	-	-	-	775,000	-
<b>Total Current Liabilities</b>	<u>1,275,237</u>	<u>300,596</u>	<u>10,119</u>	<u>63,179</u>	<u>51,549</u>	<u>654,288</u>	<u>2,354,968</u>	<u>159,044</u>
<b>Long-Term Liabilities:</b>								
Compensated Absences	64,834	30,589	13,503	4,867	-	-	113,793	25,566
Unamortized Bond Premium	156,768	-	-	-	-	-	156,768	-
Unfunded OPEB Obligation	13,905	5,593	1,905	8,684	363	899	31,349	5,606
Revenue Bonds Payable, Net	7,635,000	-	-	-	-	-	7,635,000	-
<b>Total Noncurrent Liabilities</b>	<u>7,870,507</u>	<u>36,182</u>	<u>15,408</u>	<u>13,551</u>	<u>363</u>	<u>899</u>	<u>7,936,910</u>	<u>31,172</u>
<b>Total Liabilities</b>	<u>9,145,744</u>	<u>336,778</u>	<u>25,527</u>	<u>76,730</u>	<u>51,912</u>	<u>655,187</u>	<u>10,291,878</u>	<u>190,216</u>
<b>Net Assets:</b>								
Invested in Capital Assets, Net of Related Debt	70,330,253	1,738,145	-	1,572,956	573,974	23,739,516	97,954,844	-
Unrestricted	14,919,415	(320,143)	1,761,509	1,384	188,617	(343,725)	16,207,057	842,926
<b>Total Net Assets</b>	<u>85,249,668</u>	<u>1,418,002</u>	<u>1,761,509</u>	<u>1,574,340</u>	<u>762,591</u>	<u>23,395,791</u>	<u>114,161,901</u>	<u>842,926</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 94,395,412</u>	<u>\$ 1,754,780</u>	<u>\$ 1,787,036</u>	<u>\$ 1,651,070</u>	<u>\$ 814,503</u>	<u>\$ 24,050,978</u>		<u>\$ 1,033,142</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds (See Note 2.C)							97,417	
<b>Total Business-Type Activities Net Assets</b>							<u>\$ 114,259,318</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, 2008**

	Business-Type Activities - Enterprise Funds			
	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
<b>OPERATING REVENUES:</b>				
Water Sales and Sewer Charges	\$ 10,140,755	\$ -	\$ -	\$ -
Storm Water Charges	-	-	-	-
Ice Rental Charges	-	556,145	-	-
Memberships and Fees	-	-	-	1,059,764
Recycling Charges	-	-	487,668	-
Charges to City Departments	-	-	-	-
Other Revenue	249,017	320,110	506,434	45,473
Total Operating Revenues	<u>10,389,772</u>	<u>876,255</u>	<u>994,102</u>	<u>1,105,237</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	1,207,541	428,468	149,051	673,574
Supplies, Repairs and Maintenance	696,494	70,874	15,579	59,073
Other Services and Charges	7,461,570	322,731	715,009	255,115
Total Operating Expenses	<u>9,365,605</u>	<u>822,073</u>	<u>879,639</u>	<u>987,762</u>
Operating Income (Loss) before Depreciation	1,024,167	54,182	114,463	117,475
Depreciation Expense	<u>3,361,205</u>	<u>205,999</u>	<u>-</u>	<u>183,604</u>
Operating Income (Loss)	(2,337,038)	(151,817)	114,463	(66,129)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	732,402	-	82,656	600
Intergovernmental	-	-	134,845	-
Interest Expense	(362,294)	-	-	-
Bond Issuance Costs	(125,743)	-	-	-
Total Nonoperating Revenues (Expenses)	<u>244,365</u>	<u>-</u>	<u>217,501</u>	<u>600</u>
Income (Loss) before Contributions and Transfers	(2,092,673)	(151,817)	331,964	(65,529)
Capital Contributions	248,771	-	-	-
Transfers In	-	-	-	338,000
Transfers Out	<u>(1,241,600)</u>	<u>(48,900)</u>	<u>(163,800)</u>	<u>(48,900)</u>
Change in Net Assets	(3,085,502)	(200,717)	168,164	223,571
<b>NET ASSETS:</b>				
Net Assets - Beginning	<u>88,335,170</u>	<u>1,618,719</u>	<u>1,593,345</u>	<u>1,350,769</u>
Net Assets - Ending	<u>\$ 85,249,668</u>	<u>\$ 1,418,002</u>	<u>\$ 1,761,509</u>	<u>\$ 1,574,340</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, 2008**

(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	\$ -	\$ -	\$ 10,140,755	\$ -
Storm Water Charges	-	1,850,846	1,850,846	-
Ice Rental Charges	-	-	556,145	-
Memberships and Fees	107,300	-	1,167,064	-
Recycling Charges	-	-	487,668	-
Charges to City Departments	-	-	-	1,635,800
Other Revenue	118,551	2,500	1,242,085	23,408
Total Operating Revenues	<u>225,851</u>	<u>1,853,346</u>	<u>15,444,563</u>	<u>1,659,208</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	26,029	64,968	2,549,631	454,733
Supplies, Repairs and Maintenance	101,547	63,733	1,007,300	803,252
Other Services and Charges	77,130	241,607	9,073,162	589,429
Total Operating Expenses	<u>204,706</u>	<u>370,308</u>	<u>12,630,093</u>	<u>1,847,414</u>
Operating Income (Loss) before Depreciation	21,145	1,483,038	2,814,470	(188,206)
Depreciation Expense	26,054	769,637	4,546,499	-
Operating Income (Loss)	(4,909)	713,401	(1,732,029)	(188,206)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment Income	7,771	-	823,429	40,779
Intergovernmental	-	67,474	202,319	-
Interest Expense	-	-	(362,294)	-
Bond Issuance Costs	-	-	(125,743)	-
Total Nonoperating Revenues (Expenses)	<u>7,771</u>	<u>67,474</u>	<u>537,711</u>	<u>40,779</u>
Income (Loss) before Contributions and Transfers	2,862	780,875	(1,194,318)	(147,427)
Capital Contributions	-	222,502	471,273	-
Transfers In	44,600	-	382,600	236,400
Transfers Out	(35,500)	(144,900)	(1,683,600)	-
Change in Net Assets	11,962	858,477	(2,024,045)	88,973
<b>NET ASSETS:</b>				
Net Assets - Beginning	<u>750,629</u>	<u>22,537,314</u>		<u>753,953</u>
Net Assets - Ending	<u>\$ 762,591</u>	<u>\$ 23,395,791</u>		<u>\$ 842,926</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds (See Note 2.D.)			<u>170,529</u>	
Change in Net Assets - Business-Type Activities			<u>\$ (1,853,516)</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, 2008**

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
<b>CASH FLOWS - OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 10,538,975	\$ 861,510	\$ 1,010,330	\$ 1,132,209
Receipts from Interfund Services Provided	-	-	-	-
Other Revenues	-	-	-	-
Payments to Suppliers	(8,286,825)	(396,974)	(764,496)	(331,645)
Payments to Employees	(1,192,675)	(429,599)	(147,154)	(672,742)
Payments of Benefits on Behalf of Employees	-	-	-	-
Net Cash Flows - Operating Activities	<u>1,059,475</u>	<u>34,937</u>	<u>98,680</u>	<u>127,822</u>
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental	-	-	-	-
Advances from Other Funds	-	21,163	-	-
Advances to Other Funds	384,793	-	-	-
Transfers to Other Funds	(903,600)	(48,900)	(163,800)	(48,900)
Transfers from Other Funds	-	-	-	-
Net Cash Flows - Noncapital Financing Activities	<u>(518,807)</u>	<u>(27,737)</u>	<u>(163,800)</u>	<u>(48,900)</u>
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	(819,455)	(7,200)	-	(24,642)
Advances from Other Funds	-	-	-	(11,000)
Proceeds on Bonds	4,309,150	-	-	-
Principal Paid on Capital Debt	(5,010,000)	-	-	-
Interest Paid on Capital Debt and Issuance Costs	(436,392)	-	-	-
Net Cash Flows - Capital and Related Financing Activities	<u>(1,956,697)</u>	<u>(7,200)</u>	<u>-</u>	<u>(35,642)</u>
<b>CASH FLOWS - INVESTING ACTIVITIES:</b>				
Interest and Dividends Received	<u>755,381</u>	<u>-</u>	<u>84,592</u>	<u>551</u>
Net Change in Cash and Cash Equivalents	(660,648)	-	19,472	43,831
Cash and Cash Equivalents, January 1	<u>13,632,317</u>	<u>500</u>	<u>1,511,296</u>	<u>31,430</u>
Cash and Cash Equivalents, December 31	<u>\$ 12,971,669</u>	<u>\$ 500</u>	<u>\$ 1,530,768</u>	<u>\$ 75,261</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, 2008**  
**(Continued)**

	Business-Type Activities - Enterprise Funds			
	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
<b>CASH FLOWS - OPERATING ACTIVITIES:</b>				
Receipts from Customers and Users	\$ 214,251	\$ 1,633,396	\$ 15,390,671	\$ -
Receipts from Interfund Services Provided	-	-	-	1,639,788
Other Revenues	-	-	-	23,408
Payments to Suppliers	(178,761)	(265,002)	(10,223,703)	(1,025,199)
Payments to Employees	(25,666)	(64,069)	(2,531,905)	(450,729)
Payments of Benefits on Behalf of Employees	-	-	-	(469,410)
Net Cash Flows - Operating Activities	9,824	1,304,325	2,635,063	(282,142)
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:</b>				
Intergovernmental	-	67,474	67,474	-
Advances from Other Funds	-	(384,793)	(363,630)	-
Advances to Other Funds	-	-	384,793	-
Transfers to Other Funds	(35,500)	(144,900)	(1,345,600)	-
Transfers from Other Funds	44,600	-	44,600	236,400
Net Cash Flows - Noncapital Financing Activities	9,100	(462,219)	(1,212,363)	236,400
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition and Construction of Capital Assets	-	(842,106)	(1,693,403)	-
Advances from Other Funds	-	-	(11,000)	-
Proceeds on Bonds	-	-	4,309,150	-
Principal Paid on Capital Debt	-	-	(5,010,000)	-
Interest Paid on Capital Debt & Issuance Costs	-	-	(436,392)	-
Net Cash Flows - Capital and Related Financing Activities	-	(842,106)	(2,841,645)	-
<b>CASH FLOWS - INVESTING ACTIVITIES:</b>				
Interest and Dividends Received	7,763	-	848,287	41,585
Net Change in Cash and Cash Equivalents	26,687	-	(570,658)	(4,157)
Cash and Cash Equivalents, January 1	212,317	-	15,387,860	957,396
Cash and Cash Equivalents, December 31	\$ 239,004	\$ -	\$ 14,817,202	\$ 953,239

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, 2008**  
**(Continued)**

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (2,337,038)	\$ (151,817)	\$ 114,463	\$ (66,129)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	3,361,205	205,999	-	183,604
Accounts Receivable	147,548	(14,745)	16,228	20,853
Due from Other Governments	(597)	-	(17,965)	-
Special Assessments Receivable	(536)	-	-	-
Other Receivables	2,788	-	-	-
Inventories	12,977	-	-	-
Accounts Payable	(141,738)	(3,369)	(15,943)	(17,457)
Salaries and Wages Payable	(22,222)	(7,856)	(1,693)	(12,562)
Compensated Absences Payable	23,183	1,132	1,685	4,710
Unfunded OPEB Obligation	13,905	5,593	1,905	8,684
Deferred Revenue	-	-	-	6,119
Total Adjustments	<u>3,396,513</u>	<u>186,754</u>	<u>(15,783)</u>	<u>193,951</u>
Net Cash Flows - Operating Activities	<u>\$ 1,059,475</u>	<u>\$ 34,937</u>	<u>\$ 98,680</u>	<u>\$ 127,822</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of capital assets from Developers	248,771	-	-	-
Forgiveness of prior advance for the purchase of the Williston Center batting cages	(338,000)	-	-	338,000

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, 2008**  
**(Continued)**

	Business-Type Activities - Enterprise Funds			
	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)	\$ (4,909)	\$ 713,401	\$ (1,732,029)	\$ (188,206)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	26,054	769,637	4,546,499	-
Accounts Receivable	-	(219,950)	(50,066)	3,988
Due from Other Governments	-	-	(18,562)	-
Special Assessments Receivable	-	-	(536)	-
Other Receivables	-	-	2,788	-
Inventories	-	-	12,977	11,087
Accounts Payable	(84)	40,338	(138,253)	(113,015)
Salaries and Wages Payable	-	-	(44,333)	(8,475)
Compensated Absences Payable	-	-	30,710	6,873
Unfunded OPEB Obligation	363	899	31,349	5,606
Deferred Revenue	(11,600)	-	(5,481)	-
Total Adjustments	14,733	590,924	4,367,092	(93,936)
Net Cash Flows - Operating Activities	\$ 9,824	\$ 1,304,325	\$ 2,635,063	\$ (282,142)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of capital assets from Developers	-	222,502	471,273	-
Forgiveness of prior advance for the purchase of batting cages	-	-	-	-

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, 2008**

	<u>Private-Purpose Trust</u>	<u>Agency</u>
<b>ASSETS:</b>		
Cash and Investments	\$ 202,371	\$ 320,491
Interest Receivable	1,574	-
	<u>\$ 203,945</u>	<u>\$ 320,491</u>
Total Assets		
<b>LIABILITIES:</b>		
Accounts Payable	\$ -	<u>\$ 320,491</u>
<b>NET ASSETS:</b>		
Net Assets, Held in Trust for Other Purposes	<u>\$ 203,945</u>	

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, 2008**

ADDITIONS:	
Contributions from Participants	\$ 7,535
Investment Earnings	
Interest	<u>7,666</u>
Total Additions	15,201
DEDUCTIONS:	
Benefits	<u>10,374</u>
Change in Net Assets	4,827
Net Assets - January 1	<u>199,118</u>
Net Assets - December 31	<u><u>\$ 203,945</u></u>

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



**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**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 no financial transactions, tax levies, assets or liabilities in its name and serves only as an advisory committee. Financial information related to the EDA blended component unit can be obtained from the City's administrative office.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**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 2008, the City contributed approximately \$11,200 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 2008, the City paid \$895,300 to this organization for services provided, which is included as expenditures 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 2008 was \$1,655,000 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 2008 was \$91,675, 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, 2008**

**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. The City is responsible for 50% of the operating costs. The City's portion of operating costs was \$211,743 for 2008. 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. For the most part, the effect of interfund activity has been removed from these statements. 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.

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

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 required to be accounted for in another fund.

Special Revenue Fund

Electric Franchise Fees Fund – This fund accounts for electric franchise fee revenues and the corresponding expenditures for the burial of overhead utility lines on major streets.

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, 2008**

**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.

Major Proprietary Funds:

Water and Sewer Utility 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.

Agency Fund – This fund is custodial in nature and does not present results of operations or have a measurement focus. This fund accounts for assets that the City holds for others in an agency capacity.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

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

*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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

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

Also, excluding investable funds from the Community Investment Fund, no more than 50% of the dollar value of the City's investments will mature more than two years from the date of purchase. The City will also not purchase investments that, at the time of the investment, cannot be held to maturity. The policy also covers that the City will handle its investment transactions with several legal, competing, reputable investment security dealers. The City's policy also addresses credit risk, 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 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**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other 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."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

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

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.

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. 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 \$5,000 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.

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 is not to 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

**4. Capital Assets (Continued)**

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

<u>Assets</u>	<u>Years</u>
Distribution System	50
Iron Removal System	50
Storm Sewer Network	50
Park System	40
Street Network	35
Buildings and Structures	20-15
Machinery and Equipment	5-15

**5. 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. Employees with 10 or more years of service and leave the City in good standing are eligible for severance pay. 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.

**6. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

**7. Reclassification**

Certain amounts from the prior year have been reclassified to conform to the current year presentation. These amounts have no impact on total net assets as previously reported.

**8. 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.

**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 \$745,509 difference are as follows:

Net Assets of the Internal Service Fund	\$ 842,926
Add Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Prior Year	73,112
Less Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Current Year	<u>(170,529)</u>
Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Assets - Governmental Activities	<u><u>\$ 745,509</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**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**

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 \$4,183,279 difference are as follows:

Bond Proceeds, Net of Premiums	\$ (4,757,042)
Principal Repayments:	
General Obligation Debt	575,000
Amortization of Bond Discounts and Premiums:	
General Obligation Debt - Net	<u>(1,237)</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>\$ (4,183,279)</u></u>

Another element of that reconciliation states that “Internal Service Funds are used by management to charge the costs of providing insurance for the City.” The details of this \$81,556 difference are as follows:

Change in Net Assets of the Internal Service Fund	\$ 88,973
Subtract Gain from Charges to Business-Type Activities	<u>(170,529)</u>
Net Adjustment to Decrease Net Change in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Assets of Governmental Activities	
	<u><u>\$ (81,556)</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**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 \$97,417 are as follows:

Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Prior Year	\$ (73,112)
Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Current Year	<u>170,529</u>
Net Adjustment to Decrease Net Assets - Total Enterprise Funds to Arrive at Net Assets - Business-Type Activities	<u><u>\$ 97,417</u></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 \$170,529 are as follows:

Gain from Charges to Business-Type Activities	<u><u>\$ 170,529</u></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><u>\$ 170,529</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**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.

Budgeted amounts are as originally adopted budget and final amended budget approved by the City Council. The City does not use encumbrances. 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.
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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2008, expenditures exceeded appropriations in the following funds.

Non-Major Funds

Community Development Block Grant	\$ 263,491
Grants	1,244
Police Forfeiture/Seizure	31,511

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

**C. Deficit Fund Equity**

The Electric Franchise Fees Special Revenue Fund had a deficit fund balance of \$783,809 as of December 31, 2008. In the prior year this fund incurred expenditures in excess of revenues and available fund balance due to the completion of major overhead utility line burial projects. The current year in addition with future years franchise fee collections are scheduled to cover the deficit fund balance.

The State Municipal Aid Capital Projects Fund had a deficit fund balance of \$637,691 as of December 31, 2008. 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.

**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, 2008, 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, 2008, the City had deposits as follows:

Checking	\$ 724,421
Savings	757,450
Certificates of Deposit	<u>700,000</u>
Total Deposits	<u><u>\$ 2,181,871</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**B. Investments**

As of December 31, 2008, 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>	
Commercial Paper	\$ 6,092,242	\$ 6,092,242	\$ -	P-1
FAMC	1,074,450	-	1,074,450	AAA
FHLB	23,844,926	1,532,340	22,312,586	AAA
FHLMC	4,877,830	-	4,877,830	AAA
FNMA	21,595,191	507,815	21,087,376	AAA
Broker CD's	7,203,552	6,707,488	496,064	N/A
4-M	6,527,458	6,527,458	-	N/A
Money Market	139,303	139,303	-	N/A
	<u>\$ 71,354,952</u>	<u>\$ 21,506,646</u>	<u>\$ 49,848,306</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 \$49,848,306 of investments with maturities from 2 to 10 years includes \$22,779,010 of investable funds from the Community Investment Fund. The remaining amount of \$27,069,296 equates to 38% 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, 2008, 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, 2008, more than 5 percent of the City's investments are in FHLB, FHLMC and FNMA. These investments are 33.42%, 6.84%, and 30.26%, 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. As of December 31, 2008, the City's investment balance was not exposed to custodial credit risk.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**B. Investments (Continued)**

Summary of cash, deposits and investments as of December 31, 2008:

Petty Cash	\$ 2,500
Deposits	2,181,871
Investments	<u>71,354,952</u>
 Total	 <u><u>\$ 73,539,323</u></u>

Cash, deposits and investments are presented in the December 31, 2008 basic financial statements as follows:

Statement of Net Assets:

Cash and Investments (Including Cash Equivalents)	\$ 73,016,461
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Statement of Fiduciary Net Assets:

Cash and Investments (Including Cash Equivalents)	
Private-Purpose Trust Funds	202,371
Agency Funds	<u>320,491</u>
 Total Deposits and Investments	 <u><u>\$ 73,539,323</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balance January 1, 2008	Additions	Retirements	Transfers	Balance December 31, 2008
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 14,888,879	\$ -	\$ -	\$ -	\$ 14,888,879
Work in Progress	1,192,173	2,724,840	-	(1,192,173)	2,724,840
Total Capital Assets, Not Being Depreciated	<u>16,081,052</u>	<u>2,724,840</u>	<u>-</u>	<u>(1,192,173)</u>	<u>17,613,719</u>
Capital Assets, Being Depreciated:					
Buildings and Structures	20,269,762	-	-	-	20,269,762
Improvements Other Than Buildings	6,685,607	172,942	-	-	6,858,549
Furniture and Equipment	788,927	406,001	(50,200)	-	1,144,728
Machinery and Auto	4,827,266	1,159,894	(1,081,915)	-	4,905,245
Infrastructure:					
Streets	63,004,101	3,464,762	-	1,154,624	67,623,487
Park Additions	13,051,233	812,649	-	37,549	13,901,431
Total Capital Assets, Being Depreciated	<u>108,626,896</u>	<u>6,016,248</u>	<u>(1,132,115)</u>	<u>1,192,173</u>	<u>114,703,202</u>
Less Accumulated Depreciation for					
Buildings and Structures	(10,847,789)	(598,416)	-	-	(11,446,205)
Improvements Other Than Buildings	(5,126,458)	(87,423)	-	-	(5,213,881)
Furniture and Equipment	(291,998)	(138,411)	40,166	-	(390,243)
Machinery and Auto	(2,467,150)	(751,873)	1,056,177	-	(2,162,846)
Infrastructure:					
Streets	(21,817,826)	(1,934,676)	-	-	(23,752,502)
Park Additions	(1,001,033)	(353,020)	-	-	(1,354,053)
Total Accumulated Depreciation	<u>(41,552,254)</u>	<u>(3,863,819)</u>	<u>1,096,343</u>	<u>-</u>	<u>(44,319,730)</u>
Total Capital Assets, Being Depreciated, Net	<u>67,074,642</u>	<u>2,152,429</u>	<u>(35,772)</u>	<u>1,192,173</u>	<u>70,383,472</u>
Governmental Activities Capital Assets, Net	<u>\$ 83,155,694</u>	<u>\$ 4,877,269</u>	<u>\$ (35,772)</u>	<u>\$ -</u>	<u>\$ 87,997,191</u>

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

General Services	\$ 342,437
Development Services	29,706
Public Works	2,236,577
Public Safety	598,612
Parks and Recreation	656,487
Total Depreciation Expense	<u>\$ 3,863,819</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**C. Capital Assets (Continued)**

	Balance January 1, 2008	Additions	Retirements	Transfers	Balance December 31, 2008
Business-type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,050,103	\$ -	\$ -	\$ -	\$ 1,050,103
Construction in Progress	89,549	92,055	-	-	181,604
Total Capital Assets, Not Being Depreciated	1,139,652	92,055	-	-	1,231,707
Capital Assets, Being Depreciated:					
Buildings and Structures	14,629,266	-	-	-	14,629,266
Improvements Other Than Buildings	1,890,772	12,642	-	-	1,903,414
Water Storage Facilities	1,202,966	115,868	-	-	1,318,834
Water Supply Facilities	3,381,757	-	-	-	3,381,757
Machinery and Equipment	4,796,041	414,529	(31,206)	-	5,179,364
Sewer Lift Stations	2,719,630	103,566	-	-	2,823,196
Distribution System	125,502,968	597,561	-	-	126,100,529
Storm Sewers	32,095,631	828,453	-	-	32,924,084
Total Capital Assets, Being Depreciated	186,219,031	2,072,619	(31,206)	-	188,260,444
Less Accumulated Depreciation for					
Buildings and Structures	(5,764,743)	(532,287)	-	-	(6,297,030)
Improvements Other Than Buildings	(343,850)	(73,500)	-	-	(417,350)
Water Storage Facilities	(1,982,526)	(71,035)	-	-	(2,053,561)
Water Supply Facilities	(908,478)	(13,413)	-	-	(921,891)
Machinery and Equipment	(3,209,478)	(261,423)	31,206	-	(3,439,695)
Sewer Lift Stations	(1,855,016)	(71,873)	-	-	(1,926,889)
Distribution System	(54,619,529)	(2,818,934)	-	-	(57,438,463)
Storm Sewers	(9,771,626)	(704,034)	-	-	(10,475,660)
Total Accumulated Depreciation	(78,455,246)	(4,546,499)	31,206	-	(82,970,539)
Total Capital Assets, Being Depreciated, Net	107,763,785	(2,473,880)	-	-	105,289,905
Business-Type Activities Capital Assets, Net	<u>\$ 108,903,437</u>	<u>\$ (2,381,825)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,521,612</u>

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

Water and Sewer Utilities	\$ 3,361,205
Ice Arena	205,999
Williston Fitness Center	183,604
Grays Bay Marina	26,054
Storm Water Fund	769,637
	<hr/>
Total Depreciation Expense	<u>\$ 4,546,499</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**D. 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.

**3. Current Refunding**

During 2008, the City issued \$4,215,000 General Obligation (G.O.) Water Revenue Refunding Bonds, Series 2008C to replace years 2011 through 2016 of the \$4,215,000 G.O. Water Revenue Bonds, Series 2000A. The net present value savings was \$253,405. These refunded bonds will be called and paid by an escrow account, which currently holds the new proceeds of, and pays the interest on the refunding bonds. The City completed the refunding to reduce its debt service payments by \$390,400.

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

	Original Issue	Maturities	Rate	Balance
Governmental Activities:				
General Obligation Open Space and Park Improvement Bonds, Series 2002A	\$ 5,000,000	2004-2018	2.50%-4.30%	\$ 3,705,000
General Obligation Open Space and Park Improvement Bonds, Series 2004A	5,000,000	2006-2020	3.25%-4.10%	4,255,000
General Obligation State-Aid Street Bonds, Series 2008A	2,215,000	2010-2024	3.25%-4.00%	2,215,000
General Obligation Open Space and Park Improvement Bonds, Series 2008B	<u>2,490,000</u>	2010-2020	3.25%-4.00%	<u>2,490,000</u>
Total Governmental Activity Bonds	<u>14,705,000</u>			<u>12,665,000</u>
Business-Type Activities:				
General Obligation Water Revenue Bonds, Series 2000A	8,700,000	2002-2010	4.75%	1,165,000
General Obligation Water Revenue Bonds, Series 2004B	3,560,000	2006-2020	3.25%-4.10%	3,030,000
General Obligation Water Revenue Refunding Bonds, Series 2008C	<u>4,215,000</u>	2010-2016	4.00%	<u>4,215,000</u>
Total Business-Type Activity Bonds	<u>16,475,000</u>			<u>8,410,000</u>
Total General Obligation Bonds	<u>\$ 31,180,000</u>			<u>\$ 21,075,000</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

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

Long-term liability activity for the year ended December 31, 2008, was as follows:

	Balance at January 1, 2008	Issued	Retired	Balance at December 31, 2008	Due Within One Year
Governmental Activities:					
Bonds Payable:					
General Obligation Open Space and Park Improvement Bonds, Series 2002A	\$ 4,000,000	\$ -	\$ 295,000	\$ 3,705,000	\$ 305,000
General Obligation Open Space and Park Improvement Bonds, Series 2004A	4,535,000	-	280,000	4,255,000	290,000
General Obligation State-Aid Street Bonds, Series 2008A	-	2,215,000	-	2,215,000	-
General Obligation Open Space and Park Improvement Bonds, Series 2008B	-	2,490,000	-	2,490,000	-
<b>Total G.O. Bonds</b>	<b>8,535,000</b>	<b>4,705,000</b>	<b>575,000</b>	<b>12,665,000</b>	<b>595,000</b>
Compensated Absences	2,158,168	1,558,875	1,208,944	2,508,099	1,208,944
<b>Governmental Activity Long-Term Liabilities</b>	<b>\$ 10,693,168</b>	<b>\$ 6,263,875</b>	<b>\$ 1,783,944</b>	<b>\$ 15,173,099</b>	<b>\$ 1,803,944</b>
Business-Type Activities:					
Bonds Payable:					
General Obligation Water Revenue Bonds, Series 2000A	\$ 5,975,000	\$ -	\$ 4,810,000	\$ 1,165,000	\$ 570,000
General Obligation Water Revenue Bonds, Series 2004B	3,230,000	-	200,000	3,030,000	205,000
General Obligation Water Revenue Refunding Bonds, Series 2008C	-	4,215,000	-	4,215,000	-
<b>Total Revenue Bonds</b>	<b>9,205,000</b>	<b>4,215,000</b>	<b>5,010,000</b>	<b>8,410,000</b>	<b>775,000</b>
Compensated Absences	187,251	166,227	104,168	249,310	104,168
<b>Business-Type Activity Long-Term Liabilities</b>	<b>\$ 9,392,251</b>	<b>\$ 4,381,227</b>	<b>\$ 5,114,168</b>	<b>\$ 8,659,310</b>	<b>\$ 879,168</b>

For the governmental activities, compensated absences 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

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

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

Years Ending December 31	G.O. Bonds		G.O. Revenue Bonds		Total
	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	
2009	\$ 595,000	\$ 473,169	\$ 775,000	\$ 332,724	\$ 2,175,893
2010	930,000	440,109	840,000	283,561	2,493,670
2011	935,000	408,434	870,000	248,562	2,461,996
2012	925,000	376,057	870,000	214,970	2,386,027
2013	955,000	342,331	895,000	180,820	2,373,151
2014-2018	5,260,000	1,137,651	3,545,000	392,974	10,335,625
2019-2023	2,885,000	199,619	615,000	25,373	3,724,992
2024	180,000	3,600	-	-	183,600
	<u>\$ 12,665,000</u>	<u>\$ 3,380,970</u>	<u>\$ 8,410,000</u>	<u>\$ 1,678,984</u>	<u>\$ 26,134,954</u>

The G.O. Water Revenue Bonds of 2000 and 2004 along with the G.O. Water Revenue Refunding Bonds of 2008 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 to be used to purchase open space and make park improvements to the existing park system.

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

The G.O. Open Space and Park Improvement Bonds of 2002 and 2004 are shown net of unamortized bond discounts of \$28,617 and \$840, respectively, at December 31, 2008 within the Statement of Net Assets.

The G.O. State-Aid Street Bonds of 2008 and the G.O. Open Space and Park Improvements Bonds of 2008 are shown net of unamortized bond premiums of \$21,805 and \$28,248, respectively, at December 31, 2008 within the statement of net assets.

There are a number of financial limitations and restrictions contained in the various bond indentures. At December 31, 2008, the City is in compliance with all significant financial limitations and restrictions.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

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

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

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. As of December 31, 2008, the City has issued \$12,490,000 G.O. Open Space and Park Improvement Bonds of the voter approved \$15,000,000. The remaining \$2,510,000 is scheduled to be issued in later years.

**5. Conduit Debt Obligations**

From time-to-time, the City has issued Industrial 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, 2008, there were 43 series of Industrial Revenue Bonds outstanding, with outstanding balances of \$164,246,477.

**E. Commitments**

At December 31, 2008, the City had the following construction contract commitments outstanding:

Project	Contractor	Commitment
Pierce Manufacturing	Fire Dept. Pumper Truck	\$ 308,416
Midwest Asphalt Corp.	Bren Road East Improvements	7,963
Imperial Contractors	Ridgewood Road Reconstruction	30,398
Bituminous Roadways	CSAH 73/I-394 South Frontage	800,859
Water Meter Replacements	Dakota Supply Group	178,422
2008 Pavement Rehabilitation	G.L. Contracting	137,640
		<b>\$ 1,463,698</b>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**F. Interfund Transactions**

**1. Interfund Receivables and Payables**

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Other Nonmajor	\$ 17,000	[1]
General Fund	Electric Franchise Fees	984,463	[1]
General Fund	State Municipal Aid	12,882	[1]
General Fund	Ice Arena	274,334	[1]
Water and Sewer Utilities	Storm Water	520,929	[1]
		<u>\$ 1,809,608</u>	

[1] The interfund receivables and payables eliminated what would have been a negative cash balance in the City's 2008 State-Aid Street Bonds, Electric Franchise Fees, State Municipal Aid, Ice Arena, and Storm Water funds. The City expects these interfund transactions to be settled in January 2009.

**2. Advances**

Receivable Fund	Payable Fund	Amount	Purpose
General Fund	Williston Center	<u>\$ 10,000</u>	[1]

[1] The General Fund made an advance of \$43,175 to the City's Williston Center in 2005 for the purchase of exercise equipment. This advance is expected collected over the next year.

**3. Transfers:**

Transfer To	Transfer From	Amount	Purpose
General Fund	Other Nonmajor	\$ 73,200	Administrative Costs
General Fund	Grays Bay Marina	26,700	Administrative Costs
General Fund	Ice Arena	25,600	Administrative Costs
General Fund	Environmental	163,800	Administrative Costs
General Fund	Special Assessment		
	Construction Fund	31,200	Administrative Costs
General Fund	Storm Water Fund	127,400	Administrative Costs
General Fund	Water and Sewer Utilities	740,100	Administrative Costs
General Fund	Williston Center	25,600	Administrative Costs
Internal Service Fund	Grays Bay Marina	8,800	Payment to Internal Service Fund for Insurance Costs

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**F. Interfund Transactions (Continued)**

**3. Transfers: (Continued)**

Transfer To	Transfer From	Amount	Purpose
Internal Service Fund	Ice Arena	\$ 23,300	Payment to Internal Service Fund for Insurance Costs
Internal Service Fund	Water and Sewer Utilities	163,500	Payment to Internal Service Fund for Insurance Costs
Internal Service Fund	Williston Center	23,300	Payment to Internal Service Fund for Insurance Costs
Internal Service Fund	Storm Water	17,500	Payment to Internal Service Fund for Insurance Costs
Street Improvement Fund	State Municipal Aid Fund	31,605	Reimbursement for constructions costs related to Municipal State-Aid projects
Special Assessment Construction Fund	State Municipal Aid Fund	76,365	Reimbursement for constructions costs related to Municipal State-Aid projects
Williston Center	Water and Sewer Utilities	338,000	Transfer to eliminate a prior reported advance between the two funds
Other Nonmajor	Other Nonmajor	121,800	Transfer to alleviate a deficit fund balance
Grays Bay Marina	General Fund	44,600	Reimbursement for a portion of the City's annual Lake Minnetonka Conservation District fee
		<u>\$ 2,062,370</u>	

**G. 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.

**H. 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**I. Fund Equity/Net Assets**

Fund equity or net assets are the residual or “net” assets of a given fund. Fund equity is what is left over when the total liabilities of a fund are deducted from its total assets. Governmental funds refer to a fund’s net assets as “fund balance.” The government-wide Statement of Net Assets and the City’s proprietary fund financial statements refer to a fund’s residual assets as “net assets.”

Governmental fund balance is divided into three major categories: reserved, designated and unreserved. Reservations of governmental fund balance are used to quantify the amount of a fund’s net assets that are not available to meet the current financial needs of the City. Designations are used to indicate a future use has been identified for net assets that are both available for current financial needs. Finally, unreserved fund balance is a measure of a governmental fund’s net resources available for current financial needs.

The government-wide Statement of Net Assets and the proprietary fund financial statements divided net assets into the following components: Net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Restricted net assets are required to be reported when external parties mandate their restriction.

Fund equity in the various funds has been reserved/designated for the following purposes as of December 31, 2008:

Reserved for:		
Advances:		
General Fund	\$	10,000
Reserved for:		
Encumbrances:		
Major Fund:		
Special Assessment Construction	\$	800,859
Street Improvement		30,398
Total Major Funds	\$	831,257
Nonmajor Capital Projects Funds:		
Capital Replacement	\$	308,416
Development Fund		7,963
Total Nonmajor Funds	\$	316,379
Total Reserved for Encumbrances	\$	1,147,636
Fire Relief:		
General Fund	\$	352,000
Inventories:		
General Fund	\$	163,579

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

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

**I. Fund Equity/Net Assets (Continued)**

General Fund Designated for:	
Compensated Absences	\$ 959,224
Recreation Scholarships	<u>\$ 1,855</u>
Senior Center	<u>\$ 21,083</u>
Special Revenue Funds Designated for:	
Compensated Absences	<u>\$ 8,260</u>
Capital Projects Funds Designated for:	
Construction:	
Major Funds:	
Community Investment	<u>\$ 22,779,011</u>
Nonmajor Capital Projects Funds:	
Park Dedication	260,000
Tax Increment Financing	<u>1,414,329</u>
Total Nonmajor Funds	<u>\$ 1,674,329</u>
Total Designated for Construction	<u>\$ 24,453,340</u>

**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, 2008, including an estimate for items incurred but not reported.

Changes in the insurance claims liability during 2008 and 2007, recorded within the City's Internal Service Fund, are as follows:

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 5 – OTHER INFORMATION**

**A. Risk Management (Continued)**

	2008	2007
Unpaid Claims at Beginning of Year	\$ 154,633	\$ 77,703
Incurred Claims	291,836	472,392
Premiums and Settlements	(380,623)	(395,462)
Unpaid Claims at End of Year	\$ 65,846	\$ 154,633

**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 Public Employees Retirement Fund (PERF) 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.

PERF 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. All employees of the City in PERF 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 5 – OTHER INFORMATION**

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

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

**1. Defined Benefit Pension Plans – Statewide (Continued)**

**a. Plan Description (Continued)**

Two methods are used to compute benefits for PERF'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 PERF 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.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the web at [mnpera.org](http://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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 5 – OTHER INFORMATION**

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

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

**1. Defined Benefit Pension Plans – Statewide (Continued)**

**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.

PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2008. PEPFF members were required to contribute 8.6% of their annual covered salary in 2008. That rate increased to 9.4% in 2009. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.5% for Coordinated Plan members, and 12.9% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.75% and 14.1%, respectively, effective January 1, 2009.

The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2008, 2007 and 2006 were \$727,321, \$667,179, and \$582,592, respectively. The City's contributions to Public Employees Police and Fire Fund for the years ending December 31, 2008, 2007 and 2006 were \$640,708, \$543,614, and \$475,261, 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. 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.

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.

**CITY OF MINNETONKA**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 5 – OTHER INFORMATION**

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

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

**2. Defined Contribution Plan (Continued)**

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, 2008, 2007 and 2006 were \$1,800, \$1,100, and \$1,200, respectively, were equal to the contractually required contributions for each year as set by state statute.

**3. 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 performed every other year on January 1. Significant methods are as follows:

1. The most recent actuarial valuation date is January 1, 2009.
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.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**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)**

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, 2008, 2007 and 2006 were \$290,975, \$343,543, and \$400,304, respectively, all 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, 2008, 2007 and 2006 of \$282,879, \$282,879, and \$250,631, 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 2008, 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 5 – OTHER INFORMATION**

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

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

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

**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, 2006	\$ 250,631	\$ -	\$ 400,304	\$ 400,304	159.72%	\$ (589,378)
December 31, 2007	282,879	-	343,543	343,543	121.45%	(1,152,565)
December 31, 2008	282,879	-	290,975	290,975	102.86%	2,665,511
Annual Required Contribution						\$ 282,879
Interest on Net Pension Obligation						159,931
Adjustment to Annual Required Contribution						3,666,241
Annual Pension Cost						4,109,051
Contributions Made:						(290,975)
Increase (decrease) in Net Pension Obligation						3,818,076
Negative Net Pension Obligation Beginning of Year						(1,152,565)
Net Pension Obligation End of Year						<u>\$ 2,665,511</u>

**d. Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Plan Assets (A)	Actuarial Accrued Liability (AAL) (B)	Funded (Unfunded) AAL (A)-(B)	Funded Ratio (A)/(B)	Annual Covered Payroll (C)	AAL as a Percentage of Covered Payroll ((B-A)/C)
January 1, 2008	\$ 9,105,706	\$ 11,770,217	\$(2,664,511)	77.4 %	N/A	N/A
January 1, 2007	12,491,483	11,338,918	1,152,565	110.2	N/A	N/A
January 1, 2006	11,928,296	11,338,918	589,378	105.2	N/A	N/A

**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.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 5 – OTHER INFORMATION**

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

**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 2008, the City contributed \$105,193 to the plan. As of January 1, 2008, 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.

Annual Required contribution	\$	380,889
Interest on Net OPEB obligation		-
Adjustment to Annual Required Contribution		-
Annual OPEB Cost (Expense)	\$	380,889
Contributions Made		(105,193)
Increase in net OPEB Obligation	\$	275,696
Net OPEB Obligation - Beg of Year		-
Net OPEB Obligation - End of Year	\$	275,696

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2008	\$ 380,889	\$ 105,193	28%	\$ 275,696

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2008**

**NOTE 5 – OTHER INFORMATION**

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

**Funded Status and Funding Progress**

As of January 1, 2008, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$3,521,527 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,521,527. The covered payroll (annual payroll of active employees covered by the plan) was \$14,161,386, and the ratio of the UAAL to the covered payroll was 25 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, 2008, 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).

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, 2008 was 30 years.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

**REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2008**

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Estimated Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2008	\$ -	\$ 3,521,527	\$3,521,527	0.0%	\$14,161,386	25%

This schedule was implemented in 2008 and therefore, contains only one year of data. See Note 5C in the Notes to the Financial Statements for more detail on this schedule.



# COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

**Cable Television Fund** – This fund accounts for cable TV franchise fees as well as related cable TV expenditures. All expenditures by this fund are communications or cable TV related.

**Community Development Block Grant Fund** – This fund was established to account for funds received under Title I of the Housing and Community Development Act of 1974.

**Grants Fund** – This fund receives and expends amount for various grant programs.

**Police Forfeiture and Seizure Fund** – This fund was established to account for property and/or cash seized by police personnel. All expenditures by this fund must be public safety related.

**Shady Oak Lane Cemetery Fund** – This fund accounts for revenues and expenditures related to maintaining the cemetery.

### DEBT SERVICE FUNDS

**Park & Open Space Bonds** – This fund was established to account for the revenues and debt service requirements related to the issuance of General Obligation park renewal and open space bonds.

**2008 State-Aid Street Bonds** – This fund was established to account for the revenues and debt service requirements related to the issuance of 2008 General Obligation state-aid street bonds.

### CAPITAL PROJECTS FUNDS

**Capital Replacement Fund** – This fund was established for the purpose of funding replacement or repair of major capital items that are expected to exceed \$5,000.

**Technology Development Fund** – This fund was established to account for the revenues and expenditures for the adequate funding for essential investments in technology.

## **NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

### **CAPITAL PROJECTS FUNDS (Continued)**

**Development Fund** – This fund was established to account for the revenues and expenditures related to housing, redevelopment, and economic development project areas.

**Livable Communities Housing Fund** – This fund was established to account for the revenues and expenditures related to affordable housing programs, and other activities designed to better link jobs, housing, transit and the Metropolitan Livable Communities Act.

**Park and Open Space Bonds** – This fund was established to account for the proceeds of bonds sold in 2002 and 2004 for the purpose of park renovations and open space purchases.

**Park Dedication Fund** – This fund was established to account for the purchase and development of park land throughout the city.

**Tax Increment Financing Fund** – This fund accounts for Tax Increment Financing activity in the city for TIF projects that were created on a pay-as-you-go basis.

### **INTERNAL SERVICE FUNDS**

**Self Insurance Fund** - This fund accounts for the risk management activities of the City.

**Fleet Maintenance Fund** – This fund is responsible for the maintenance and repair of the city's motorized fleet and support equipment.

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

**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2008**

	Special Revenue					Total Special Revenue Funds
	Cable TV	Community Development Block Grant	Grants	Police Forfeiture/ Seizure	Shady Oak Lane Cemetery	
<b>ASSETS:</b>						
Cash and Investments	\$ 1,165,855	\$ 54,133	\$ 171,202	\$ 294,395	\$ 128,210	\$ 1,813,795
Accounts Receivable	178,821	-	-	-	-	178,821
Interest Receivable	8,950	-	124	2,312	984	12,370
Property Taxes Receivable Unremitted	-	-	-	-	-	-
Due from Other Governments	-	10,147	48,656	-	-	58,803
<b>Total Assets</b>	<b><u>\$ 1,353,626</u></b>	<b><u>\$ 64,280</u></b>	<b><u>\$ 219,982</u></b>	<b><u>\$ 296,707</u></b>	<b><u>\$ 129,194</u></b>	<b><u>\$ 2,063,789</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Salaries and Wages Payable	\$ 2,029	\$ -	\$ -	\$ -	\$ -	\$ 2,029
Accounts and Contracts Payable	19,761	36,388	31,000	10,391	-	97,540
Due to Other Governments	11	-	-	525	-	536
Due to Other Funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>21,801</u></b>	<b><u>36,388</u></b>	<b><u>31,000</u></b>	<b><u>10,916</u></b>	<b><u>-</u></b>	<b><u>100,105</u></b>
<b>Fund Balances:</b>						
Reserved	-	-	-	-	-	-
Unreserved, Designated	8,260	-	-	-	-	8,260
Unreserved, Undesignated	1,323,565	27,892	188,982	285,791	129,194	1,955,424
<b>Total Fund Balances</b>	<b><u>1,331,825</u></b>	<b><u>27,892</u></b>	<b><u>188,982</u></b>	<b><u>285,791</u></b>	<b><u>129,194</u></b>	<b><u>1,963,684</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,353,626</u></b>	<b><u>\$ 64,280</u></b>	<b><u>\$ 219,982</u></b>	<b><u>\$ 296,707</u></b>	<b><u>\$ 129,194</u></b>	<b><u>\$ 2,063,789</u></b>

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

**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2008**  
**(Continued)**

	Debt Service			Capital Projects		
	Park and Open Space Bonds	2008 State-Aid Street Bonds	Total Debt Service Funds	Capital Replacement	Technology Development	Development Fund
<b>ASSETS:</b>						
Cash and Investments	\$ 1,033,995	\$ -	\$ 1,033,995	\$ 1,468,057	\$ 115,360	\$ 1,122,240
Accounts Receivable	-	-	-	-	-	25,093
Interest Receivable	5,508	-	5,508	7,377	-	9,688
Property Taxes Receivable Unremitted	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	232,795
<b>Total Assets</b>	<b><u>\$ 1,039,503</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,039,503</u></b>	<b><u>\$ 1,475,434</u></b>	<b><u>\$ 115,360</u></b>	<b><u>\$ 1,389,816</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and Contracts Payable	-	148	148	384,292	455	31,744
Due to Other Governments	-	-	-	-	-	-
Due to Other Funds	-	17,000	17,000	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>17,148</u></b>	<b><u>17,148</u></b>	<b><u>384,292</u></b>	<b><u>455</u></b>	<b><u>31,744</u></b>
<b>Fund Balances:</b>						
Reserved	-	-	-	308,416	-	7,963
Unreserved, Designated	-	-	-	-	-	-
Unreserved, Undesignated	1,039,503	(17,148)	1,022,355	782,726	114,905	1,350,109
<b>Total Fund Balances</b>	<b><u>1,039,503</u></b>	<b><u>(17,148)</u></b>	<b><u>1,022,355</u></b>	<b><u>1,091,142</u></b>	<b><u>114,905</u></b>	<b><u>1,358,072</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 1,039,503</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,039,503</u></b>	<b><u>\$ 1,475,434</u></b>	<b><u>\$ 115,360</u></b>	<b><u>\$ 1,389,816</u></b>

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

**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2008**  
**(Continued)**

	Capital Projects (Continued)					
	Livable Communities Housing Fund	Park and Open Space Bonds	Park Dedication	Tax Increment Financing	Total Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS:</b>						
Cash and Investments	\$ 2,155,955	\$ 2,321,639	\$ 1,196,028	\$ 1,403,449	\$ 9,782,728	\$ 12,630,518
Accounts Receivable	358,830	44,783	52,417	-	481,123	659,944
Interest Receivable	17,507	17,458	8,950	6,934	67,914	85,792
Property Taxes Receivable Unremitted	-	-	-	4,100	4,100	4,100
Due from Other Governments	-	-	-	-	232,795	291,598
<b>Total Assets</b>	<b><u>\$ 2,532,292</u></b>	<b><u>\$ 2,383,880</u></b>	<b><u>\$ 1,257,395</u></b>	<b><u>\$ 1,414,483</u></b>	<b><u>\$ 10,568,660</u></b>	<b><u>\$ 13,671,952</u></b>
<b>LIABILITIES AND FUND BALANCES:</b>						
<b>Liabilities:</b>						
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,029
Accounts and Contracts Payable	-	73,384	24,081	154	514,110	611,798
Due to Other Governments	-	-	-	-	-	536
Due to Other Funds	-	-	-	-	-	17,000
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>73,384</u></b>	<b><u>24,081</u></b>	<b><u>154</u></b>	<b><u>514,110</u></b>	<b><u>631,363</u></b>
<b>Fund Balances:</b>						
Reserved	-	-	-	-	316,379	316,379
Unreserved, Designated	-	-	260,000	1,414,329	1,674,329	1,682,589
Unreserved, Undesignated	2,532,292	2,310,496	973,314	-	8,063,842	11,041,621
<b>Total Fund Balances</b>	<b><u>2,532,292</u></b>	<b><u>2,310,496</u></b>	<b><u>1,233,314</u></b>	<b><u>1,414,329</u></b>	<b><u>10,054,550</u></b>	<b><u>13,040,589</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,532,292</u></b>	<b><u>\$ 2,383,880</u></b>	<b><u>\$ 1,257,395</u></b>	<b><u>\$ 1,414,483</u></b>	<b><u>\$ 10,568,660</u></b>	<b><u>\$ 13,671,952</u></b>

**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, 2008**

	Special Revenue					Total Special Revenue Funds
	Cable TV	Community Development Block Grant	Grants	Police Forfeiture/ Seizure	Shady Oak Lane Cemetery	
<b>REVENUES:</b>						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise	682,285	-	-	-	-	682,285
Intergovernmental:						
Federal Grants	-	262,255	52,307	-	-	314,562
State Grants	-	-	74,385	-	-	74,385
Local Grants	-	-	68,249	-	-	68,249
Miscellaneous:						
Investment Income	59,847	-	5,462	10,903	4,920	81,132
Other	7,581	39,760	-	102,719	-	150,060
<b>Total Revenues</b>	<u>749,713</u>	<u>302,015</u>	<u>200,403</u>	<u>113,622</u>	<u>4,920</u>	<u>1,370,673</u>
<b>EXPENDITURES:</b>						
Current:						
General Government	371,855	-	-	-	2,300	374,155
Development Services	-	400,357	-	-	-	400,357
Public Works	-	-	-	-	-	-
Public Safety	-	-	149,244	42,920	-	192,164
Park and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay:						
General Government	61,862	-	-	-	-	61,862
Development Services	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	50,891	-	50,891
Park and Recreation	7,395	-	-	-	-	7,395
<b>Total Expenditures</b>	<u>441,112</u>	<u>400,357</u>	<u>149,244</u>	<u>93,811</u>	<u>2,300</u>	<u>1,086,824</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	308,601	(98,342)	51,159	19,811	2,620	283,849
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	-	121,800	-	-	-	121,800
Transfers Out	(25,600)	-	-	-	-	(25,600)
Issuance of Debt	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(25,600)</u>	<u>121,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,200</u>
<b>Net Change in Fund Balances</b>	<u>283,001</u>	<u>23,458</u>	<u>51,159</u>	<u>19,811</u>	<u>2,620</u>	<u>380,049</u>
<b>FUND BALANCES:</b>						
Beginning of Year	<u>1,048,824</u>	<u>4,434</u>	<u>137,823</u>	<u>265,980</u>	<u>126,574</u>	<u>1,583,635</u>
End of Year	<u>\$ 1,331,825</u>	<u>\$ 27,892</u>	<u>\$ 188,982</u>	<u>\$ 285,791</u>	<u>\$ 129,194</u>	<u>\$ 1,963,684</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, 2008  
(Continued)**

	Debt Service			Capital Projects		
	Park and Open Space Bonds	2008 State-Aid Street Bonds	Total Debt Service Funds	Capital Replacement	Technology Development	Development Fund
<b>REVENUES:</b>						
Taxes:						
Property	\$ 942,244	\$ -	\$ 942,244	\$ 1,620,000	\$ 350,000	\$ -
Franchise	-	-	-	-	-	-
Intergovernmental:						
Federal Grants	-	-	-	-	-	-
State Grants	-	-	-	-	-	-
Local Grants	-	-	-	-	-	231,557
Miscellaneous:						
Investment Income	22,442	3,503	25,945	45,986	-	67,897
Other	-	-	-	50,678	-	737,000
Total Revenues	964,686	3,503	968,189	1,716,664	350,000	1,036,454
<b>EXPENDITURES:</b>						
Current:						
General Government	-	-	-	16,152	78,583	-
Development Services	-	-	-	27,342	-	35,530
Public Works	-	-	-	29,989	-	-
Public Safety	-	-	-	48,452	-	-
Park and Recreation	-	-	-	-	-	-
Debt Service:						
Principal	575,000	-	575,000	-	-	-
Interest and Fiscal Charges	313,828	20,651	334,479	-	-	-
Bond Issuance Costs	-	-	-	-	-	-
Capital Outlay:						
General Government	-	-	-	377,521	243,226	-
Development Services	-	-	-	25,614	-	46,694
Public Works	-	-	-	461,976	-	837,998
Public Safety	-	-	-	1,109,616	-	-
Park and Recreation	-	-	-	152,633	-	-
Total Expenditures	888,828	20,651	909,479	2,249,295	321,809	920,222
Excess (Deficiency) of Revenues Over (Under) Expenditures	75,858	(17,148)	58,710	(532,631)	28,191	116,232
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(47,600)
Issuance of Debt	-	-	-	-	-	-
Premium on Bonds Issued	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	(47,600)
Net Change in Fund Balances	75,858	(17,148)	58,710	(532,631)	28,191	68,632
<b>FUND BALANCES:</b>						
Beginning of Year	963,645	-	963,645	1,623,773	86,714	1,289,440
End of Year	\$ 1,039,503	\$ (17,148)	\$ 1,022,355	\$ 1,091,142	\$ 114,905	\$ 1,358,072

**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, 2008  
(Continued)**

	Capital Projects (Continued)					
	Livable Communities Housing Fund	Park and Open Space Bonds	Park Dedication	Tax Increment Financing	Total Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>						
Taxes:						
Property	\$ -	\$ -	\$ 130,000	\$ 1,624,257	\$ 3,724,257	\$ 4,666,501
Franchise	-	-	-	-	-	682,285
Intergovernmental:						
Federal Grants	-	-	-	-	-	314,562
State Grants	-	-	-	17,176	17,176	91,561
Local Grants	-	-	-	-	231,557	299,806
Miscellaneous:						
Investment Income	127,889	87,434	70,667	26,716	426,589	533,666
Other	-	-	251,559	-	1,039,237	1,189,297
Total Revenues	<u>127,889</u>	<u>87,434</u>	<u>452,226</u>	<u>1,668,149</u>	<u>5,438,816</u>	<u>7,777,678</u>
<b>EXPENDITURES:</b>						
Current:						
General Government	-	-	-	2,776	97,511	471,666
Development Services	367,294	-	-	1,584,427	2,014,593	2,414,950
Public Works	-	-	-	-	29,989	29,989
Public Safety	-	-	-	-	48,452	240,616
Park and Recreation	-	72,509	136,173	-	208,682	208,682
Debt Service:						
Principal	-	-	-	-	-	575,000
Interest and Fiscal Charges	-	-	-	-	-	334,479
Bond Issuance Costs	-	37,077	-	-	37,077	37,077
Capital Outlay:						
General Government	-	-	-	-	620,747	682,609
Development Services	-	-	-	-	72,308	72,308
Public Works	-	-	-	-	1,299,974	1,299,974
Public Safety	-	-	-	-	1,109,616	1,160,507
Park and Recreation	-	305,080	532,993	-	990,706	998,101
Total Expenditures	<u>367,294</u>	<u>414,666</u>	<u>669,166</u>	<u>1,587,203</u>	<u>6,529,655</u>	<u>8,525,958</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(239,405)	(327,232)	(216,940)	80,946	(1,090,839)	(748,280)
<b>OTHER FINANCING USES:</b>						
Transfers In	-	-	-	-	-	121,800
Transfers Out	(121,800)	-	-	-	(169,400)	(195,000)
Issuance of Debt	-	2,490,000	-	-	2,490,000	2,490,000
Premium on Bonds Issued	-	29,522	-	-	29,522	29,522
Total Other Financing Sources (Uses)	(121,800)	2,519,522	-	-	2,350,122	2,446,322
Net Change in Fund Balances	(361,205)	2,192,290	(216,940)	80,946	1,259,283	1,698,042
<b>FUND BALANCES:</b>						
Beginning of Year	<u>2,893,497</u>	<u>118,206</u>	<u>1,450,254</u>	<u>1,333,383</u>	<u>8,795,267</u>	<u>11,342,547</u>
End of Year	<u>\$ 2,532,292</u>	<u>\$ 2,310,496</u>	<u>\$ 1,233,314</u>	<u>\$ 1,414,329</u>	<u>\$ 10,054,550</u>	<u>\$ 13,040,589</u>

**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, 2008**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Franchise Taxes	\$ 510,000	\$ 585,000	\$ 682,285	\$ 97,285	\$ 604,274
Miscellaneous:					
Investment Income	20,000	30,000	59,847	29,847	45,519
Other Income	-	-	7,581	7,581	335
Total Revenues	<u>530,000</u>	<u>615,000</u>	<u>749,713</u>	<u>134,713</u>	<u>650,128</u>
<b>EXPENDITURES:</b>					
General Services					
Personal Services	173,300	173,300	172,468	832	162,172
Materials and Supplies	2,500	2,900	3,009	(109)	2,409
Other Services and Charges	216,000	213,750	196,378	17,372	177,828
Total General Services	<u>391,800</u>	<u>389,950</u>	<u>371,855</u>	<u>18,095</u>	<u>342,409</u>
Capital Outlay	<u>56,000</u>	<u>116,900</u>	<u>69,257</u>	<u>47,643</u>	<u>12,710</u>
Total Expenditures	<u>447,800</u>	<u>506,850</u>	<u>441,112</u>	<u>65,738</u>	<u>355,119</u>
Excess of Revenues Over (Under) Expenditures	<u>82,200</u>	<u>108,150</u>	<u>308,601</u>	<u>200,451</u>	<u>295,009</u>
<b>OTHER FINANCING (USES):</b>					
Operating Transfers to Other Funds	<u>(25,600)</u>	<u>(25,600)</u>	<u>(25,600)</u>	<u>-</u>	<u>(24,200)</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Uses	<u>\$ 56,600</u>	<u>\$ 82,550</u>	283,001	<u>\$ 200,451</u>	270,809
<b>FUND BALANCES:</b>					
Beginning of Year			<u>1,048,824</u>		<u>778,015</u>
End of Year			<u>\$ 1,331,825</u>		<u>\$ 1,048,824</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, 2008**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Intergovernmental:					
Federal Grant	\$135,975	\$ 97,000	\$262,255	\$165,255	\$149,827
Miscellaneous:					
Other Income	15,000	40,000	39,760	(240)	32,205
Total Revenues	<u>150,975</u>	<u>137,000</u>	<u>302,015</u>	<u>165,015</u>	<u>182,032</u>
<b>EXPENDITURES;</b>					
Development Services:					
Other Services and Charges	<u>150,975</u>	<u>136,866</u>	<u>400,357</u>	<u>(263,491)</u>	<u>177,598</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>134</u>	<u>(98,342)</u>	<u>(98,476)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating Transfers from Other Funds	<u>-</u>	<u>121,800</u>	<u>121,800</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures and Other Financing Sources	<u>\$ -</u>	<u>\$121,934</u>	23,458	<u>\$ (98,476)</u>	4,434
<b>FUND BALANCES:</b>					
Beginning of Year			<u>4,434</u>		<u>-</u>
End of Year			<u>\$ 27,892</u>		<u>\$ 4,434</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, 2008**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Intergovernmental:					
Federal Grants	\$ -	\$ -	\$ 52,307	\$ 52,307	\$ 34,887
State Grants	86,500	148,000	74,385	(73,615)	74,385
Local Grants	-	-	68,249	68,249	5,925
Miscellaneous:					
Investment Income	-	-	5,462	5,462	5,312
Total Revenues	<u>86,500</u>	<u>148,000</u>	<u>200,403</u>	<u>52,403</u>	<u>120,509</u>
<b>EXPENDITURES:</b>					
Public Safety:					
Police:					
Personal Services	12,000	74,000	85,098	(11,098)	10,623
Materials and Supplies	-	-	-	-	-
Other Services and Charges	<u>74,000</u>	<u>74,000</u>	<u>64,146</u>	<u>9,854</u>	<u>50,096</u>
Total Public Safety	86,000	148,000	149,244	(1,244)	60,719
Capital Outlay	-	-	-	-	30,187
Total Expenditures	<u>86,000</u>	<u>148,000</u>	<u>149,244</u>	<u>(1,244)</u>	<u>90,906</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 500</u>	<u>\$ -</u>	51,159	<u>\$ 51,159</u>	29,603
<b>FUND BALANCES:</b>					
Beginning of Year			<u>137,823</u>		<u>108,220</u>
End of Year			<u>\$ 188,982</u>		<u>\$ 137,823</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, 2008**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Miscellaneous:					
Investment Income	\$ -	\$ -	\$ 10,903	\$ 10,903	\$ 12,490
Other Income	10,000	62,300	102,719	40,419	41,799
Total Revenues	<u>10,000</u>	<u>62,300</u>	<u>113,622</u>	<u>51,322</u>	<u>54,289</u>
<b>EXPENDITURES:</b>					
Public Safety:					
Personal Services	-	-	-	-	38
Materials and Supplies	-	-	375	(375)	-
Other Services and Charges	-	33,000	42,545	(9,545)	36,851
Total Public Safety	<u>-</u>	<u>33,000</u>	<u>42,920</u>	<u>(9,920)</u>	<u>36,889</u>
Capital Outlay	10,000	29,300	50,891	(21,591)	-
Total Expenditures	<u>10,000</u>	<u>62,300</u>	<u>93,811</u>	<u>(31,511)</u>	<u>36,889</u>
Excess of Revenues Under Expenditures	<u>\$ -</u>	<u>\$ -</u>	19,811	<u>\$ 19,811</u>	17,400
<b>FUND BALANCES:</b>					
Beginning of Year			<u>265,980</u>		<u>248,580</u>
End of Year			<u>\$ 285,791</u>		<u>\$ 265,980</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, 2008**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
Miscellaneous:					
Investment Income	\$ 2,600	\$ 2,600	\$ 4,920	\$ 2,320	\$ 5,786
<b>EXPENDITURES:</b>					
General Services					
Materials and Supplies	-	-	-	-	440
Other Services and Charges	2,600	2,600	2,300	300	2,405
Total General Services	<u>2,600</u>	<u>2,600</u>	<u>2,300</u>	<u>300</u>	<u>2,845</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	2,620	<u>\$ 2,620</u>	2,941
<b>FUND BALANCES:</b>					
Beginning of Year			<u>126,574</u>		<u>123,633</u>
End of Year			<u>\$ 129,194</u>		<u>\$ 126,574</u>

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

**COMBINING STATEMENT OF NET ASSETS - INTERNAL SERVICE FUNDS**  
**December 31, 2008**

	Self Insurance	Fleet Maintenance	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 760,775	\$ 192,464	\$ 953,239
Accounts Receivable	-	10,673	10,673
Interest Receivable	5,688	754	6,442
Inventories	-	62,788	62,788
Total Assets	\$ 766,463	\$ 266,679	\$ 1,033,142
 <b>LIABILITIES AND NET ASSETS:</b>			
Liabilities:			
Current Liabilities:			
Salaries and Wages Payable	\$ -	\$ 5,124	\$ 5,124
Accounts Payable	65,846	64,925	130,771
Unfunded OPEB Obligation	-	5,606	5,606
Current Portion of Compensated Absences	-	23,149	23,149
Total Current Liabilities	65,846	98,804	164,650
 Long-Term Liabilities:			
Compensated Absences	-	25,566	25,566
Total Liabilities	65,846	124,370	190,216
 Net Assets:			
Unrestricted	700,617	142,309	842,926
Total Liabilities and Net Assets	\$ 766,463	\$ 266,679	\$ 1,033,142

**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, 2008**

	Self Insurance	Fleet Maintenance	Total
<b>OPERATING REVENUES:</b>			
Charges to City Departments	\$ 133,500	\$ 1,502,300	\$ 1,635,800
Other Revenue	20,658	2,750	23,408
Total Operating Revenues	154,158	1,505,050	1,659,208
<b>OPERATING EXPENSES:</b>			
Personal Services	-	454,733	454,733
Supplies, Repairs and Maintenance	-	803,252	803,252
Other Services and Charges	380,623	208,806	589,429
Total Operating Expenses	380,623	1,466,791	1,847,414
Operating Income (Loss)	(226,465)	38,259	(188,206)
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment Income	39,790	989	40,779
Income (Loss) before Transfers	(186,675)	39,248	(147,427)
Transfers In	236,400	-	236,400
Change in Net Assets	49,725	39,248	88,973
<b>NET ASSETS:</b>			
Net Assets - Beginning	650,892	103,061	753,953
Net Assets - Ending	\$ 700,617	\$ 142,309	\$ 842,926

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

**COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS**  
**For the Year Ended December 31, 2008**

	Self Insurance	Fleet Maintenance	Total
<b>CASH FLOWS - OPERATING ACTIVITIES:</b>			
Receipts from Interfund Services Provided	\$ 133,500	\$ 1,506,288	1,639,788
Other Revenue	20,658	2,750	23,408
Payments to Suppliers	-	(1,025,199)	(1,025,199)
Payments to Employees	-	(450,729)	(450,729)
Payments of Benefits on Behalf of Employees	(469,410)	-	(469,410)
Net Cash Flows - Operating Activities	(315,252)	33,110	(282,142)
 <b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers from Other Funds	236,400	-	236,400
 <b>CASH FLOWS - INVESTING ACTIVITIES:</b>			
Interest and Dividends Received	40,617	968	41,585
Net Change in Cash and Cash Equivalents	(38,235)	34,078	(4,157)
Cash and Cash Equivalents, January 1	799,010	158,386	957,396
Cash and Cash Equivalents, December 31	\$ 760,775	\$ 192,464	\$ 953,239
 <b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>			
<b>TO NET CASH FLOWS - OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	\$ (226,465)	\$ 38,259	\$ (188,206)
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Flows - Operating Activities			
Accounts Receivable	-	3,988	3,988
Inventories	-	11,087	11,087
Accounts Payable	(88,787)	(24,228)	(113,015)
Salaries and Wages Payable	-	(8,475)	(8,475)
Compensated Absences Payable	-	6,873	6,873
Unfunded OPEB Obligation	-	5,606	5,606
Total Adjustments	(88,787)	(5,149)	(93,936)
Net Cash Flows - Operating Activities	\$ (315,252)	\$ 33,110	\$ (282,142)

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

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS -  
PRIVATE-PURPOSE TRUST FUNDS**  
**December 31, 2008**

	<u>Clarion Hills Stewardship</u>	<u>Stone Trace Stewardship</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash and Investments	\$ 182,791	\$ 19,580	\$ 202,371
Interest Receivable	<u>1,426</u>	<u>148</u>	<u>1,574</u>
Total Assets	<u>184,217</u>	<u>19,728</u>	<u>203,945</u>
<b>NET ASSETS:</b>			
Net Assets, Held in Trust	<u>\$ 184,217</u>	<u>\$ 19,728</u>	<u>\$ 203,945</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, 2008**

	Clarion Hills Stewardship	Stone Trace Stewardship	Total
<b>ADDITIONS:</b>			
Contributions from Participants	\$ 6,050	\$ 1,485	\$ 7,535
Investment Earnings			
Interest	6,837	829	7,666
Total Additions	12,887	2,314	15,201
<b>DEDUCTIONS:</b>			
Benefits	5,475	4,899	10,374
Change in Net Assets	7,412	(2,585)	4,827
Net Assets - January 1	176,805	22,313	199,118
Net Assets - December 31	\$ 184,217	\$ 19,728	\$ 203,945

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

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**ESCROW FUND**  
**Year Ended December 31, 2008**

	Balance at January 1, 2008	Additions	Deductions	Balance at December 31, 2008
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ESCROW FUND:</b>				
<b>ASSETS:</b>				
Cash and Investments	\$ 395,613	\$ 164,911	\$ 240,033	\$ 320,491
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 395,613	\$ 164,911	\$ 240,033	\$ 320,491
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



**OTHER SUPPLEMENTARY  
INFORMATION**

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

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended December 31, 2008**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>REVENUES:</b>					
General Property Taxes	\$19,076,200	\$19,046,200	\$18,554,815	\$ (491,385)	\$17,670,746
<b>Licenses and Permits:</b>					
<b>Licenses:</b>					
Liquor Licenses	207,900	220,000	226,718	6,718	218,170
Food Handlers Licenses	141,800	151,000	142,220	(8,780)	164,636
Building Permits	1,600,000	1,324,000	1,373,220	49,220	1,958,800
Plumbing Permits	190,000	140,000	145,294	5,294	197,057
Electrical Permits	250,000	235,000	239,867	4,867	266,272
HVAC Permits	250,000	280,000	323,896	43,896	352,181
Other Licenses and Permits	174,000	139,000	123,651	(15,349)	149,845
<b>Total Licenses and Permits</b>	<u>2,813,700</u>	<u>2,489,000</u>	<u>2,574,866</u>	<u>85,866</u>	<u>3,306,961</u>
<b>Intergovernmental Revenues:</b>					
Homestead / Market Value Credit	-	-	240,149	240,149	5,321
Public Safety State Aid	750,000	655,100	657,088	1,988	749,467
Federal Grants	-	-	441	441	-
State Grants	42,500	42,500	64,675	22,175	65,769
Other	70,000	71,200	71,220	20	71,220
<b>Total Intergovernmental Revenues</b>	<u>862,500</u>	<u>768,800</u>	<u>1,033,573</u>	<u>264,773</u>	<u>891,777</u>
<b>Charges for Services:</b>					
Recreation Fees	1,128,900	1,110,000	1,051,260	(58,740)	999,077
Other	321,500	321,500	222,402	(99,098)	275,320
<b>Total Charges for Services</b>	<u>1,450,400</u>	<u>1,431,500</u>	<u>1,273,662</u>	<u>(157,838)</u>	<u>1,274,397</u>
<b>Fines and Forfeitures</b>	513,000	540,000	541,961	1,961	508,768
<b>Other Revenues:</b>					
Investment Income	450,000	450,000	943,500	493,500	994,739
Building and Equipment Rent	295,600	312,200	306,715	(5,485)	302,717
Other	280,350	280,350	411,457	131,107	394,517
<b>Total Other Revenues</b>	<u>1,025,950</u>	<u>1,042,550</u>	<u>1,661,672</u>	<u>619,122</u>	<u>1,691,973</u>
<b>Total Revenues before Other Financing Sources</b>	<u>25,741,750</u>	<u>25,318,050</u>	<u>25,640,549</u>	<u>322,499</u>	<u>25,344,622</u>
<b>OTHER FINANCING SOURCES:</b>					
Operating Transfers from Other Funds	1,213,600	1,213,600	1,213,600	-	1,267,600
<b>Total Revenues and Other Financing Sources</b>	<u>\$26,955,350</u>	<u>\$26,531,650</u>	<u>\$26,854,149</u>	<u>\$ 322,499</u>	<u>\$26,612,222</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, 2008**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
<b>General Government:</b>					
<b>Mayor and Council:</b>					
Personal Services	\$ 71,300	\$ 70,800	\$ 70,693	\$ 107	\$ 62,802
Other Services and Charges	218,300	214,500	177,223	37,277	270,995
<b>Total Mayor and Council</b>	<b>289,600</b>	<b>285,300</b>	<b>247,916</b>	<b>37,384</b>	<b>333,797</b>
<b>General Administration:</b>					
Personal Services	948,800	946,600	914,378	32,222	816,304
Supplies, Repairs and Maintenance	16,700	16,400	15,437	963	21,620
Other Services and Charges	263,600	236,900	183,656	53,244	174,358
Capital Outlay	2,000	1,000	-	1,000	-
<b>Total General Administration</b>	<b>1,231,100</b>	<b>1,200,900</b>	<b>1,113,471</b>	<b>87,429</b>	<b>1,012,282</b>
<b>Information Technology:</b>					
Personal Services	317,900	325,800	309,521	16,279	248,648
Supplies, Repairs and Maintenance	1,800	2,200	1,688	512	1,679
Other Services and Charges	231,800	222,800	225,025	(2,225)	187,240
Capital Outlay	15,000	15,000	12,818	2,182	-
<b>Total Information Technology</b>	<b>566,500</b>	<b>565,800</b>	<b>549,052</b>	<b>16,748</b>	<b>437,567</b>
<b>Finance:</b>					
Personal Services	550,600	550,100	549,982	118	519,573
Supplies, Repairs and Maintenance	3,600	3,900	3,712	188	4,585
Other Services and Charges	107,500	104,500	102,927	1,573	99,617
Capital Outlay	1,000	200	-	200	3,947
<b>Total Finance</b>	<b>662,700</b>	<b>658,700</b>	<b>656,621</b>	<b>2,079</b>	<b>627,722</b>
<b>Assessing:</b>					
Personal Services	560,700	560,700	559,286	1,414	547,048
Supplies, Repairs and Maintenance	6,000	5,900	5,415	485	5,811
Other Services and Charges	106,700	101,900	96,621	5,279	93,902
Capital Outlay	1,000	400	371	29	753
<b>Total Assessing</b>	<b>674,400</b>	<b>668,900</b>	<b>661,693</b>	<b>7,207</b>	<b>647,514</b>
<b>Contingency:</b>					
Other Services and Charges	75,000	75,000	-	75,000	-
<b>Total General Government</b>	<b>3,499,300</b>	<b>3,454,600</b>	<b>3,228,753</b>	<b>225,847</b>	<b>3,058,882</b>
<b>Development Services:</b>					
<b>Planning:</b>					
Personal Services	548,800	548,800	503,135	45,665	513,024
Supplies, Repairs and Maintenance	8,300	7,500	7,697	(197)	6,135
Other Services and Charges	21,800	20,400	22,621	(2,221)	24,191
Capital Outlay	1,700	7,900	8,066	(166)	4,033
<b>Total Planning</b>	<b>580,600</b>	<b>584,600</b>	<b>541,519</b>	<b>43,081</b>	<b>547,383</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, 2008**  
**(Continued)**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
<b>Development Services: (Continued)</b>					
<b>Engineering:</b>					
Personal Services	\$ 1,055,900	\$ 1,100,100	\$ 1,076,655	\$ 23,445	\$ 1,006,105
Supplies, Repairs and Maintenance	20,100	20,100	17,712	2,388	15,242
Other Services and Charges	137,800	137,800	109,759	28,041	131,915
Total Engineering	<u>1,213,800</u>	<u>1,258,000</u>	<u>1,204,126</u>	<u>53,874</u>	<u>1,153,262</u>
<b>Community Development:</b>					
Personal Services	1,298,500	1,313,600	1,264,038	49,562	1,204,698
Supplies, Repairs and Maintenance	25,500	24,400	23,360	1,040	20,614
Other Services and Charges	121,000	111,000	110,664	336	95,560
Capital Outlay	3,000	3,500	3,771	(271)	-
Total Community Development	<u>1,448,000</u>	<u>1,452,500</u>	<u>1,401,833</u>	<u>50,667</u>	<u>1,320,872</u>
Total Development Services	<u>3,242,400</u>	<u>3,295,100</u>	<u>3,147,478</u>	<u>147,622</u>	<u>3,021,517</u>
<b>Public Works:</b>					
<b>Street:</b>					
Personal Services	1,668,200	1,668,200	1,660,687	7,513	1,612,243
Supplies, Repairs and Maintenance	590,700	587,400	558,278	29,122	481,708
Other Services and Charges	818,600	828,300	892,398	(64,098)	765,994
Total Street	<u>3,077,500</u>	<u>3,083,900</u>	<u>3,111,363</u>	<u>(27,463)</u>	<u>2,859,945</u>
<b>Building:</b>					
Personal Services	430,600	430,600	437,412	(6,812)	398,492
Supplies, Repairs and Maintenance	87,200	88,450	98,202	(9,752)	72,961
Other Services and Charges	407,800	424,000	403,797	20,203	399,320
Capital Outlay	1,500	1,500	-	1,500	128
Total Building	<u>927,100</u>	<u>944,550</u>	<u>939,411</u>	<u>5,139</u>	<u>870,901</u>
Total Public Works	<u>4,004,600</u>	<u>4,028,450</u>	<u>4,050,774</u>	<u>(22,324)</u>	<u>3,730,846</u>
<b>Public Safety:</b>					
<b>Police:</b>					
Personal Services	6,984,000	6,984,000	7,027,361	(43,361)	6,539,285
Supplies, Repairs and Maintenance	352,800	291,000	306,233	(15,233)	293,032
Other Services and Charges	859,900	757,200	759,017	(1,817)	722,410
Capital Outlay	40,000	30,000	16,140	13,860	34,449
Total Police	<u>8,236,700</u>	<u>8,062,200</u>	<u>8,108,751</u>	<u>(46,551)</u>	<u>7,589,176</u>
<b>Fire:</b>					
Personal Services	1,066,900	1,066,900	916,487	150,413	972,991
Supplies, Repairs and Maintenance	149,300	163,300	171,723	(8,423)	134,649
Other Services and Charges	739,700	720,600	490,061	230,539	539,246
Capital Outlay	16,000	16,000	6,770	9,230	-
Total Fire	<u>1,971,900</u>	<u>1,966,800</u>	<u>1,585,041</u>	<u>381,759</u>	<u>1,646,886</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, 2008**  
**(Continued)**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
<b>Public Safety: (Continued)</b>					
Legal:					
Personal Services	\$ 623,300	\$ 623,300	\$ 620,026	\$ 3,274	\$ 580,055
Supplies, Repairs and Maintenance	6,000	5,500	4,691	809	5,425
Other Services and Charges	83,800	59,000	56,248	2,752	43,489
Capital Outlay	1,900	1,500	1,415	85	2,573
Total Legal	<u>715,000</u>	<u>689,300</u>	<u>682,380</u>	<u>6,920</u>	<u>631,542</u>
Environmental Health:					
Personal Services	305,700	305,700	296,807	8,893	254,683
Supplies, Repairs and Maintenance	5,000	4,600	3,007	1,593	3,313
Other Services and Charges	12,100	10,800	4,884	5,916	6,166
Capital Outlay	1,000	1,000	905	95	-
Total Environmental Health	<u>323,800</u>	<u>322,100</u>	<u>305,603</u>	<u>16,497</u>	<u>264,162</u>
Total Public Safety	<u>11,247,400</u>	<u>11,040,400</u>	<u>10,681,775</u>	<u>358,625</u>	<u>10,131,766</u>
Parks and Recreation:					
Joint Recreation:					
Personal Services	743,900	745,900	713,232	32,668	688,736
Supplies, Repairs and Maintenance	82,100	72,600	85,694	(13,094)	88,793
Other Services and Charges	493,900	488,000	502,312	(14,312)	477,046
Capital Outlay	3,800	1,000	-	1,000	802
Total Joint Recreation	<u>1,323,700</u>	<u>1,307,500</u>	<u>1,301,238</u>	<u>6,262</u>	<u>1,255,377</u>
Minnetonka Recreation:					
Personal Services	192,100	163,300	174,077	(10,777)	157,503
Supplies, Repairs and Maintenance	3,100	700	1,187	(487)	22,429
Other Services and Charges	297,000	249,800	243,279	6,521	254,082
Total Minnetonka Recreation	<u>492,200</u>	<u>413,800</u>	<u>418,543</u>	<u>(4,743)</u>	<u>434,014</u>
Parks and Trails:					
Personal Services	768,800	768,800	772,184	(3,384)	741,228
Supplies, Repairs and Maintenance	159,300	159,200	163,181	(3,981)	148,765
Other Services and Charges	382,350	384,200	364,022	20,178	333,078
Capital Outlay	8,000	8,000	2,858	5,142	7,504
Total Parks and Trails	<u>1,318,450</u>	<u>1,320,200</u>	<u>1,302,245</u>	<u>17,955</u>	<u>1,230,575</u>
Natural Resources:					
Personal Services	400,300	400,300	389,516	10,784	373,025
Supplies, Repairs and Maintenance	8,400	8,100	6,329	1,771	5,864
Other Services and Charges	476,600	480,800	410,021	70,779	331,514
Capital Outlay	500	500	-	500	788
Total Natural Resources	<u>885,800</u>	<u>889,700</u>	<u>805,866</u>	<u>83,834</u>	<u>711,191</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, 2008**  
**(Continued)**

	2008			Variance - Positive (Negative)	2007
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>EXPENDITURES:</b>					
Parks and Recreation: (Continued)					
Community Facility:					
Personal Services	\$ 418,900	\$ 409,300	\$ 401,366	\$ 7,934	\$ 388,223
Supplies, Repairs and Maintenance	18,500	14,700	13,607	1,093	7,666
Other Services and Charges	124,300	112,900	99,147	13,753	126,032
Capital Outlay	26,000	26,000	35,175	(9,175)	8,266
Total Community Facility	<u>587,700</u>	<u>562,900</u>	<u>549,295</u>	<u>13,605</u>	<u>530,187</u>
Senior Services:					
Personal Services	156,900	156,900	145,768	11,132	132,455
Supplies, Repairs and Maintenance	47,200	46,300	45,071	1,229	28,298
Other Services and Charges	104,100	103,700	85,165	18,535	53,343
Capital Outlay	1,000	-	-	-	-
Total Senior Services	<u>309,200</u>	<u>306,900</u>	<u>276,004</u>	<u>30,896</u>	<u>214,096</u>
Total Parks and Recreation	<u>4,917,050</u>	<u>4,801,000</u>	<u>4,653,191</u>	<u>147,809</u>	<u>4,375,440</u>
Total Expenditures before Other Financing Uses	26,910,750	26,619,550	25,761,971	857,579	24,318,451
<b>OTHER FINANCING USES:</b>					
Operating Transfers to Other Funds	<u>44,600</u>	<u>44,600</u>	<u>44,600</u>	<u>-</u>	<u>236,654</u>
Total Expenditures and Other Financing Uses	<u><u>\$26,955,350</u></u>	<u><u>\$26,664,150</u></u>	<u><u>\$25,806,571</u></u>	<u><u>\$ 857,579</u></u>	<u><u>\$24,555,105</u></u>



# **SECTION III**

## **STATISTICAL SECTION**

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about overall financial health. The following are the categories of the various schedules that are included in this section.

### **Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

### **Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant revenue source.

### **Debt Capacity**

These schedules help the reader assess the affordability of the City's current levels of outstanding debt, and the City's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

**NET ASSETS BY COMPONENT**  
**Years 2001 Through 2008**

	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities:								
Invested in Capital Asset, Net of Related Debt	\$ 76,706,683	\$ 77,502,103	\$ 60,918,780	\$ 58,589,188	\$ 68,094,182	\$ 71,804,372	\$ 74,653,377	\$ 77,534,541
Restricted	-	-	-	-	3,049,919	2,219,295	3,607,401	3,024,656
Unrestricted	47,459,236	49,986,660	47,854,746	51,929,349	42,987,244	49,882,234	53,307,749	54,306,879
<b>Total Governmental Activities - Net Assets</b>	<b><u>\$ 124,165,919</u></b>	<b><u>\$ 127,488,763</u></b>	<b><u>\$ 108,773,526</u></b>	<b><u>\$ 110,518,537</u></b>	<b><u>\$ 114,131,345</u></b>	<b><u>\$ 123,905,901</u></b>	<b><u>\$ 131,568,527</u></b>	<b><u>\$ 134,866,076</u></b>
Business-Type Activities:								
Invested in Capital Asset, Net of Related Debt	\$ 80,796,384	\$ 80,745,062	\$ 103,331,782	\$ 107,439,538	\$ 100,522,318	\$ 100,741,167	\$ 99,698,437	\$ 97,954,844
Unrestricted	14,880,164	15,306,590	14,711,066	10,284,759	16,184,568	16,232,539	16,414,397	16,304,474
<b>Total Business-Type Activities - Net Assets</b>	<b><u>\$ 95,676,548</u></b>	<b><u>\$ 96,051,652</u></b>	<b><u>\$ 118,042,848</u></b>	<b><u>\$ 117,724,297</u></b>	<b><u>\$ 116,706,886</u></b>	<b><u>\$ 116,973,706</u></b>	<b><u>\$ 116,112,834</u></b>	<b><u>\$ 114,259,318</u></b>
Primary Government:								
Invested in Capital Asset, Net of Related Debt	\$ 157,503,067	\$ 158,247,165	\$ 164,250,562	\$ 166,028,726	\$ 168,616,500	\$ 172,545,539	\$ 174,351,814	\$ 175,489,385
Restricted	-	-	-	-	3,049,919	2,219,295	3,607,401	3,024,656
Unrestricted	62,339,400	65,293,250	62,565,812	62,214,108	59,171,812	66,114,773	69,722,146	70,611,353
<b>Total Primary Government - Net Assets</b>	<b><u>\$ 219,842,467</u></b>	<b><u>\$ 223,540,415</u></b>	<b><u>\$ 226,816,374</u></b>	<b><u>\$ 228,242,834</u></b>	<b><u>\$ 230,838,231</u></b>	<b><u>\$ 240,879,607</u></b>	<b><u>\$ 247,681,361</u></b>	<b><u>\$ 249,125,394</u></b>

Note: The City began to report accrual information when it implemented GASB Statement 34 in the fiscal year 2001.

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

**CHANGES IN NET ASSETS**  
**Years 2001 Through 2008**

	2001	2002	2003	2004	2005	2006	2007	2008
<b>EXPENSES:</b>								
<b>Governmental Activities:</b>								
General Services	\$ 3,408,856	\$ 3,263,957	\$ 3,368,527	\$ 5,577,616	\$ 3,845,767	\$ 5,008,340	\$ 6,123,720	\$ 5,396,909
Development Services	3,663,730	4,084,288	3,721,740	4,717,644	4,273,501	7,374,899	6,516,066	6,003,544
Public Works	5,924,789	5,532,420	5,650,257	4,450,843	7,976,618	5,953,730	7,259,467	12,157,209
Public Safety	7,572,622	8,037,610	8,278,875	8,347,066	9,182,954	10,576,665	10,986,149	12,977,197
Parks and Recreation	3,661,182	4,742,890	4,437,735	4,134,449	4,435,720	4,845,665	5,581,150	5,673,979
Interest on Long-Term Debt	5,486	71,321	186,354	240,717	356,151	343,799	330,724	466,715
<b>Total Governmental Activities Expenses</b>	<b>24,236,665</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>Business-Type Activities:</b>								
Water and Sewer Utility	9,664,450	9,710,497	10,354,264	9,081,488	10,111,076	10,686,176	12,076,575	13,252,488
Ice Arena	985,816	870,704	659,012	944,165	935,561	1,014,955	1,010,791	1,037,482
Environmental Operations	674,749	790,909	711,270	777,149	823,820	841,137	765,423	879,639
Williston Fitness Center	765,255	761,850	773,798	800,285	746,017	603,103	1,016,659	1,180,776
Grays Bay Marina	-	56,684	116,108	138,675	136,179	162,618	221,473	240,170
Storm Water Fund	-	-	705,075	647,179	952,982	1,001,338	1,370,055	1,139,945
<b>Total Business-Type Activities</b>	<b>12,090,270</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>Total Primary Government Expenses</b>	<b>\$ 36,326,935</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>PROGRAM REVENUES</b>								
<b>Governmental Activities:</b>								
<b>Charges for Services:</b>								
General Services	\$ 935,212	\$ 1,146,635	\$ 859,817	\$ 800,969	\$ 585,079	\$ 505,749	\$ 244,369	\$ 242,723
Development Services	2,427,136	2,363,829	2,544,856	2,861,244	3,088,246	2,993,453	3,689,544	2,950,072
Public Works	427,379	549,422	199,570	785,330	606,946	766,629	545,023	1,094,941
Public Safety	341,659	322,468	342,681	400,287	682,324	852,120	963,542	1,032,899
Parks and Recreation	1,051,025	1,135,429	1,062,972	1,139,518	1,127,661	1,177,864	1,345,236	1,405,871
Operating Grants and Contributions	337,343	462,863	422,190	497,997	440,468	1,022,470	1,487,496	1,463,367
Capital Grants and Contributions	2,266,864	4,226,815	2,337,730	2,131,223	3,421,232	2,713,064	3,014,909	3,733,640
<b>Total Governmental Activities Program Revenues</b>	<b>7,786,618</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>

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

**CHANGES IN NET ASSETS**  
**Years 2001 Through 2008**  
**(Continued)**

	2001	2002	2003	2004	2005	2006	2007	2008
Business-Type Activities:								
Charges for Services:								
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
Ice Arena	639,471	677,127	624,212	707,204	744,882	772,935	854,833	876,255
Environmental Operations	520,347	612,720	434,483	711,790	653,323	727,241	1,024,257	994,102
Williston Fitness Center	489,183	561,137	670,167	894,223	833,233	802,312	935,528	1,105,237
Grays Bay Marina	-	1,400	129,500	157,224	165,361	182,397	204,056	225,851
Storm Water Fund	-	-	868,067	1,342,290	1,483,231	1,420,923	1,702,692	1,853,346
Operating Grants and Contributions	139,420	188,200	1,926,443	134,421	123,662	121,721	173,747	134,845
Capital Grants and Contributions	-	-	288,913	-	-	118,900	668,389	538,747
Total Business-Type Activities Program Revenues	<u>9,707,584</u>	<u>9,953,167</u>	<u>13,930,537</u>	<u>12,535,700</u>	<u>12,981,055</u>	<u>13,682,288</u>	<u>15,734,148</u>	<u>16,118,155</u>
Total Primary Government Program Revenues	<u>\$ 17,494,202</u>	<u>\$ 20,160,628</u>	<u>\$ 21,700,353</u>	<u>\$ 21,152,268</u>	<u>\$ 22,933,011</u>	<u>\$ 23,713,637</u>	<u>\$ 27,024,267</u>	<u>\$ 28,041,668</u>
NET EXPENSE (REVENUE)								
Governmental Activities	\$ (16,450,047)	\$ (15,525,025)	\$ (17,873,672)	\$ (18,851,767)	\$ (20,118,755)	\$ (24,071,749)	\$ (25,507,157)	\$ (30,752,040)
Business-Type Activities	<u>(2,382,686)</u>	<u>(2,237,477)</u>	<u>611,010</u>	<u>146,759</u>	<u>(724,580)</u>	<u>(627,039)</u>	<u>(726,828)</u>	<u>(1,612,345)</u>
Total Primary Government Net Expense	<u>\$ (18,832,733)</u>	<u>\$ (17,762,502)</u>	<u>\$ (17,262,662)</u>	<u>\$ (18,705,008)</u>	<u>\$ (20,843,335)</u>	<u>\$ (24,698,788)</u>	<u>\$ (26,233,985)</u>	<u>\$ (32,364,385)</u>
GENERAL REVENUES AND OTHER								
CHANGES IN NET ASSETS:								
Governmental Activities:								
Property Taxes	\$ 15,302,351	\$ 17,703,791	\$ 19,207,192	\$ 19,858,800	\$ 21,853,159	\$ 27,585,892	\$ 28,749,045	\$ 29,868,260
State aid - Unrestricted	2,397,300	1,105,409	199,192	147,100	144,540	96,700	586,787	322,000
Investment earnings	2,772,313	1,823,679	819,490	717,525	975,889	2,032,157	2,745,739	2,744,051
Other General Revenue	(3,555)	84,600	4,443	192,154	62,975	69,805	45,228	50,678
Transfers	413,086	(2,725,286)	(21,071,882)	727,000	695,000	895,100	1,042,984	1,064,600
Total Governmental Activities	<u>20,881,495</u>	<u>17,992,193</u>	<u>(841,565)</u>	<u>21,642,579</u>	<u>23,731,563</u>	<u>30,679,654</u>	<u>33,169,783</u>	<u>34,049,589</u>
Business-Type Activities:								
Property Taxes	-	-	50,000	-	-	-	-	-
Investment earnings	1,261,341	615,482	256,870	291,698	369,673	715,829	906,162	823,429
Other	76,395	127,489	1,434	77,809	32,496	3,357	2,778	-
Transfers	(413,086)	2,725,286	21,071,882	(727,000)	(695,000)	(895,100)	(1,042,984)	(1,064,600)
Total Business-Type Activities	<u>924,650</u>	<u>3,468,257</u>	<u>21,380,186</u>	<u>(357,493)</u>	<u>(292,831)</u>	<u>(175,914)</u>	<u>(134,044)</u>	<u>(241,171)</u>
Total Primary Government	<u>\$ 21,806,145</u>	<u>\$ 21,460,450</u>	<u>\$ 20,538,621</u>	<u>\$ 21,285,086</u>	<u>\$ 23,438,732</u>	<u>\$ 30,503,740</u>	<u>\$ 33,035,739</u>	<u>\$ 33,808,418</u>

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

**CHANGES IN NET ASSETS**  
**Years 2001 Through 2008**  
**(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>
CHANGE IN NET ASSETS:								
Governmental Activities	\$ 4,431,448	\$ 2,467,168	\$ (18,715,237)	\$ 2,790,812	\$ 3,612,808	\$ 6,607,905	\$ 7,662,626	\$ 3,297,549
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>(802,953)</u>	<u>(860,872)</u>	<u>(1,853,516)</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>\$ 5,804,952</u>	<u>\$ 6,801,754</u>	<u>\$ 1,444,033</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2001.

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	\$ 196,014	\$ 207,420	\$ 284,693	\$ 421,536	\$ 239,355	\$ 252,143	\$ 334,709	\$ 550,755	\$ 440,696	\$ 525,579
Unreserved	6,624,211	6,757,568	6,818,064	6,599,464	5,928,684	6,938,153	7,966,059	9,137,243	11,304,419	12,267,114
Total General Fund	6,820,225	6,964,988	7,102,757	7,021,000	6,168,039	7,190,296	8,300,768	9,687,998	11,745,115	12,792,693
All Other Governmental Funds:										
Reserved	20,241,664	20,396,716	19,515,356	20,914,394	20,815,999	421,545	2,861,788	1,809,299	2,185,193	1,147,636
Unreserved, reported in:										
Special revenue funds	783,579	846,103	922,144	902,087	953,880	1,139,383	1,422,669	1,403,032	480,475	1,179,875
Capital projects funds	8,893,553	7,694,176	11,299,351	16,778,506	16,130,348	38,605,775	32,063,930	35,144,773	38,206,390	40,487,678
Debt service funds	605,424	884,631	-	13,849	-	-	-	-	-	1,022,355
Total All Other Governmental Funds	30,524,220	29,821,626	31,736,851	38,608,836	37,900,227	40,166,703	36,348,387	38,357,104	40,872,058	43,837,544
Total Governmental Funds	<u>\$ 37,344,445</u>	<u>\$ 36,786,614</u>	<u>\$ 38,839,608</u>	<u>\$ 45,629,836</u>	<u>\$ 44,068,266</u>	<u>\$ 47,356,999</u>	<u>\$ 44,649,155</u>	<u>\$ 48,045,102</u>	<u>\$ 52,617,173</u>	<u>\$ 56,630,237</u>

Source: City of Minnetonka financial records

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>REVENUES:</b>										
Property Taxes	\$ 16,286,928	\$ 17,360,363	\$ 14,885,830	\$ 17,486,129	\$ 18,736,902	\$ 19,398,176	\$ 20,987,277	\$ 26,402,902	\$ 27,423,837	\$ 28,221,316
Franchise Taxes	-	-	425,640	474,687	482,225	-	865,882	1,118,887	1,229,276	1,483,731
Special Assessments	1,541,209	959,037	1,260,293	1,178,280	1,149,172	951,632	829,712	502,429	496,359	430,278
Licenses and Permits	2,327,840	2,187,777	2,323,380	2,246,066	2,394,113	2,711,392	2,893,336	2,804,370	3,306,961	2,574,866
Intergovernmental	4,124,108	4,431,940	4,455,554	3,969,232	2,449,660	2,335,902	3,949,865	3,467,784	3,575,400	3,827,767
Interest and Other Revenues	5,697,891	5,874,382	5,733,045	4,719,447	3,296,911	-	-	-	-	-
Net increase in fair value of investments	(919,544)	795,555	304,181	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
Program Revenues	-	-	-	-	-	809,587	-	-	-	-
Metropolitan Council Grant	-	53,241	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	446,619	379,902	422,886	550,567	644,680
Miscellaneous	-	-	-	1,162,796	973,752	1,653,405	1,808,192	3,183,990	3,890,910	4,877,252
<b>Total Revenues</b>	<b>29,058,432</b>	<b>31,662,295</b>	<b>29,387,923</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>EXPENDITURES:</b>										
General Government	1,924,101	2,139,244	2,810,981	2,499,199	2,396,499	3,100,998	3,486,289	4,660,672	5,569,967	4,690,725
Development Services	2,953,766	3,108,509	3,248,619	3,413,862	3,385,705	3,312,022	4,166,237	7,266,134	6,394,870	5,926,346
Public Works	2,928,217	2,951,211	3,095,132	3,048,770	3,013,740	3,351,907	3,549,570	3,381,581	4,699,136	5,365,413
Public Safety	6,812,867	7,123,533	7,100,921	7,478,966	7,688,401	8,072,854	8,493,005	9,940,505	10,192,352	10,897,161
Park and Recreation	2,652,698	2,840,797	2,942,409	3,034,641	3,483,450	3,637,370	3,984,170	4,243,892	4,718,183	4,855,598
Debt Service:										
Principal retirement on bonded debt	1,716,401	1,666,079	245,000	-	-	165,000	270,000	470,000	560,000	575,000
Interest and other expenditures	1,999,846	1,780,769	14,357	4,677	183,205	180,063	340,376	346,392	334,605	406,959
Capital Outlay	11,604,489	11,373,597	7,560,151	7,826,751	10,329,212	11,244,335	12,572,522	8,888,421	6,249,304	12,685,903
<b>Total Expenditures</b>	<b>32,592,385</b>	<b>32,983,739</b>	<b>27,017,570</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>
Excess of Revenues Over (Under) Expenditures	(3,533,953)	(1,321,444)	2,370,353	4,300,476	(911,234)	(3,084,309)	(3,402,844)	639,182	3,256,687	(1,808,578)
<b>OTHER FINANCING SOURCES (USES):</b>										
Bond Proceeds	-	-	-	4,947,500	-	5,000,000	-	-	-	4,705,000
Premium on Bonds Issued	-	-	-	-	-	-	-	-	-	52,042
Transfers In	4,075,854	2,646,650	2,100,532	1,828,697	1,314,362	2,316,493	2,414,500	2,589,378	3,394,121	1,443,370
Transfers Out	(3,637,854)	(2,173,650)	(1,610,532)	(4,303,983)	(1,901,822)	(1,649,493)	(1,719,500)	(1,694,278)	(2,078,737)	(378,770)
<b>Total Other Financing Sources (Uses)</b>	<b>438,000</b>	<b>473,000</b>	<b>490,000</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>Net Change in Fund Balances</b>	<b>\$ (3,095,953)</b>	<b>\$ (848,444)</b>	<b>\$ 2,860,353</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>
Debt Service as a Percentage of Noncapital Expenditures	17.7%	16.0%	1.2%	0.0%	0.8%	1.4%	2.3%	2.6%	2.7%	2.6%

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>
1999	\$ 41,041,129	\$ 38,587,413	\$ 959,674	\$ 2,233,776	\$ 8,778,915	\$ 69,575,525	20.034%	\$ 4,172,571,900	1.67%
2000	46,535,768	38,208,755	947,449	2,686,591	9,450,589	73,554,792	19.528%	4,823,801,500	1.52%
2001	52,504,769	43,247,643	938,958	3,798,525	10,705,376	82,187,469	18.012%	5,460,953,600	1.51%
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	28.743%	8,113,917,400	0.98%
2007	70,730,520	24,476,432	651,972	(2,856,552)	7,442,502	91,272,974	28.525%	8,542,466,300	1.07%
2008	70,876,684	35,226,221	604,330	(1,760,011)	7,685,098	100,782,148	27.620%	8,581,940,800	1.17%

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 1999 Through 2008**

Year Collectible	City	Hopkins School District No. 270	Minnetonka School District No. 276	Wayzata School District No. 284	Hennepin County	Watershed District No. 1	Misc. *	Totals		
								School District No. 270	School District No. 276	School District No. 284
1999	20.034	58.941	69.423	53.820	40.994	0.651	8.544	129.164	139.646	124.043
2000	19.528	56.560	58.565	49.190	39.655	0.661	8.426	124.830	126.835	117.460
2001	18.012	44.401	47.484	46.589	37.624	0.641	8.126	108.804	111.887	110.992
2002**	30.995	14.967	20.868	26.793	50.409	1.317	8.231	105.919	111.820	117.745
2003	30.945	20.588	24.215	23.264	50.607	1.267	8.256	111.663	115.290	114.339
2004	29.779	22.097	23.158	22.038	47.195	1.267	8.625	108.963	110.024	108.904
2005	28.810	19.176	21.989	22.762	44.172	1.165	7.724	101.047	103.860	104.633
2006	28.597	21.565	22.952	21.893	41.016	1.106	7.283	99.567	100.954	99.895
2007	28.428	19.157	24.931	20.392	39.110	1.107	7.310	95.112	100.886	96.347
2008	27.578	19.218	17.980	19.668	38.571	1.149	7.397	93.913	92.675	94.363

\* - Includes Metropolitan Mosquito Control, Metropolitan Council, Metropolitan Transit Commission, Park Meseum and Hennepin Parks.

\*\* - 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	2008			1998		
		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	\$ 2,199,250	1	2.41%	\$ 3,228,155	1	4.64%
Carlson Companies	Office/Technical Center	2,185,730	2	2.39%	2,163,339	2	3.11%
Cargill, Inc.	Office	1,971,263	3	2.16%	2,093,239	3	3.01%
United, LLC	Office Center	1,380,910	4	1.51%			
CSM Investors	Retail	1,175,860	5	1.29%	800,135	8	1.15%
Wells Operating Partnership	Office Center	935,250	6	1.02%			
Property Reserve, Inc.	Office Center	935,250	7	1.02%			
Teachers Insurance	Office Center	893,350	8	0.98%			
Medica	Office Center	665,300	9	0.73%			
Target Corporation	Retail	652,000	10	0.71%			
Minnesota CC Properties	Office Center				1,323,665	4	1.91%
Opus Corporation	Office Center				1,064,770	5	1.54%
Dayton Hudson Corp.	Department Store				811,731	6	1.17%
Opus Gateway North	Office Center				809,235	7	1.17%
American Hardware Insurance	Office Center				723,625	9	1.04%
The Gates at Carlson	Apartments				576,375	10	0.83%
		<u>\$ 12,994,163</u>		<u>9.43%</u>	<u>\$ 13,017,894</u>		<u>11.82%</u>

Source: City of Minnetonka financial records

**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		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 16,051,435	\$ 15,961,810	99.44%	\$ 78,637	\$ 16,040,447	99.93%
2000	16,500,000	16,399,822	99.39%	97,567	16,497,389	99.98%
2001	16,964,100	16,852,559	99.34%	103,355	16,955,914	99.95%
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%	18,442	19,438,361	99.67%
2005	21,696,431	21,557,625	99.36%	142,298	21,699,923	100.02%
2006	23,819,419	23,501,126	98.66%	85,196	23,586,322	99.02%
2007	26,043,106	25,792,644	99.04%	88,831	25,881,475	99.38%
2008	27,268,554	26,677,789	97.83%	-	26,677,789	97.83%

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		Business-type	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
	General Obligation Bonds	Special Assessment Bonds	Water Revenue Bonds					
1999	\$ 195,000	\$ 495,000	\$ -	\$ 690,000	0.00%	0.04%	\$ -	\$ 13
2000	-	245,000	-	245,000	0.00%	0.01%	-	5
2001	-	-	8,700,000	8,700,000	0.45%	0.45%	169	169
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	0.31%	0.77%	163	409

Source: City of Minnetonka financial records

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

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**December 31, 2008**

<u>Governmental Units</u>	<u>Net Debt Outstanding</u>	<u>(1) Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
City of Minnetonka	\$ 10,450,000	100.00 %	\$ 10,450,000
Overlapping Debt:			
School Districts			
I.S.D. 270 - Hopkins	129,319,767	48.90	63,237,366
I.S.D. 276 - Minnetonka	61,408,100	30.03	18,440,852
I.S.D. 283 - St. Louis Park	81,340,045	0.01	8,134
I.S.D. 284 - Wayzata	91,517,548	16.19	14,816,691
Hennepin County	501,975,359	6.22	31,222,867
Hennepin County Parks	72,794,815	8.24	5,998,293
Hennepin County RR Authority	43,486,862	6.22	2,704,883
Regional:			
Metropolitan Council	137,904,653	2.81	3,875,121
Total Overlapping Debt			<u>140,304,207</u>
Total Direct and Overlapping Debt			<u>\$ 150,754,207</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**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Market Value (Taxable)	\$ 4,172,571,900	\$ 4,823,801,500	\$ 5,460,953,600	\$ 5,923,738,600	\$ 6,452,076,900	\$ 6,895,750,900	\$ 7,447,046,100	\$ 8,113,917,400	\$ 8,542,466,300	\$ 8,516,300,600
Debt Limit 2% of Market Value (Note A)	82,895,660	96,632,622	100,533,946	107,645,816	115,441,204	124,423,360	148,306,200	162,278,348	170,849,326	170,326,012
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds Available in Debt Service Funds	195,000	-	-	5,000,000	5,000,000	9,835,000	9,565,000	9,095,000	8,535,000	12,665,000
Available in Debt Service Funds	-	-	-	(13,849)	(291,961)	(421,545)	(758,782)	(898,014)	(963,645)	(1,022,355)
Total Debt Applicable to Debt Limit	195,000	-	-	4,986,151	4,708,039	9,413,455	8,806,218	8,196,986	7,571,355	11,642,645
Legal Debt Margin	\$ 82,700,660	\$ 96,632,622	\$ 100,533,946	\$ 102,659,665	\$ 110,733,165	\$ 115,009,905	\$ 139,499,982	\$ 154,081,362	\$ 163,277,971	\$ 158,683,367
Total net debt applicable to the limit as a percentage of debt limit	0.24%	0.00%	0.00%	4.63%	4.08%	7.57%	5.94%	5.05%	4.43%	6.84%

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**

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

Fiscal Year	Utility Bonds						Special Assessment Bonds			
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
1999	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 1,541,209	\$ 1,130,000	\$ 52,269	1.30
2000	-	-	-	-	-	-	959,037	250,000	15,987	3.61
2001	7,919,811	6,260,117	1,659,694	-	424,929	3.91	-	-	-	-
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	-	-	-	-

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
1999	52,684	25,135	2.0%	\$ 34,125	\$ 1,797,841,500	-
2000	51,301	25,200	2.5%	35,381	1,815,080,681	51,276
2001	51,607	25,523	3.2%	37,101	1,914,671,307	50,031
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%	52,905	2,724,554,595	47,329

Sources:

- (1) 2000 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) 2000 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	2008			1999		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment*
Cargill	3,400	1	7.15%	2,000	2	-
Carlson Companies, Inc.	3,100	2	6.52%	3,000	1	-
St. Jude Medical	1,300	3	2.73%	-		-
Allina Health System/Medica	1,200	4	2.52%	1,200	4	-
United Health Group	1,150	5	2.42%	-		-
DataCard Corporation	1,000	6	2.10%	1,300	3	-
Advantek, Inc.	600	7	1.26%	500	7	-
GE Osmonics, Inc.	520	8	1.09%	550	6	-
American Medical Systems	500	9	1.05%	500	8	-
Opportunity Partners	500	10	1.05%	-		-
Fingerhut Corporation	-		-	1,000	5	-
Advance Circuits, Inc.	-		-	500	9	-
DAIG Corporation	-		-	350	10	-
	<u>13,270</u>		<u>27.91%</u>	<u>10,900</u>		<u>-</u>

Sources: Minnesota Department of Employment and Economic Development, and the 1999 Minnesota Directory of Manufacturers

\* - City-wide employment numbers unavailable

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<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	7.50	8.00	8.00	8.00	8.00	8.00	8.50	8.50	9.00	9.00
Information Technology	1.00	2.25	2.50	2.50	2.75	2.75	2.75	2.75	2.75	3.75
Finance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Assessing	6.50	6.00	6.00	6.00	6.00	6.00	6.00	6.20	6.20	6.20
<b>Development Services:</b>										
Planning	6.00	6.60	7.60	7.70	6.70	5.63	5.88	6.97	6.97	6.97
Engineering	12.00	11.30	11.30	11.40	11.40	11.38	9.88	10.78	10.78	10.78
Community Development	13.80	13.80	14.55	14.55	14.55	14.55	14.55	14.55	15.55	15.55
Development Fund	-	-	-	-	-	-	-	-	0.20	0.20
<b>Parks and Recreation:</b>										
Recreation	6.30	6.25	6.30	6.80	6.80	6.80	6.80	6.70	6.70	6.70
Community Center	2.10	3.90	3.90	4.60	4.60	4.60	4.60	4.60	4.60	4.60
Parks and Trails	9.10	8.60	8.60	8.60	8.60	11.20	9.60	9.63	9.51	9.51
Senior Services	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	2.50	2.50
Minnetonka Recreation	-	-	-	-	-	-	-	0.90	0.90	0.90
Natural Resources	-	-	-	-	-	-	3.60	4.63	4.51	4.51
<b>Streets and Buildings:</b>										
Buildings and Grounds	6.00	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Street	23.60	23.60	23.60	23.60	22.60	22.60	22.60	22.63	22.53	22.53
Equipment	5.60	5.60	5.60	5.60	5.60	5.60	5.60	5.63	-	-
<b>Public Safety:</b>										
<b>Police:</b>										
Licensed	60.50	62.00	63.00	63.00	64.00	64.00	65.00	65.00	65.00	67.00
Other	10.80	11.80	11.20	11.20	11.20	11.20	11.20	11.35	11.35	11.35
<b>Fire:</b>										
Full-time	5.75	6.75	6.75	7.50	7.00	7.00	7.00	7.00	7.00	7.00
Paid on call	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Environmental Health	2.50	2.50	3.00	3.00	2.50	2.50	2.50	3.00	3.00	3.40
Legal	5.00	5.30	5.30	5.30	5.30	5.25	6.00	6.00	6.00	6.00
Cable Television	1.85	2.10	2.85	2.85	2.90	2.75	2.75	2.75	2.25	2.25
Forestry	2.60	2.60	2.60	2.60	2.60	-	-	-	-	-
Water and Sewer Utility	13.60	13.60	13.60	14.60	14.60	14.60	14.60	15.63	15.54	15.54
Ice Arena	5.45	5.45	5.40	4.60	4.60	4.60	4.60	4.60	4.60	3.80
Williston Center	5.15	4.57	3.90	3.90	3.90	3.90	3.90	3.90	3.95	6.95
Environmental	1.20	1.20	1.20	1.20	1.20	2.20	1.20	1.20	1.53	1.53
Storm Water	-	-	-	-	-	-	0.50	0.50	0.50	0.50
Fleet Maintenance Internal Service	-	-	-	-	-	-	-	-	5.53	5.53
<b>Total</b>	<b>307.40</b>	<b>313.77</b>	<b>316.75</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>

Source: City of Minnetonka financial records

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety:</b>										
Police:										
Calls for service	35,435	34,834	35,603	35,043	35,248	35,604	34,721	34,364	35,133	43,532
Criminal offenses	2,953	2,605	2,558	2,458	2,568	2,971	3,233	3,225	3,366	3,006
Fire:										
Number of calls	800	769	695	779	634	573	603	549	568	566
Legal:										
Cases opened and processed by staff	-	-	-	-	2,295	1,296	1,313	1,371	1,218	1,009
Environmental Health:										
Number of licensed establishments	-	-	-	-	734	777	768	762	778	721
Number of nuisance complaints	-	-	-	-	480	421	532	526	562	473
<b>Development Services:</b>										
Engineering:										
Number of construction projects underway	36	22	20	23	13	14	1	12	14	13
Number of construction projects completed	35	18	10	29	9	12	5	6	9	8
Community Development:										
Permits issued	-	-	-	7,262	6,942	7,965	7,588	7,495	7,094	6,424
Planning:										
Number of planning applications received	-	-	-	-	149	171	168	164	149	153
Number of building permits reviewed	-	-	-	-	520	1,195	1,120	1,675	1,680	1,686
<b>Public Works:</b>										
Street Maintenance:										
Miles of city maintained	252.1	252.6	252.9	253.0	253.0	254.0	254.0	254.7	254.7	254.9
Street Improvement:										
Miles of street rehabilitated	15.5	14.5	10.0	11.8	9.7	6.2	2.9	2.5	2.7	2.4
Average pavement condition index	-	-	-	-	77	77	77	77	80	78
<b>Park &amp; Recreation:</b>										
Joint Recreation:										
Nuner of program participants	-	40,363	34,792	35,927	34,707	33,492	33,385	35,243	42,369	46,357
Senior Services:										
Number of program participants	3,800	4,000	4,000	4,000	5,692	5,575	5,590	4,200	4,225	5,484

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Park & Recreation: (Continued)										
Parks and Trails:										
Numer of parks maintained	-	-	-	-	48	49	49	50	50	50
Park acreage:										
Active	313.5	313.5	313.5	313.5	313.5	313.5	313.5	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
Natural Resources:										
Number of diseased trees removed	712	723	492	806	1,523	2,944	2,406	2,520	1,977	2,055
Number of permits reviewed/inspected for natural resource compliance	-	-	-	215	222	292	302	319	225	530
General Government:										
Administrative Services:										
Number of registered voters	34,236	33,355	34,372	34,755	33,698	39,289	35,548	34,636	34,656	35,354
Water and Sewer Utility:										
Number of utility customer accounts	16,154	15,849	16,032	16,131	16,794	16,549	16,622	16,925	17,061	
Water pumped (million gallons)	2,831	3,303	3,134	2,777	3,167	2,644	2,605	2,695	2,802	2,586
Utility locate requests completed	10,306	10,507	9,582	8,699	9,967	9,702	10,651	9,745	9,349	7,425
Ice Arena:										
Ice rental hours sold	3,454	3,295	3,300	3,063	2,818	3,298	3,255	3,220	3,283	3,302
Environmental:										
Curbside recycling picked up (tons)	5,926	6,201	6,338	6,300	6,420	6,460	6,417	6,356	5,672	5,655
Willston Center:										
Total memberships sold	-	1,372	1,410	1,358	1,781	1,706	1,777	1,981	2,021	2,047
Gray's Bay:										
Slip lease rate	\$ -	\$ -	\$ -	\$ -	\$ 2,800	\$ 2,800	\$ 2,800	\$ 2,940	\$ 3,524	\$ 3,700
Storm Water:										
Number of storm sewer projects completed	3	5	4	3	4	1	5	4	5	4

Source: Various city departments

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

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety:</b>										
<b>Police:</b>										
Stations	1	1	1	1	2	2	2	2	2	2
Number of police officers	50	54	54	54	55	54	56	56	56	58
Fire Stations	5	5	5	5	5	5	5	5	5	5
<b>Public Works:</b>										
Streets (miles)	252	253	253	253	253	254	255	255	255	255
Streetlights	1,661	1,672	1,640	1,644	1,659	1,670	1,670	1,670	1,670	1,670
<b>Parks and Recreation:</b>										
Parks acreage	-	-	-	-	-	-	-	-	-	-
Parks	-	-	-	-	48	49	49	50	50	50
<b>Water and Sewer Utilities:</b>										
Water mains (miles)	305	306	306	307	307	308	308	308	308	308
Fire hydrants	2,269	2,569	2,569	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	18,500,000	18,500,000	18,500,000	18,400,000	18,400,000	18,400,000
Storage capacity (gallons)	12,450,000	12,450,000	12,450,000	12,450,000	12,950,000	12,950,000	12,950,000	12,900,000	12,900,000	12,900,000
Sanitary sewers (miles)	253	254	255	255	255	256	256	256	256	256
<b>Storm Water</b>										
Storm sewers (miles)	74	77	79	81	82	84	86	87	88	88

Source: Various city departments