



# Minnetonka, Minnesota Annual Comprehensive Financial Report

*For the year ended Dec. 31, 2021*



# **Annual Comprehensive Financial Report**

**Of the City of  
Minnetonka, Minnesota**

***For the Year Ended December 31, 2021***

**Mike S. Funk – Acting City Manager**

**Darin R. Nelson – Finance Director/Treasurer  
Joel W. Merry – 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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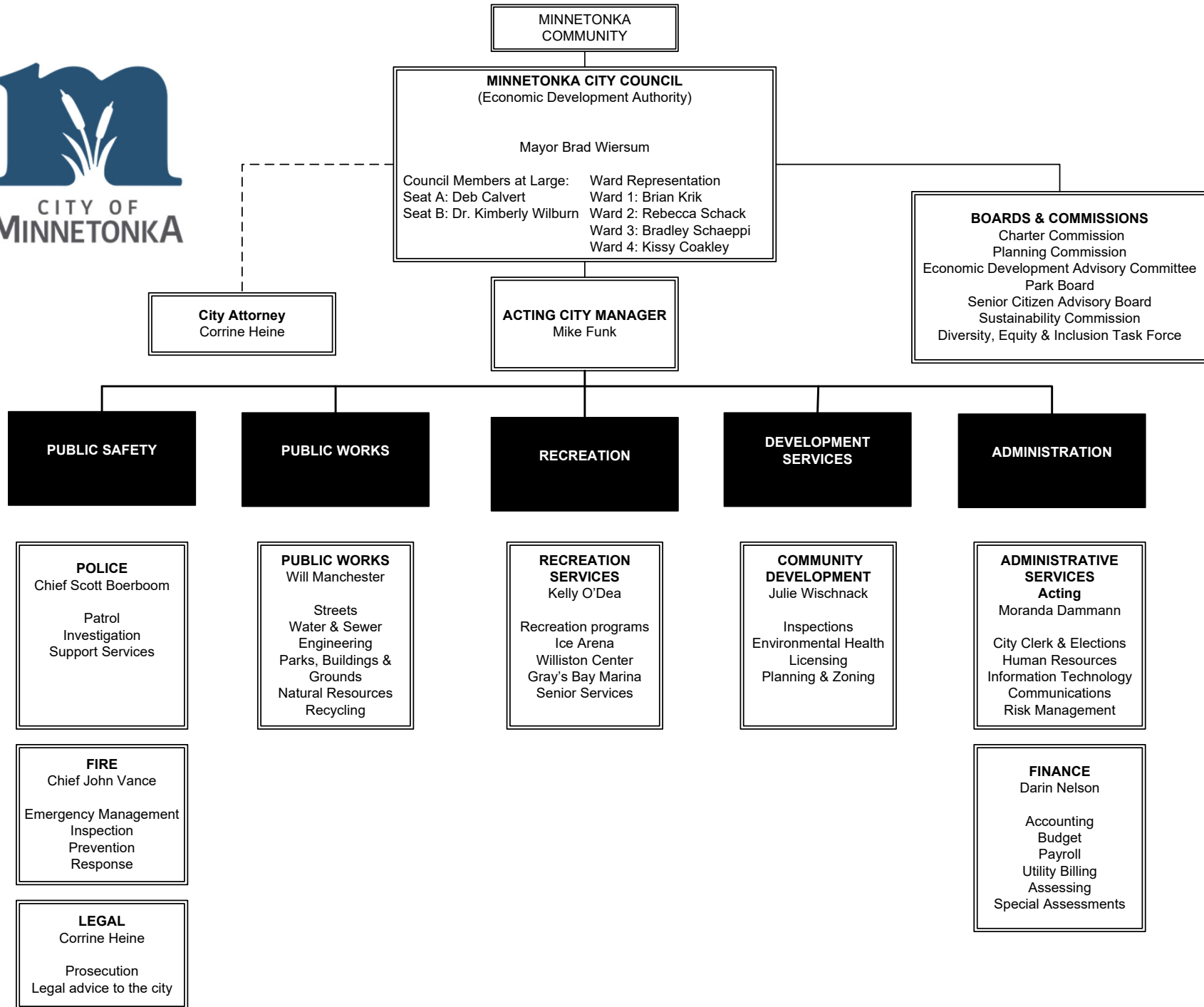
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**City of Minnetonka**  
 Hennepin County, Minnesota  
 Elected Officials and Administration  
 As of December 31, 2021

<u>Elected Officials</u>	<u>Position</u>	<u>Term Office Expires</u>
Brad Wiersum	Mayor	December 31, 2021
Deb Calvert	Council Member at Large	December 31, 2021
Susan Carter	Council Member at Large	December 31, 2021
Brian Kirk	Council Member - Ward 1	December 31, 2023
Rebecca Schack	Council Member - Ward 2	December 31, 2023
Bradley Schaeppi	Council Member - Ward 3	December 31, 2023
Kissy Coakley	Council Member - Ward 4	December 31, 2023

<u>Administration</u>	<u>Position</u>
Michael S. Funk	Acting City Manager
Moranda J. Dammann	Acting Assistant City Manager
Darin R. Nelson	Finance Director/Treasurer
Joel W. Merry	Assistant Finance Director







14600 Minnetonka Blvd. | Minnetonka, MN 55345 | 952-939-8200 | [eminnetonka.com](http://eminnetonka.com)

May 17, 2022

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

Mayor and City Council Members:

The Annual Comprehensive Financial Report of the City of Minnetonka, Minnesota (the city) for the fiscal year ended December 31, 2021 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 Bergan KDV. The goal of the independent audit was to provide reasonable assurance that the financial statements of the city for the year ended December 31, 2021, 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 unmodified opinion that the city's financial statements, for the year ended December 31, 2021, 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.

### **City Profile**

Minnetonka 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 2021 population estimate of 53,781 makes it the eighteenth 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 394 runs from Minnetonka east to Minneapolis, and is a primary, 15-minute commuter route to downtown Minneapolis. The city is also just 15 minutes from the Minneapolis-Saint Paul International Airport.

Incorporated in 1956, and later transformed from a village to a city in 1968, the city operates under the council-manager form of government. Policymaking and legislative authorities are vested in the governing council, which consists of a mayor and a six-member council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the government's manager. The council is elected on a nonpartisan basis. The mayor and council members are elected to four-year staggered terms. The city manager is responsible for carrying out the policies and ordinances of the governing council, overseeing the day-to-day operations of the government, and assigning appropriate responsibility and authority to city staff for the efficient and effective delivery of city services.

With a staff of around 266 regular, full-time equivalent employees, the city provides its residents and businesses with a full range of municipal services consisting of public safety (police, fire, and environmental health), public works, parks and recreation, development, engineering, 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.

The city is also financially accountable for the Economic Development Authority (EDA), which is included in the city's financial statements as a blended component unit. Additional information on the EDA is located in Note 1 in the notes to the financial statements.

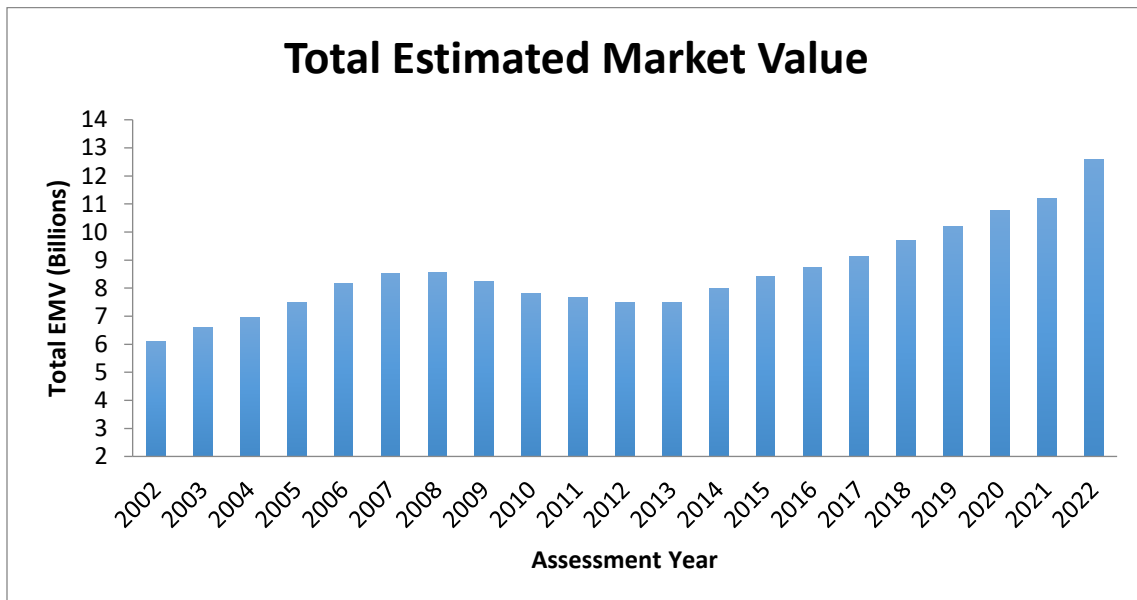
The annual budget serves as the foundation for the city's financial planning and control. Departments submit budget requests in July to the finance department and the city manager presents the proposed budget to the City Council for review prior to September 30 of each year. A budget workshop is usually held with the council in August. The council holds a public meeting on the proposed budget and adopts the final budget in December each year.

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.

**Economic Conditions and Outlook**

The last update of the city's 2040 Comprehensive Guide Plan estimates the city's population will reach 61,500 by 2040, with nearly 28,300 households. The anticipated increase of nearly 7,400 new residents comprised of 4,698 new households over the next two decades will create the demand for a diverse range of housing options.

The following chart summarizes the city's annual market value since 2002.



The city's tax base increased from \$11.2 billion to \$12.6 billion from assessment years 2021 and 2022, respectively, an increase of 12.5 percent.

Minnetonka serves as the corporate headquarters location for many national and international businesses, including United Health Group, Cargill, Carlson Companies, American Family Insurance, Opus Group, Medica and others. The city has three premier business parks - Carlson Center, Opus, and Minnetonka Corporate Center. These offer excellent locations for business that continue to experience new development and major expansion of existing businesses. As a result, Minnetonka also enjoys a large and relatively stable employment base. There are 45,136 jobs in Minnetonka, with most jobs in the professional, managerial, and retail sectors.

Since 2002, the city has been working with the Hennepin County Regional Rail Authority and the Metropolitan Council on the Southwest Light Rail Transit (LRT) project. The Southwest LRT (Green Line Extension) will connect the southwestern suburbs with Minneapolis and St. Paul. Specifically, it will enter the eastern portion of Minnetonka near the Shady Oak Road/Excelsior Boulevard area and travel south through the Opus Area, before continuing into Eden Prairie, the suburb on the southern border of the city. Full engineering design plans were completed in 2016, construction began in 2019, and the route is expected to be operational in 2027.

In anticipation of LRT, the city has seen significant investment in the Opus Area, an area of over 640 acres. Investments since 2008 have included multiple office expansions totaling nearly 850,000 square feet, adding nearly 4,000 employees, and a \$17 million capital expansion of its only state highway interchange. Since 2016, additional developments are in different stages of planning to active construction or completion, including redevelopment of a former office site into a 330-unit multi-family apartment project; a 482-unit senior and general occupancy affordable apartment complex; a 350 unit market rate apartment, a 250 unit apartment and a 275 unit apartment just south of the LRT station platform. The city's multi-year capital budget includes nearly \$30 million in additional funding for other key roadway and infrastructure improvements in the Opus Area that will be needed for the LRT and the anticipated redevelopment of the area.

Minnetonka is also a key location for retailing. The city is home to Ridgedale, a 1.4-million-square-foot regional shopping center. Its anchor stores include Macy's, JC Penney, and Nordstrom, the latter of which opened in 2015. Dick's Sporting Goods, now Dick's House of Sports, is also reinvesting in the mall by remodeling the former Sears anchor. This store is currently under construction.

A number of other retail centers are clustered near Ridgedale, including Ridgehaven Mall (which is anchored by a Target store and Lunds & Byerlys grocery store), Ridge Square North, Ridge Square South, Ridgedale Festival, and West Marine Plaza. The Ridgedale area is also home to a Hennepin County Service Center, District Court, a Regional Library, and the Ridgedale YMCA. According to a current study conducted by the city, the area has, on average, 1.3 million visitors per month.

In 2013, the city completed a master planning study of the Ridgedale area, and in 2017, the city developed the award winning Public Realm Guidelines for the area. These documents include both retail and residential plans encompassing land use, design, transportation, and pedestrian connections as part of a complete vision for the area. In 2016, the Highland Bank site was fully redeveloped into 134 units of apartments with ground floor retail, and in 2018, the TCF Bank site was reconstructed and redeveloped to add retail shops to its parcel. Two more sites within and adjacent to the mall are complete, adding higher density residential to the area, a 77-unit luxury apartment building and a 168-unit active adult apartment building. During the summer of 2019, the city began reconstruction of the road around the mall to include three traffic circles, a landscaped boulevard, and extensive pedestrian and biking pathways along both sides that will connect a new 2-acre public park which is under construction and includes an additional park amenities at an adjacent public lake. These projects are scheduled for completion in 2022.

Interest in economic development continues along the I-394 corridor in Minnetonka. Since the Crest Ridge redevelopment project completed its first phase of construction in 2008, a second phase with 150 units of multi-family senior apartments was completed in early 2019. An additional project along 394, with 174 market rate units was completed in 2020. In 2021, construction began on a 186 unit senior apartment near Carlson Parkway.

Minnetonka has worked hard to provide more affordable housing in the community and has added nearly 750 affordable units since 2016. In many new developments underway since 2016, the city has been successful in incorporating affordable housing within market rate multi-unit projects. These include the Overlook Apartments, At Home Apartments, Cherrywood Pointe, The Pointe, Legends at Shady Oak, Shady Oak Apartments, The Birke and the RiZe, and Applewood Pointe. The city has approved, and anticipates construction of another 1,400 privately developed units with affordable units by 2022.

Since 2001, the city has financially assisted Homes within Reach – also known as West Hennepin Affordable Housing Land Trust (WHAHLT) in preserving 58 scattered-site affordable, owner occupied homes in Minnetonka through a land trust model.

Minnetonka has a history of strong construction activity, including major new buildings and the expansion of existing buildings, and this experience continues today. In 2021, building permits were issued for \$253 million of construction work. Large commercial construction included the new Dick's House of Sports, a Minnetonka High school Project and Goddard School. In 2021, residential additions, new construction and remodeling also continue to be a significant part of Minnetonka's construction activity at approximately \$54 million; \$20 million higher than in 2019 and \$13 million higher than in 2020.

### **Important Plans, Current Projects and Future Prospects**

In 2016, the city completed a process of community engagement to update its Strategic Profile. This strategic plan articulates the city's mission, goals and strategies and thereby guides the government's organizational management, use of resources, development and capital investments. Progress in achieving the stated goals and strategies is jointly reviewed and updated annually by the city council and staff. The Strategic Profile was revamped in 2020 to incorporate the city's vision, amend its mission statement and incorporate guiding principles. The Strategic Profile strengthens the city's focus and attention on inclusion and sustainability.

In lockstep with the Strategic Profile process in 2018, the city completed an update to its 20-year Comprehensive Plan, which specifically guides the city's development and land use through the year 2040. The last version of the plan, which was completed in 2008, provides detailed analysis on thirteen "village" and "regional" centers, where there are development and redevelopment opportunities to encourage vitality, promote identity and improve livability.

These plans affect a full array of city facilities, and Minnetonka has a record of adding and/or refurbishing such public facilities as they enhance the quality of life in the community. In addition to 11 athletic fields, 16 ice rinks including an ice arena with two sheets, and a boat marina, major city facilities include:

Williston Center – The city acquired its fitness center in 1995, and expansion and renovation projects were completed in 1998 as well as in 2011. Since the latest remodeling, the center has experienced unprecedented growth in its use, quadrupling membership from around 2,100 in 2009 to a current approximately 9,500 members as of 2019.

The COVID-19 pandemic mandated closing the facility for a numbers of months in 2020 resulting in an operating loss of over \$750,000. Visits to the facility increased in 2021, but not to levels experienced prior to the pandemic. The facility again experienced an operating loss in 2021 of \$387,000. Membership visits in 2022 are beginning to reflect numbers similar to pre-pandemic times and the facility is expected to have a positive net income for 2022.

Shady Oak Beach – The beach has been operated jointly by the cities of Minnetonka and Hopkins for many decades and includes shower room facilities, concession stand, a children's play area, diving platform and picnicking facilities. In 2010, the city renovated the facility's play area and related equipment in order to meet new state standards and update some of the amenities.

Neighborhood and community parks – In 2012, Minnetonka completed a significant renewal of 42 neighborhood and community parks, which was begun a decade earlier. The parks renewal program, and related open space acquisitions, were funded through a \$15 million referendum passed in 2001. Since the program's completion, the city has incorporated into its capital program a long term, annually funded, capital maintenance plan for all of its 50 parks, to avoid the need for future such referendums. Additionally, investment in the new Ridgedale Mall park is a public private partnership in which a majority of the park development is funded by private development fees and donation of the park land.

Public trails, sidewalks and pedestrian features – The city currently maintains over 105 miles of trails and sidewalks throughout its boundaries and in 2016 completed an update to its long-range plan for completing and improving the system to enhance safety and sustainable transportation. In 2018, the city council authorized expansion of a current utility franchise agreement and the addition of another franchise agreement, which garners fee revenue to support the build-out of the plan over time. The city's 2022-2026 capital improvement program incorporates that ongoing funding mechanism to pay for the construction of five more trail miles by the end of 2026.

Public Safety Facility renovation and expansion – The city's central fire station was built over 45 years ago and the adjoining police station over 30 years ago. During this time service call volumes have increased exponentially, requiring an increase in both fire and police staff. The City Council approved in September 2019 the construction of a new fire station on the city campus and repurposing the existing police and fire facility into a remodeled police station. The city issued \$25 million of capital improvement bonds in January 2020 for the construction of this \$30 million project that was completed in the fall of 2021.

The city conducts an annual community-wide survey to gauge its citizens' satisfaction of city services as well as help the organization direct its planning and services towards the goals supported by its constituency. Results of the statistically significant survey consistently indicate substantial support for prioritizing preservation of natural resources and open space. As a result, the Strategic Profile, comprehensive plan and other actions by the city emphasize its commitment to the areas of parks, the environment and open space.

The city preserves around 1,000 natural acres of public parkland and devotes substantial resources to the environmental stewardship as well as educating and assisting its citizens with natural resource conservation issues. With more than 57% of the city covered by a tree canopy, natural resources staff manages a vigorous program that includes diseased tree eradication and reforestation, ecosystem restoration, enforcement of natural resource ordinances, and wetland and water body evaluation and monitoring. In addition to its ongoing efforts related to elm and oak tree diseases, in 2014 the city began a multi-year plan to prepare the community for the complete loss of all ash trees in the area due to the emerald ash borer, which was discovered to be present in the city in 2019.

The municipal and sanitary sewer systems are also covered by the comprehensive plan to ensure that its capacity and funding meet future requirements over the next 20 years. In 2015, staff began implementing a newly developed long-term capital plan along with an associated financial bonding and rate plan to maintain and strategically replace the systems' valuable infrastructure, which was originally built in the mid-1970s. The fourth bonding issue in this improvement plan was issued in 2021.

## **Other Financial Information**

### Relevant Financial Policies

In 2011, the city updated its policy regarding general fund balances to meet the Government Accounting Standard Board's (GASB's) new rules and to continue to maintain a prudent level of financial resources to protect itself against temporary revenue shortfalls or unpredicted one-time expenses or mandates. The revised policy provides that balances are committed to reserve funding for liabilities associated with compensated absences of employees and may be assigned for special purposes. Additionally, the policy requires a balance to serve as a budget stabilization reserve, which is equal to 30 to 50 percent of the following year's operating budget. Balances otherwise available above that reserve and above 40 percent of the following year's operating budget may be appropriated by the City Council only for one-time costs that have no ongoing financial commitments.

Similarly, the City Council established policy goals for cash fund balances in the city's water and sanitary sewer enterprise fund in 2012. The goals encompass both operating and capital reserves and will continue to serve as significant benchmarks for ongoing implementation of the aforementioned infrastructure and financial plan.

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

The city maintains an adopted investment policy that is designed to preserve capital while attaining a market-average rate yield consistent with cash flow needs. The policy prioritizes safety, liquidity and yield in that order. The policy is consistent with Minnesota Statutes §118A which governs the investment of all public funds in the state, and the city's policy further delineates the specific instruments in which it may invest and the maximum percentage of holdings for each. The maximum average life of the portfolio, excluding investable assets of the city's capital endowment fund, is capped at five years.

### Long-term Financial Planning

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

The city also prepares an annually updated five- and ten-year economic improvement program (EIP). This comprehensive strategy articulates the city's economic development priorities and allocates funding for the city's economic development programs (housing, business, transit, and redevelopment) over a multi-year planning horizon. The EIP informs the annual budget, and its development facilitates periodic review of program performance, funding gaps and any necessary policy realignment.

As part of the city's annual process in developing both its capital and operating budgets, management forecasts costs and revenues over the same five-year planning horizon as the CIP, setting initial internal goals and thresholds for budget and levy changes. This analysis aids in providing a basis for strategic actions and planning. For example, this process successfully aided in navigating the city through the "Great Recession" a decade ago. This continued effort of forecasting capital and operating budgets has positioned the city to better handle the immediate and potential long-term economic impacts related to COVID-19.

The city's healthy economic base, strong investment and its sound financial condition have helped maintain its "Aaa" bond rating from Moody's Investors Services. This top rating from Moody's is shared by only six percent of local governments in the U.S., including school districts.

### 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 any funding 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 unmodified opinion was issued.

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

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Minnetonka for its annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the 38th consecutive year that the city has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report that complies with rigorous standards regularly reviewed and updated by the GFOA. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive 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.

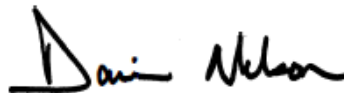
### **Acknowledgements**

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 Joel Merry, Assistant Finance Director, Zach Hecksel, Senior Accountant and the finance department staff for their work in preparing this report.

Respectfully submitted,



Mike S. Funk  
Acting City Manager



Darin Nelson  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Minnetonka  
Minnesota**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morill*

Executive Director/CEO



## Independent Auditor's Report

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

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Minnetonka, Minnesota, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise City of Minnetonka's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements 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 City of Minnetonka, Minnesota, as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Minnetonka and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

The City of Minnetonka's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Minnetonka's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Minnetonka's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Minnetonka's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minnetonka's basic financial statements. The 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.

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

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2022, on our consideration of the City of Minnetonka'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minnetonka's internal control over financial reporting and compliance.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
June 1, 2022

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

This section of the City of Minnetonka's (the City) annual comprehensive financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2021. 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 and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the City by \$371,907,661. Of this amount, \$118,518,942 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 net position increased by \$32,538,988 from 2021 operations. This increase was due to the City's planned operations and sound fiscal control.
- The City's governmental funds reported combined ending fund balances of \$113,203,858.

### **Using the Financial Section of this Comprehensive Annual Financial Report**

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position and Statement of Activities**

Our analysis of the City begins with the Statement of Net Position 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 Position 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, deferred outflows of resources, liabilities and deferred inflows of resources 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 position* and changes in them. You can think of the City's net position, the difference between assets and deferred outflows and liabilities and deferred inflows, as one way to measure the City's financial health, or *financial position*. Over time, *increases or decreases* in the City's net position 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.

### **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 Position and the Statement of Activities) and governmental *funds* in a separate reconciliation included after the fund financial statements.

**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

**Fund Financial Statements (Continued)**

*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 Position 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 Position. 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 Position**

The City's *combined* net position 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 position, \$231,837,541 or approximately 62.3%, reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure such as streets and the water and sewer systems). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in 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 position, \$21,551,178 or approximately 5.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$118,518,942 or 31.9%, 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 position reported for the government as a whole.

**Governmental Activities**

Current and other assets increased by \$4,202,774. This fluctuation was mostly due to operating revenues exceeding expenditures by \$27,149,188 and sound fiscal control by all departments within the City's General Fund with expenditures coming in approximately \$1,392,519 less than budgeted.

Capital assets increased by \$24,324,804. This change is due mostly to the addition of approximately \$25 million to work in progress primarily related to the Public Safety Expansion Project, completion of \$8.2 million in street projects reducing work in progress and increasing street capital assets, a net \$2.7 million reclassification of the Ice Arena business-type fund converting to a governmental special revenue fund during 2021, and \$1.7 million in machinery and auto, offset by \$5,439,506 in depreciation in 2021.

Current and other liabilities decreased by \$175,034 primarily due to a decrease in bonds payable, accounts payable, and unearned revenue in comparison to the prior year.

Long-term liabilities decreased by approximately \$6,711,257, primarily due to the MNPERA-Net Pension Liability decrease of \$5,656,569 from the previous year and regularly scheduled debt payments.

**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

**Statement of Net Position (Continued)**

**Business-type Activities**

Current and other assets of the City's business-type activities increased by \$7,140,011 compared to the prior year. This was primarily due to the issuance of the 2021A bond of approximately \$11.5 million, including the premium.

Capital assets increased by \$5,030,380 over the past year. This increase is due primarily to additions to the utility system for the new capital improvements in the Utility Fund of approximately \$10.3 million and approximately \$2.9 million in the Storm Water fund offset by \$5,444,643 in depreciation. The reclassification of the business-type Ice Arena fund to a governmental special revenue fund contributed to a decrease in business-type capital assets of approximately \$2.7 million for 2021.

Long-term liabilities increased by \$9,149,937 due primarily to the new 2021A debt issuance of approximately \$11.5 million, including the premium, offset by regularly scheduled debt payments and a decrease in MNPERA-Net Pension Liability.

Our analysis below focuses on the net position of the City's governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 140,120,452	\$ 135,917,678	\$ 39,692,871	\$ 32,552,860	\$ 179,813,323	\$ 168,470,538
Capital Assets	174,648,794	150,323,990	118,169,830	113,139,450	292,818,624	263,463,440
Total Assets	<u>314,769,246</u>	<u>286,241,668</u>	<u>157,862,701</u>	<u>145,692,310</u>	<u>472,631,947</u>	<u>431,933,978</u>
Deferred Outflows of Resources	<u>17,335,061</u>	<u>7,331,264</u>	<u>1,300,207</u>	<u>323,488</u>	<u>18,635,268</u>	<u>7,654,752</u>
Long-Term Liabilities						
Outstanding	45,220,933	51,932,190	37,089,004	27,939,067	82,309,937	79,871,257
Current and Other Liabilities	9,558,219	9,733,253	3,848,950	2,743,391	13,407,169	12,476,644
Total Liabilities	<u>54,779,152</u>	<u>61,665,443</u>	<u>40,937,954</u>	<u>30,682,458</u>	<u>95,717,106</u>	<u>92,347,901</u>
Deferred Inflows of Resources	<u>22,041,803</u>	<u>7,607,166</u>	<u>1,600,645</u>	<u>264,990</u>	<u>23,642,448</u>	<u>7,872,156</u>
Net Position:						
Net Investment in						
Capital Assets	145,267,595	122,472,427	86,569,946	87,148,536	231,837,541	209,620,963
Restricted	21,551,178	19,800,439	-	-	21,551,178	19,800,439
Unrestricted	88,464,579	82,027,457	30,054,363	27,919,814	118,518,942	109,947,271
Total Net Position	<u>\$ 255,283,352</u>	<u>\$ 224,300,323</u>	<u>\$ 116,624,309</u>	<u>\$ 115,068,350</u>	<u>\$ 371,907,661</u>	<u>\$ 339,368,673</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

**Statement of Activities**

**Governmental Activities**

The net position of the City's governmental activities increased by \$30,983,029, or 13.8%. This increase is due to a variety of factors including an increase in franchise fees of \$48,167, an increase in tax increments of \$310,729 and an increase of revenue of \$1,033,536 in operating grants and contributions primarily due to federal aid during the COVID-19 pandemic. In addition, the City continued the enhanced road revitalization program started in 2006, which includes overlay or reconstruction of every local street adding approximately \$11.7 million in infrastructure assets offset by annual depreciation expense.

Charges for services increased by \$6,564,252. This increase can be attributed to an increase in park dedication revenue of approximately \$3.4 million, \$2.1 million received from Cliff Apartments from an old development agreement, and an increase in building permits in comparison to the prior year.

Property taxes increased by \$1,213,612 due to the increased tax levy from the prior year and the related additional collections. Investment earnings decreased from the prior year by \$3,435,382 and under budget by \$1,652,575. Capital grants and contributions increased by \$8,236,411 due primarily to municipal state construction aid.

**Business-Type Activities**

Business-Type Activities net position increased \$1,555,959, or 1.4%. The majority of this increase was due to operating revenues exceeding operating expenditures by \$11,366,021, offset by depreciation expense of \$5,444,643 and transfers out of \$1,804,963. In addition, the reclassification of the business-type Ice Arena fund to a governmental special revenue fund contributed to a decrease in business-type activities net position.

Investment income decreased by \$759,050 during 2021 due to a decrease in interest earnings from worse investment market conditions. Investment Income was under budget by \$657,255.



**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

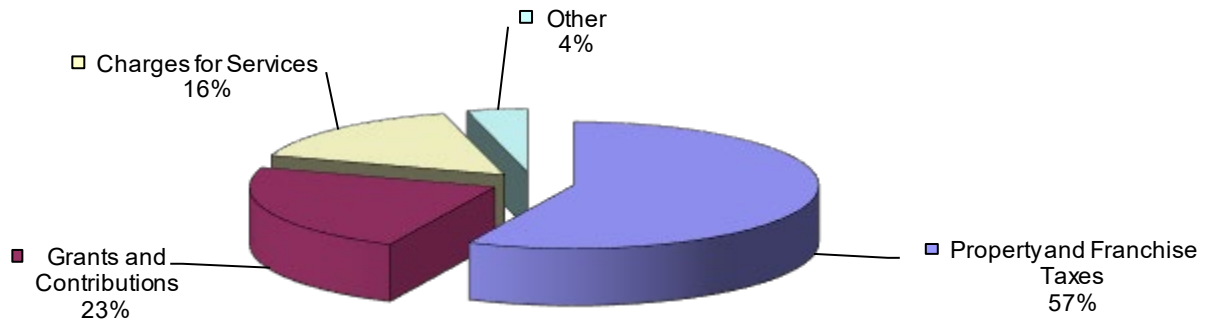
**Statement of Activities**  
December 31, 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 13,458,107	\$ 6,893,855	\$ 26,436,628	\$ 22,145,684	\$ 39,894,735	\$ 29,039,539
Operating Grants and Contributions	6,465,475	5,431,939	111,464	108,348	6,576,939	5,540,287
Capital Grants and Contributions	12,706,369	4,469,958	-	367,999	12,706,369	4,837,957
General Revenues:						
Property Taxes	42,903,418	41,689,806	-	-	42,903,418	41,689,806
Franchise Taxes	3,976,986	3,928,819	-	-	3,976,986	3,928,819
Tax Increments	3,840,427	3,529,698	-	-	3,840,427	3,529,698
Investment Earnings (Loss)	(464,575)	2,970,807	(118,955)	640,095	(583,530)	3,610,902
Sale of Capital Assets	233,791	-	36,303	-	270,094	-
Other General Revenue	54,586	230,033	-	-	54,586	230,033
Total Revenues	<u>83,174,584</u>	<u>69,144,915</u>	<u>26,465,440</u>	<u>23,262,126</u>	<u>109,640,024</u>	<u>92,407,041</u>
<b>Expenses</b>						
General Government	7,167,673	7,466,285	-	-	7,167,673	7,466,285
Public Safety	15,066,437	8,085,763	-	-	15,066,437	8,085,763
Public Works	15,575,105	14,873,268	-	-	15,575,105	14,873,268
Parks and Recreation	8,840,640	16,987,512	-	-	8,840,640	16,987,512
Development Services	8,655,564	7,078,990	-	-	8,655,564	7,078,990
Unallocated Interest on Long-Term Debt	719,977	1,086,110	-	-	719,977	1,086,110
Water and Sewer Utilities	-	-	14,827,882	15,328,705	14,827,882	15,328,705
Ice Arena	-	-	483,653	1,066,743	483,653	1,066,743
Environmental	-	-	1,276,425	1,109,276	1,276,425	1,109,276
Williston Fitness Center	-	-	2,326,574	2,145,693	2,326,574	2,145,693
Grays Bay Marina	-	-	228,706	205,055	228,706	205,055
Storm Water	-	-	1,932,400	1,490,260	1,932,400	1,490,260
Total Expenses	<u>56,025,396</u>	<u>55,577,928</u>	<u>21,075,640</u>	<u>21,345,732</u>	<u>77,101,036</u>	<u>76,923,660</u>
<b>Change in Net Position</b>						
Before Transfers	27,149,188	13,566,987	5,389,800	1,916,394	32,538,988	15,483,381
Transfers	1,102,150	1,238,852	(1,102,150)	(1,238,852)	-	-
Transfers related to Capital Contributions	2,731,691	(793,627)	(2,731,691)	793,627	-	-
Increase in Net Position	30,983,029	14,012,212	1,555,959	1,471,169	32,538,988	15,483,381
Net Position - Beginning	224,300,323	210,288,111	115,068,350	113,597,181	339,368,673	323,885,292
Net Position - Ending	<u>\$ 255,283,352</u>	<u>\$ 224,300,323</u>	<u>\$ 116,624,309</u>	<u>\$ 115,068,350</u>	<u>\$ 371,907,661</u>	<u>\$ 339,368,673</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

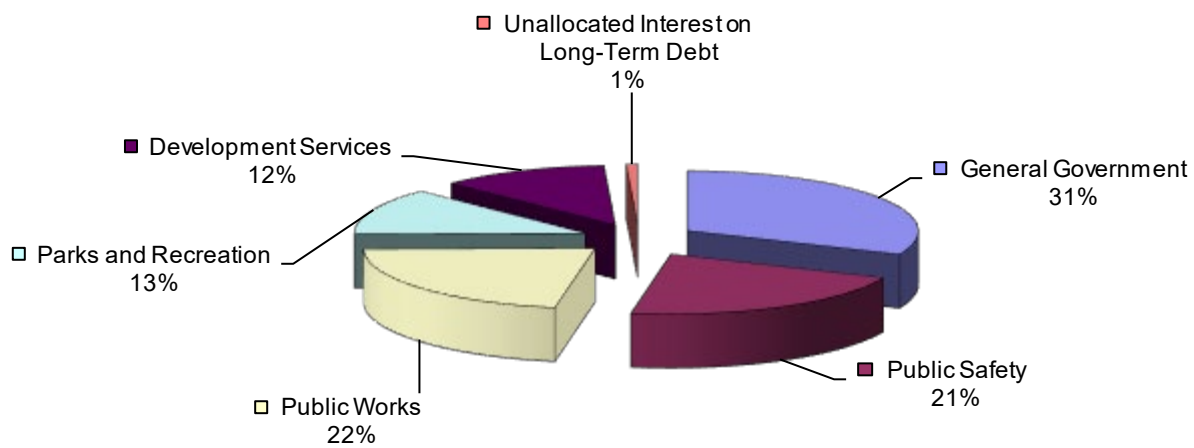
The following chart visually illustrates the City's revenue by source for its governmental activities:

**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, 2021

**Financial Analysis of the City's Major Funds**

**Governmental Funds**

*General Fund*

In 2021, the City's General Fund fund balance increased by \$1,648,910. The increased fund balance is due to the sound fiscal control by all departments within the General Fund that resulted in actual expenditures being \$1,392,519, or 3.4% under the final budget. The city had budgeted an increase in fund balance by approximately \$4,112,828 before transfers.

Total actual revenues were \$1,359,634 less than budgeted mainly due to intergovernmental revenues coming in less than budget by \$2,315,681. The city budgeted for the full amount of the American Rescue Plan Act aid of \$4,733,320, half of which was received in 2021 and half will be received in 2022. Licenses and permits revenue was higher than budget by \$992,662.

Property taxes collected were \$347,893 higher than budgeted due to conservative budgeting during the COVID-19 pandemic. Charges for services were higher than budgeted by an additional \$75,187.

*Community Investment Fund*

The decrease in available fund balance of \$615,874 in the Community Investment fund balance was due primarily to a decrease in investment earnings of \$78,874, transfers in of \$63,000 and transfers out of \$600,000 in the current year.

*Public Safety Facility Expansion Fund*

The fund balance in the Public Safety Expansion Fund decreased by \$8,521,257 in 2021. This was due primarily to capital outlay expenditures of \$9,146,935 relating to the new facility project.

*State Municipal Aid Street Fund*

The fund balance in the State Municipal Aid Street Fund increased by \$1,048,901 in 2021. This was primarily due to intergovernmental revenues of \$2,171,115 and transfers in of \$4,449 with an offset of capital outlay expenditures of \$941,673.

*Street Improvement Fund*

The City maintained the Street Improvement levy in order to sufficiently fund the multi-year road revitalization and preservation program. Many of the reconstruction projects cost more than the yearly street improvement levy allocation, forcing the City to build up reserves over multiple years to pay for upcoming reconstruction projects. In 2021, the Street Improvement fund balance decreased \$3,215,690, primarily due to capital outlay expenditures of \$12,448,761 for street projects. The fund received transfers in of \$1,243,430.

**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

**Financial Analysis of the City's Major Funds (Continued)**

**Proprietary Funds**

*Water and Sewer Utilities*

In 2021, the net position of the Water and Sewer Utilities Fund increased by \$2,892,121. This increase was due primarily to an operating income of \$4,870,770, offset by transfers out in the amount of \$1,192,142, bond interest expense of approximately \$603,000 and an investment loss of \$102,520.

*Ice Arena*

The net position of the Ice Arena Fund decreased by \$1,726,409. This decrease was primarily due to converting this proprietary fund to a governmental special revenue fund at the end of 2021. The fund had an operating income of \$433,562 and transfers in of \$602,813.

*Environmental Fund*

In 2021, the net position of the Environmental Fund decreased by \$37,431 primarily due to operating revenues exceeding operating expenditures by \$73,065. Intergovernmental revenue came in at \$102,992 with an offset of \$213,100 due to transfers out to the General Fund for administrative costs.

*Williston Fitness Center*

The net position of the Williston Fitness Center Fund decreased by \$345,529 primarily due to operating expenditures exceeding operating revenues by \$387,150. Although operating income increased approximately \$368,000 compared to 2020, facility visits have not yet fully recovered to levels experienced prior to the COVID-19 pandemic. The City expects operations to increase back to pre-pandemic levels in 2022.

*Gray's Bay Marina*

In 2021, the net position of the Gray's Bay Marina Fund increased by \$19,888. This increase was due primarily to an operating income of \$28,505, which includes depreciation expense of \$24,651. The fund had transfers out in the amount of \$12,200.

*Storm Water*

The net position of the Storm Water Fund increased by \$610,735, or 1.9%, as user charges exceeded operating expenses for the current year. The fund had \$1,030,435 in depreciation expense and transfers out of \$300,221 during 2021.

**General Fund Budgetary Highlights**

Over the course of the year, the City Council revised the City's budget once. This revision was performed in the fall, when the City prepared next year's budget. To meet current and future service needs of the Minnetonka community, various long-term strategies were enacted and continued during 2021. These strategies include various new ways of doing business such as: cooperative services agreements with other agencies, productivity investments that help deliver core services more efficiently, and department reorganizations that reposition the City to better and more efficiently serve its constituents.

**City of Minnetonka**  
Hennepin County, Minnesota  
Management's Discussion and Analysis (Unaudited)  
December 31, 2021

### **Capital Assets**

At the end of 2021, the City had \$292,818,624 invested in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of \$29,355,184 from the prior year. Some of the major causes for this increase are due to the public safety facility expansion project for approximately \$9.1 million, the 2021 Groveland reconstruction project for approximately \$6.4 million, and OPUS area improvements for approximately \$5.3 million. The total depreciation expense for 2021 was \$10,884,149.

The City's fiscal year 2022 capital budget appropriates another \$29.7 million for capital projects, of which approximately \$22.2 million will be for infrastructure projects. The remainder will be spent on replacement vehicles, building improvements, open space and recreational amenities as well as 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 \$65,180,252 in bonds outstanding versus \$56,504,911 last year, an increase of \$8,675,341. This increase was due to the issuance of approximately \$11.5 million in GO Utility Improvement Bonds 2021A with an offset of the continual annual reduction in bonds payable. This new issuance amount includes \$1.5 million in unamortized bond premium.

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

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

### **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 and the 2022 budget continues to reflect this long-term perspective.

The 2022 budget continues to reflect the City's highest priorities: public safety, streets and utilities, natural resources, and parks. These functions continue to represent the focus of city programs and projects, accounting for nearly eight out of every ten dollars in the combined 2021 budget.

### **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 [rdnelson@minnetonkamn.gov](mailto:rdnelson@minnetonkamn.gov).

**BASIC  
FINANCIAL STATEMENTS**

**City of Minnetonka**  
Hennepin County, Minnesota  
Statement of Net Position  
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and Investments (Including Cash Equivalents)	\$ 118,741,969	\$ 35,803,969	\$ 154,545,938
<b>Receivables:</b>			
Accounts Receivable	1,596,257	2,906,222	4,502,479
Loans Receivable	164,167	-	164,167
Interest Receivable	371,589	110,167	481,756
Taxes Receivable	1,107,944	-	1,107,944
Special Assessments Receivable	4,051,135	333,899	4,385,034
Due from Other Governments	7,296,184	13,247	7,309,431
Internal Balances	(487,998)	487,998	-
Prepaid Items	295,118	-	295,118
Inventories	196,339	37,369	233,708
Net Pension Asset	6,787,748	-	6,787,748
<b>Capital Assets, Net of Related Depreciation:</b>			
Land - Nondepreciable	21,173,019	1,412,611	22,585,630
Construction in Progress - Nondepreciable	52,754,101	15,026,041	67,780,142
Buildings	12,266,719	7,840,915	20,107,634
Improvements Other than Buildings	1,611,460	1,991,064	3,602,524
Machinery and Equipment	6,935,186	1,852,802	8,787,988
Infrastructure	79,908,309	90,046,397	169,954,706
<b>Total Assets</b>	<b>314,769,246</b>	<b>157,862,701</b>	<b>472,631,947</b>
<b>Deferred Outflows of Resources:</b>			
Other Postemployment Benefits	386,294	51,199	437,493
Pensions	16,948,767	1,249,008	18,197,775
<b>Total Deferred Outflows of Resources</b>	<b>\$ 17,335,061</b>	<b>\$ 1,300,207</b>	<b>\$ 18,635,268</b>

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Statement of Net Position (Continued)  
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
<b>Liabilities:</b>			
Salaries and Wages Payable	\$ 732,759	\$ 83,533	\$ 816,292
Accounts and Contracts Payable	4,434,609	2,043,587	6,478,196
Incurred but Not Reported Claims	48,868	-	48,868
Due to Other Governments	19,086	32,406	51,492
Accrued Interest Payable	310,631	264,695	575,326
Other Liabilities	1,455,203	-	1,455,203
Unearned Revenue	154,590	80,119	234,709
<b>Noncurrent Liabilities:</b>			
Total OPEB Liability	2,343,139	310,554	2,653,693
MNPERA-Net Pension Liability	12,667,157	1,622,426	14,289,583
<b>Bonds Payable, net:</b>			
Due Within One Year	760,000	1,195,000	1,955,000
Due in More than One Year	28,174,089	35,051,163	63,225,252
<b>Compensated Absences/Severance Payable:</b>			
Due Within One Year	1,642,473	149,610	1,792,083
Due in More than One Year	2,036,548	104,861	2,141,409
Total Liabilities	54,779,152	40,937,954	95,717,106
<b>Deferred Inflows of Resources:</b>			
Other Postemployment Benefits	627,370	83,151	710,521
Pensions	21,414,433	1,517,494	22,931,927
Total Deferred Inflows of Resources	22,041,803	1,600,645	23,642,448
<b>Net Position:</b>			
Net Investment in Capital Assets	145,267,595	86,569,946	231,837,541
<b>Restricted for:</b>			
Public Safety	236,008	-	236,008
Debt Service	1,640,234	-	1,640,234
Economic Development	13,586,157	-	13,586,157
Cemetery Operations	145,771	-	145,771
Grants	87,847	-	87,847
Net Pension Asset	5,855,161	-	5,855,161
Unrestricted	88,464,579	30,054,363	118,518,942
Total Net Position	\$ 255,283,352	\$ 116,624,309	\$ 371,907,661

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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 7,167,673	\$ 118,027	\$ 168	\$ -	\$ (7,049,478)	\$ -	\$ (7,049,478)
Public Safety	15,066,437	1,338,761	3,985,111	-	(9,742,565)	-	(9,742,565)
Public Works	15,575,105	99,359	76,720	9,447,173	(5,951,853)	-	(5,951,853)
Parks and Recreation	8,840,640	5,241,022	139,751	3,021,691	(438,176)	-	(438,176)
Development Services	8,655,564	6,660,938	2,263,725	49,946	319,045	-	319,045
Unallocated Interest on Long-Term Debt	719,977	-	-	187,559	(532,418)	-	(532,418)
<b>Total Governmental Activities</b>	<b>56,025,396</b>	<b>13,458,107</b>	<b>6,465,475</b>	<b>12,706,369</b>	<b>(23,395,445)</b>	<b>-</b>	<b>(23,395,445)</b>
<b>Business-Type Activities:</b>							
Water and Sewer Utilities	14,827,882	19,096,446	2,412	-	-	4,270,976	4,270,976
Ice Arena	483,653	929,176	-	-	-	445,523	445,523
Environmental	1,276,425	1,349,490	102,992	-	-	176,057	176,057
Williston Fitness Center	2,326,574	1,953,683	-	-	-	(372,891)	(372,891)
Grays Bay Marina	228,706	262,648	6,060	-	-	40,002	40,002
Storm Water	1,932,400	2,845,185	-	-	-	912,785	912,785
<b>Total Business-type Activities</b>	<b>21,075,640</b>	<b>26,436,628</b>	<b>111,464</b>	<b>-</b>	<b>-</b>	<b>5,472,452</b>	<b>5,472,452</b>
<b>Total Governmental and Business-Type Activities</b>	<b>\$ 77,101,036</b>	<b>\$ 39,894,735</b>	<b>\$ 6,576,939</b>	<b>\$ 12,706,369</b>	<b>(23,395,445)</b>	<b>5,472,452</b>	<b>(17,922,993)</b>
<b>General Revenues:</b>							
Property Taxes					42,903,418	-	42,903,418
Franchise Taxes					3,976,986	-	3,976,986
Tax Increments					3,840,427	-	3,840,427
Investment Earnings					(464,575)	(118,955)	(583,530)
Other General Revenue					54,586	-	54,586
Gain on Sale of Capital Assets					233,791	36,303	270,094
Transfers					1,102,150	(1,102,150)	-
Transfers related to Capital Contributions (Disposals)					2,731,691	(2,731,691)	-
<b>Total General Revenues and Transfers</b>					<b>54,378,474</b>	<b>(3,916,493)</b>	<b>50,461,981</b>
<b>Change in Net Position</b>					<b>30,983,029</b>	<b>1,555,959</b>	<b>32,538,988</b>
<b>Net Position - Beginning</b>					<b>224,300,323</b>	<b>115,068,350</b>	<b>339,368,673</b>
<b>Net Position - Ending</b>					<b>\$ 255,283,352</b>	<b>\$ 116,624,309</b>	<b>\$ 371,907,661</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 are financed from this fund.

### **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.

**Public Safety Facility Expansion Fund** – This fund was established to account for an expansion of the City's public safety facilities.

**State Municipal Aid Street 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, 2021

	General	Capital Projects		
		Community Investment	Public Safety Facility Expansion	State Municipal Aid Street
<b>Assets:</b>				
Cash and Investments (Including Cash Equivalents)	\$ 29,195,432	\$ 21,616,271	\$ 547,781	\$ -
Accounts Receivable	59,940	-	-	-
Loans Receivable	-	-	-	-
Interest Receivable	90,436	66,514	1,686	-
Property Taxes Receivable:				
Unremitted	797,279	-	-	-
Delinquent	296,340	-	-	-
Special Assessments Receivable:				
Unremitted	-	-	-	-
Current	-	-	-	-
Delinquent	-	-	-	-
Noncurrent	-	-	-	-
Due from Other Governments	2,399,363	-	-	3,571,423
Due from Other Funds	370,767	-	-	-
Advances to Other Funds	-	-	-	-
Prepays	190,933	-	-	-
Inventories	143,503	-	-	-
<b>Total Assets</b>	<b>\$ 33,543,993</b>	<b>\$ 21,682,785</b>	<b>\$ 549,467</b>	<b>\$ 3,571,423</b>
<b>Liabilities:</b>				
Salaries and Wages Payable	\$ 707,215	\$ -	\$ -	\$ -
Accounts and Contracts Payable	529,007	-	173,097	124,520
Due to Other Governments	13,643	-	-	-
Advanced from Other Funds	-	-	-	-
Unearned Revenues	154,590	-	-	-
Due to Other Funds	-	-	-	1,670,403
Developer Escrow Deposits Payable	1,455,203	-	-	-
<b>Total Liabilities</b>	<b>2,859,658</b>	<b>-</b>	<b>173,097</b>	<b>1,794,923</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Intergovernmental	2,366,660	-	-	-
Unavailable Revenue - Taxes	296,340	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-
Unavailable Revenue - MSA	-	-	-	3,571,423
<b>Total Deferred Inflows of Resources</b>	<b>2,663,000</b>	<b>-</b>	<b>-</b>	<b>3,571,423</b>
<b>Fund Balances:</b>				
Nonspendable	334,436	-	-	-
Restricted	-	-	-	-
Committed	1,642,473	-	376,370	-
Assigned	380,900	21,682,785	-	-
Unassigned	25,663,526	-	-	(1,794,923)
<b>Total Fund Balances</b>	<b>28,021,335</b>	<b>21,682,785</b>	<b>376,370</b>	<b>(1,794,923)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 33,543,993</b>	<b>\$ 21,682,785</b>	<b>\$ 549,467</b>	<b>\$ 3,571,423</b>

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Balance Sheet - Governmental Funds (Continued)  
December 31, 2021

	<u>Capital Projects</u>		
	Street	Other	Total
	Improvement	Governmental	Governmental
		Funds	Funds
<b>Assets:</b>			
Cash and Investments (Including Cash Equivalents)	\$ 7,006,249	\$ 56,944,860	\$ 115,310,593
Accounts Receivable	1,280	1,535,037	1,596,257
Loans Receivable	-	164,167	164,167
Interest Receivable	26,698	175,376	360,710
Property Taxes Receivable:			
Unremitted	-	11,332	808,611
Delinquent	-	2,993	299,333
Special Assessments Receivable:			
Unremitted	-	5,227	5,227
Current	-	534,089	534,089
Delinquent	-	17,045	17,045
Noncurrent	-	3,494,774	3,494,774
Due from Other Governments	1,226,552	90,743	7,288,081
Due from Other Funds	1,670,403	-	2,041,170
Advances to Other Funds	-	586,639	586,639
Prepays	-	-	190,933
Inventories	-	-	143,503
	<u>\$ 9,931,182</u>	<u>\$ 63,562,282</u>	<u>\$ 132,841,132</u>
<b>Liabilities:</b>			
Salaries and Wages Payable	\$ -	\$ 11,987	\$ 719,202
Accounts and Contracts Payable	2,489,601	1,065,711	4,381,936
Due to Other Governments	-	1,567	15,210
Advanced from Other Funds	-	586,639	586,639
Unearned Revenues	-	-	154,590
Due to Other Funds	-	370,767	2,041,170
Developer Escrow Deposits Payable	-	-	1,455,203
Total Liabilities	<u>2,489,601</u>	<u>2,036,671</u>	<u>9,353,950</u>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Intergovernmental	-	-	2,366,660
Unavailable Revenue - Taxes	-	2,993	299,333
Unavailable Revenue - Special Assessments	-	4,045,908	4,045,908
Unavailable Revenue - MSA	-	-	3,571,423
Total Deferred Inflows of Resources	<u>-</u>	<u>4,048,901</u>	<u>10,283,324</u>
<b>Fund Balances:</b>			
Nonspendable	-	-	334,436
Restricted	-	13,523,945	13,523,945
Committed	-	35,662,751	37,681,594
Assigned	7,441,581	8,686,067	38,191,333
Unassigned	-	(396,053)	23,472,550
Total Fund Balances	<u>7,441,581</u>	<u>57,476,710</u>	<u>113,203,858</u>
	<u>\$ 9,931,182</u>	<u>\$ 63,562,282</u>	<u>\$ 132,841,132</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 9,931,182</u>	<u>\$ 63,562,282</u>	<u>\$ 132,841,132</u>

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



CITY OF  
**MINNETONKA**

**City of Minnetonka**  
Hennepin County, Minnesota  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position - Governmental Activities  
December 31, 2021

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

Total Fund Balances - Governmental Funds	\$ 113,203,858
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.</p>	
Cost of Capital Assets	279,832,888
Less Accumulated Depreciation	(105,184,094)
<p>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:</p>	
Bond Principal Payable	(27,905,000)
Unamortized Bond Discount/(Premium)	(1,029,089)
Compensated Absences and Severance Payable, excluding Internal Service Funds	(3,587,900)
Total OPEB Liability, excluding Internal Service Funds	(2,300,634)
<p>Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.</p>	
MNPERA Net Pension Liability (from pension schedules)	(12,428,253)
<p>Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the funds.</p>	
Deferred Outflows of Resources related to Pensions	16,764,849
Deferred Inflows of Resources related to Pensions	(21,190,980)
Deferred Outflows of Resources related to OPEB	379,286
Deferred Inflows of Resources related to OPEB	(615,989)
<p>Governmental funds do not report the net pension asset.</p>	
MFRA Net Pension Asset	6,787,748
<p>Delinquent property taxes, delinquent and noncurrent special assessments receivable and grants are reported as deferred inflows of resources in the fund statements as these amounts are not available in the current year.</p>	
	10,283,324
<p>Governmental funds do not report a liability for accrued interest until due and payable.</p>	
	(310,631)
<p>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).</p>	
	2,583,969
Total Net Position - Governmental Activities	\$ 255,283,352

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, 2021

	General	Capital Projects		
		Community Investment	Public Safety Facility Expansion	State Municipal Aid Street
<b>Revenues:</b>				
Taxes:				
Property	\$ 32,411,693	\$ -	\$ -	\$ -
Franchise	-	-	-	-
Tax Increments	-	-	-	-
Special Assessments	-	-	-	-
Licenses and Permits	4,587,992	-	-	-
Intergovernmental	3,578,239	-	442,067	2,171,115
Charges for Services	1,506,537	-	-	-
Fines and Forfeitures	167,539	-	-	-
Miscellaneous				
Investment Income (Loss)	(38,597)	(78,874)	(116,632)	8,277
Other	949,063	-	23,085	-
<b>Total Revenues</b>	<b>43,162,466</b>	<b>(78,874)</b>	<b>348,520</b>	<b>2,179,392</b>
<b>Expenditures:</b>				
Current:				
General Government	5,998,266	-	-	-
Public Safety	16,925,666	-	-	-
Public Works	6,529,315	-	-	-
Park and Recreation	6,659,452	-	-	-
Development Services	2,904,054	-	-	-
Debt Service	-	-	-	-
Capital Outlay	-	-	9,146,935	941,673
<b>Total Expenditures</b>	<b>39,016,753</b>	<b>-</b>	<b>9,146,935</b>	<b>941,673</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,145,713</b>	<b>(78,874)</b>	<b>(8,798,415)</b>	<b>1,237,719</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,457,800	63,000	250,000	4,449
Transfers Out	(3,954,603)	(600,000)	-	(193,267)
Proceeds on Disposition of Capital Assets	-	-	27,158	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,496,803)</b>	<b>(537,000)</b>	<b>277,158</b>	<b>(188,818)</b>
<b>Net Change in Fund Balances</b>	<b>1,648,910</b>	<b>(615,874)</b>	<b>(8,521,257)</b>	<b>1,048,901</b>
<b>Fund Balances:</b>				
Beginning of Year	26,372,425	22,298,659	8,897,627	(2,843,824)
End of Year	\$ 28,021,335	\$ 21,682,785	\$ 376,370	\$ (1,794,923)

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 (Continued)  
Governmental Funds  
For the Year Ended December 31, 2021

	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Street Improvement</u>		
Revenues:			
Taxes:			
Property	\$ 5,880,000	\$ 4,844,310	\$ 43,136,003
Franchise	-	3,976,986	3,976,986
Tax Increments	-	3,840,427	3,840,427
Special Assessments	-	492,686	492,686
Licenses and Permits	25,488	-	4,613,480
Intergovernmental	2,133,330	3,404,617	11,729,368
Charges for Services	8,377	-	1,514,914
Fines and Forfeitures	-	65,006	232,545
Miscellaneous			
Investment Income (Loss)	(50,452)	(174,457)	(450,735)
Other	9,407	6,177,084	7,158,639
Total Revenues	<u>8,006,150</u>	<u>22,626,659</u>	<u>76,244,313</u>
Expenditures:			
Current:			
General Government	-	760,601	6,758,867
Public Safety	-	133,542	17,059,208
Public Works	16,509	80,072	6,625,896
Park and Recreation	-	145,043	6,804,495
Development Services	-	5,820,827	8,724,881
Debt Service	-	2,318,135	2,318,135
Capital Outlay	12,448,761	8,377,920	30,915,289
Total Expenditures	<u>12,465,270</u>	<u>17,636,140</u>	<u>79,206,771</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,459,120)</u>	<u>4,990,519</u>	<u>(2,962,458)</u>
Other Financing Sources (Uses):			
Transfers In	1,243,430	8,622,792	11,641,471
Transfers Out	-	(5,791,451)	(10,539,321)
Proceeds on Disposition of Capital Assets	-	206,633	233,791
Total Other Financing Sources (Uses)	<u>1,243,430</u>	<u>3,037,974</u>	<u>1,335,941</u>
Net Change in Fund Balances	<u>(3,215,690)</u>	<u>8,028,493</u>	<u>(1,626,517)</u>
Fund Balances:			
Beginning of Year	<u>10,657,271</u>	<u>49,448,217</u>	<u>114,830,375</u>
End of Year	<u>\$ 7,441,581</u>	<u>\$ 57,476,710</u>	<u>\$ 113,203,858</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 of Governmental Funds to the Statement of  
Activities - Governmental Activities  
For the Year Ended December 31, 2021

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

Net Change in Fund Balances - Total Governmental Funds \$ (1,626,517)

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

Capital Outlay	27,097,980
Depreciation Expense	(5,439,506)
Transfer of Capital Assets	2,731,691
Gain / (Loss) on Disposed Assets	(65,361)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 3,978,629

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 position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,579,908

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	(145,221)
Changes in Total OPEB Liability	(103,301)
Changes in Accrued Interest Payable	18,250

Net pension obligation is not recognized in the Governmental Funds but recognized as the expense/revenue is incurred in the Statement of Activities. 956,180

Some pension expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure. 1,909,799

Internal Service Funds are used by management to charge the costs of providing insurance for the City (See Note 2.B). 90,498

Change in Net Position of Governmental Activities \$ 30,983,029

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 to Actual - General Fund  
For the Year Ended December 31, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive
	Original	Final		(Negative)
<b>Revenues:</b>				
Property Taxes	\$ 32,053,800	\$ 32,063,800	\$ 32,411,693	\$ 347,893
Licenses and Permits	2,939,800	3,595,330	4,587,992	992,662
Intergovernmental Revenues	1,153,800	5,893,920	3,578,239	(2,315,681)
Charges for Services	1,157,100	1,431,350	1,506,537	75,187
Fines and Forfeitures	278,500	183,500	167,539	(15,961)
Other Revenues	1,569,300	1,354,200	910,466	(443,734)
Total Revenues	<u>39,152,300</u>	<u>44,522,100</u>	<u>43,162,466</u>	<u>(1,359,634)</u>
<b>Expenditures:</b>				
General Government	6,244,700	6,340,550	5,998,266	342,284
Public Safety	17,204,100	17,223,772	16,925,666	298,106
Public Works	6,876,100	6,876,100	6,529,315	346,785
Park and Recreation	7,052,300	6,981,050	6,659,452	321,598
Development Services	3,119,900	2,987,800	2,904,054	83,746
Total Expenditures	<u>40,497,100</u>	<u>40,409,272</u>	<u>39,016,753</u>	<u>1,392,519</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,344,800)</u>	<u>4,112,828</u>	<u>4,145,713</u>	<u>32,885</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,457,800	1,457,800	1,457,800	-
Transfers Out	(2,568,000)	(3,943,000)	(3,954,603)	(11,603)
Total Other Financing Sources (Uses)	<u>(1,110,200)</u>	<u>(2,485,200)</u>	<u>(2,496,803)</u>	<u>(11,603)</u>
Net Change in Fund Balance	(2,455,000)	1,627,628	1,648,910	21,282
<b>Fund Balances:</b>				
Beginning of Year	<u>26,372,425</u>	<u>26,372,425</u>	<u>26,372,425</u>	<u>-</u>
End of Year	<u>\$ 23,917,425</u>	<u>\$ 28,000,053</u>	<u>\$ 28,021,335</u>	<u>\$ 21,282</u>

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 Fund Net Position - Proprietary Funds  
December 31, 2021

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center	Grays Bay Marina	Storm Water	Enterprise Funds	Total Internal Service Funds
<b>Assets and Deferred Outflows of Resources:</b>								
<b>Current Assets:</b>								
Cash and Investments	\$ 28,963,001	\$ -	\$ 337,134	\$ 610,272	\$ 883,290	\$ 5,010,272	\$ 35,803,969	\$ 3,431,376
Accounts Receivable	2,430,215	-	90,914	-	-	385,093	2,906,222	-
Interest Receivable	89,120	-	1,037	1,875	2,718	15,417	110,167	10,879
Special Assessments Receivable	333,899	-	-	-	-	-	333,899	-
Due from Other Governments	-	-	8,847	-	4,400	-	13,247	8,103
Prepaid Items	-	-	-	-	-	-	-	104,185
Inventories	37,369	-	-	-	-	-	37,369	52,836
<b>Total Current Assets</b>	<b>31,853,604</b>	<b>-</b>	<b>437,932</b>	<b>612,147</b>	<b>890,408</b>	<b>5,410,782</b>	<b>39,204,873</b>	<b>3,607,379</b>
<b>Noncurrent Assets:</b>								
<b>Capital Assets:</b>								
Land - Nondepreciable	247,650	-	-	484,381	-	680,580	1,412,611	-
Construction in Progress - Nondepreciable	11,687,443	-	-	-	-	3,338,598	15,026,041	-
Buildings and Structures	7,386,584	-	-	8,020,318	-	352,240	15,759,142	-
Water Facilities	5,266,562	-	-	-	-	-	5,266,562	-
Water Mains and Lines	157,716,071	-	-	-	-	-	157,716,071	-
Sewer Lift Stations	6,734,598	-	-	-	-	-	6,734,598	-
Storm Drainage System	-	-	-	-	-	44,947,924	44,947,924	-
Improvements Other than Buildings	3,207,924	-	-	224,464	740,000	-	4,172,388	-
Machinery and Equipment	6,393,265	-	-	316,310	13,334	1,345,027	8,067,936	-
<b>Total Cost</b>	<b>198,640,097</b>	<b>-</b>	<b>-</b>	<b>9,045,473</b>	<b>753,334</b>	<b>50,664,369</b>	<b>259,103,273</b>	<b>-</b>
Less Accumulated Depreciation	(114,042,158)	-	-	(4,372,426)	(506,690)	(22,012,169)	(140,933,443)	-
<b>Net Capital Assets</b>	<b>84,597,939</b>	<b>-</b>	<b>-</b>	<b>4,673,047</b>	<b>246,644</b>	<b>28,652,200</b>	<b>118,169,830</b>	<b>-</b>
<b>Total Noncurrent Assets</b>	<b>84,597,939</b>	<b>-</b>	<b>-</b>	<b>4,673,047</b>	<b>246,644</b>	<b>28,652,200</b>	<b>118,169,830</b>	<b>-</b>
<b>Total Assets</b>	<b>116,451,543</b>	<b>-</b>	<b>437,932</b>	<b>5,285,194</b>	<b>1,137,052</b>	<b>34,062,982</b>	<b>157,374,703</b>	<b>3,607,379</b>
<b>Deferred Outflows of Resources:</b>								
OPEB	25,622	-	1,175	20,671	573	3,158	51,199	7,008
MNPERA Pension	654,893	-	29,643	481,679	9,831	72,962	1,249,008	183,918
<b>Total Deferred Outflows of Resources</b>	<b>680,515</b>	<b>-</b>	<b>30,818</b>	<b>502,350</b>	<b>10,404</b>	<b>76,120</b>	<b>1,300,207</b>	<b>190,926</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 117,132,058</b>	<b>\$ -</b>	<b>\$ 468,750</b>	<b>\$ 5,787,544</b>	<b>\$ 1,147,456</b>	<b>\$ 34,139,102</b>	<b>\$ 158,674,910</b>	<b>\$ 3,798,305</b>

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Statement of Fund Net Position - Proprietary Funds (Continued)  
December 31, 2021

	Business-Type Activities - Enterprise Funds						Total	Governmental
	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center	Grays Bay Marina	Storm Water	Enterprise Funds	Total Internal Service Funds
Liabilities, Deferred Inflows of Resources and Net Position:								
Liabilities:								
Current Liabilities:								
Salaries and Wages Payable	\$ 41,821	\$ -	\$ 1,682	\$ 34,258	\$ 515	\$ 5,257	\$ 83,533	\$ 13,557
Accounts Payable	1,233,106	-	87,262	47,166	809	675,244	2,043,587	52,673
Due to Other Governments	21,774	-	-	10,632	-	-	32,406	3,876
Incurred but Not Reported Claims	-	-	-	-	-	-	-	48,868
Accrued Interest Payable	264,695	-	-	-	-	-	264,695	-
Unearned Revenue	-	-	-	2,419	77,700	-	80,119	-
Current Portion of Compensated Absences	119,792	-	-	29,818	-	-	149,610	22,987
Bonds Payable	1,195,000	-	-	-	-	-	1,195,000	-
Total Current Liabilities	<u>2,876,188</u>	<u>-</u>	<u>88,944</u>	<u>124,293</u>	<u>79,024</u>	<u>680,501</u>	<u>3,848,950</u>	<u>141,961</u>
Long-Term Liabilities:								
Compensated Absences	51,179	-	-	53,682	-	-	104,861	68,134
Total OPEB Liability	155,414	-	7,125	125,382	3,481	19,152	310,554	42,505
MNPERA-Net Pension Liability	850,688	-	38,505	625,688	12,770	94,775	1,622,426	238,904
Revenue Bonds Payable, Net	35,051,163	-	-	-	-	-	35,051,163	-
Total Noncurrent Liabilities	<u>36,108,444</u>	<u>-</u>	<u>45,630</u>	<u>804,752</u>	<u>16,251</u>	<u>113,927</u>	<u>37,089,004</u>	<u>349,543</u>
Total Liabilities	<u>38,984,632</u>	<u>-</u>	<u>134,574</u>	<u>929,045</u>	<u>95,275</u>	<u>794,428</u>	<u>40,937,954</u>	<u>491,504</u>
Deferred Inflows of Resources:								
MNPERA Pension	795,669	-	36,015	585,221	11,944	88,645	1,517,494	223,453
OPEB	41,612	-	1,908	33,571	932	5,128	83,151	11,381
Total Deferred Inflows of Resources	<u>837,281</u>	<u>-</u>	<u>37,923</u>	<u>618,792</u>	<u>12,876</u>	<u>93,773</u>	<u>1,600,645</u>	<u>234,834</u>
Net Position:								
Net Investment in Capital Assets	48,351,776	-	-	4,673,047	246,644	28,652,200	81,923,667	-
Unrestricted	28,958,369	-	296,253	(433,340)	792,661	4,598,701	34,212,644	3,071,967
Total Net Position	<u>77,310,145</u>	<u>-</u>	<u>296,253</u>	<u>4,239,707</u>	<u>1,039,305</u>	<u>33,250,901</u>	<u>116,136,311</u>	<u>3,071,967</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 117,132,058</u>	<u>\$ -</u>	<u>\$ 468,750</u>	<u>\$ 5,787,544</u>	<u>\$ 1,147,456</u>	<u>\$ 34,139,102</u>	<u>\$ 158,667,411</u>	<u>\$ 3,798,305</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds (See Note 2.C)							487,998	
Total Business-Type Activities Net Position							<u>\$ 116,624,309</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 Position -  
Proprietary Funds  
For the Year Ended December 31, 2021

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
Operating Revenues:				
Water Sales and Sewer Charges	\$ 16,763,180	\$ -	\$ -	\$ -
Storm Water Charges	-	-	-	-
Ice Rental Charges	-	658,673	-	-
Memberships and Fees	-	-	-	1,893,746
Recycling Charges	-	-	1,324,051	-
Charges to City Departments	-	-	-	-
Other Revenue	2,333,266	270,503	25,439	59,937
Total Operating Revenues	<u>19,096,446</u>	<u>929,176</u>	<u>1,349,490</u>	<u>1,953,683</u>
Operating Expenses:				
Personnel Services	1,971,258	110,606	89,853	1,473,248
Supplies, Repairs and Maintenance	914,565	53,081	995	113,756
Other Services and Charges	7,131,777	331,927	1,185,577	572,348
Total Operating Expenses	<u>10,017,600</u>	<u>495,614</u>	<u>1,276,425</u>	<u>2,159,352</u>
Operating Income (Loss) before Depreciation	9,078,846	433,562	73,065	(205,669)
Depreciation Expense	4,208,076	-	-	181,481
Operating Income (Loss)	<u>4,870,770</u>	<u>433,562</u>	<u>73,065</u>	<u>(387,150)</u>
Nonoperating Revenues (Expenses):				
Investment Income (Loss)	(102,520)	3,807	(388)	(5,979)
Intergovernmental	2,412	-	102,992	-
Interest Expense	(603,134)	-	-	-
Bond Issuance Costs	(99,840)	-	-	-
Gain (Loss) on Sales of Capital Assets	16,575	(2,731,691)	-	-
Total Nonoperating Revenues (Expenses)	<u>(786,507)</u>	<u>(2,727,884)</u>	<u>102,604</u>	<u>(5,979)</u>
Income (Loss) before Contributions and Transfers	4,084,263	(2,294,322)	175,669	(393,129)
Transfers In	-	602,813	-	100,000
Transfers Out	(1,192,142)	(34,900)	(213,100)	(52,400)
Changes in Net Position	<u>2,892,121</u>	<u>(1,726,409)</u>	<u>(37,431)</u>	<u>(345,529)</u>
Net Position:				
Net Position - Beginning	74,418,024	1,726,409	333,684	4,585,236
Net Position - Ending	<u>\$ 77,310,145</u>	<u>\$ -</u>	<u>\$ 296,253</u>	<u>\$ 4,239,707</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 Position -  
Proprietary Funds (Continued)  
For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
Operating Revenues:				
Water Sales and Sewer Charges	\$ -	\$ -	\$ 16,763,180	\$ -
Storm Water Charges	-	2,845,185	2,845,185	-
Ice Rental Charges	-	-	658,673	-
Memberships and Fees	119,100	-	2,012,846	-
Recycling Charges	-	-	1,324,051	-
Charges to City Departments	-	-	-	2,193,213
Other Revenue	143,548	-	2,832,693	131,521
Total Operating Revenues	<u>262,648</u>	<u>2,845,185</u>	<u>26,436,628</u>	<u>2,324,734</u>
Operating Expenses:				
Personnel Services	40,291	239,922	3,925,178	558,710
Supplies, Repairs and Maintenance	96,413	176,103	1,354,913	787,157
Other Services and Charges	72,788	496,099	9,790,516	731,945
Total Operating Expenses	<u>209,492</u>	<u>912,124</u>	<u>15,070,607</u>	<u>2,077,812</u>
Operating Income (Loss) before Depreciation	53,156	1,933,061	11,366,021	246,922
Depreciation Expense	<u>24,651</u>	<u>1,030,435</u>	<u>5,444,643</u>	<u>-</u>
Operating Income (Loss)	<u>28,505</u>	<u>902,626</u>	<u>5,921,378</u>	<u>246,922</u>
Nonoperating Revenues (Expenses):				
Investment Income (Loss)	(2,477)	(11,398)	(118,955)	(13,840)
Intergovernmental	6,060	-	111,464	-
Interest Expense	-	-	(603,134)	-
Bond Issuance Costs	-	-	(99,840)	-
Gain (Loss) on Sales of Capital Assets	-	19,728	(2,695,388)	-
Total Nonoperating Revenues (Expenses)	<u>3,583</u>	<u>8,330</u>	<u>(3,405,853)</u>	<u>(13,840)</u>
Income (Loss) before Contributions and Transfers	32,088	910,956	2,515,525	233,082
Transfers In	-	-	702,813	-
Transfers Out	<u>(12,200)</u>	<u>(300,221)</u>	<u>(1,804,963)</u>	<u>-</u>
Changes in Net Position	<u>19,888</u>	<u>610,735</u>	<u>1,413,375</u>	<u>233,082</u>
Net Position:				
Net Position - Beginning	<u>1,019,417</u>	<u>32,640,166</u>		<u>2,838,885</u>
Net Position - Ending	<u>\$ 1,039,305</u>	<u>\$ 33,250,901</u>		<u>\$ 3,071,967</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds (See Note 2.D.)			<u>142,584</u>	
Change in Net Position - Business-Type Activities			<u>\$ 1,555,959</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, 2021

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers and Users	\$ 16,802,194	\$ 705,837	\$ 1,311,969	\$ 1,890,944
Receipts from Interfund Services Provided	-	-	-	-
Other Revenues	2,333,266	270,503	25,439	59,937
Payments to Suppliers	(7,535,727)	(432,715)	(1,160,044)	(659,580)
Payments to Employees	(2,102,787)	(537,237)	(92,579)	(1,621,645)
Payments of Benefits on Behalf of Employees	-	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>9,496,946</u>	<u>6,388</u>	<u>84,785</u>	<u>(330,344)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Intergovernmental	2,412	-	102,992	-
Due to Other Funds	-	(578,108)	-	-
Due From Other Funds	578,108	-	-	-
Transfers to Other Funds	(1,192,142)	(34,900)	(213,100)	(52,400)
Transfers from Other Funds	-	602,813	-	100,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(611,622)</u>	<u>(10,195)</u>	<u>(110,108)</u>	<u>47,600</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(10,298,803)	-	-	-
Proceeds from sale of capital assets	16,575	-	-	-
Proceeds from Bonds Issued	9,995,000	-	-	-
Principal Paid on Capital Debt	(1,160,000)	-	-	-
Interest and Fiscal Charges Paid on Capital Debt	(600,421)	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,047,649)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>				
Purchase of Investments	34,234,712	-	385,209	693,275
Sale of Investments	(33,305,042)	-	(390,943)	(706,633)
Interest and Dividends Received	288,932	3,807	6,757	10,482
Net Cash Provided (Used) by Investing Activities	<u>1,218,602</u>	<u>3,807</u>	<u>1,023</u>	<u>(2,876)</u>
Net Change in Cash and Cash Equivalents	8,056,277	-	(24,300)	(285,620)
Cash and Cash Equivalents, January 1	<u>20,906,724</u>	<u>-</u>	<u>361,434</u>	<u>895,892</u>
Cash and Cash Equivalents, December 31	<u>\$ 28,963,001</u>	<u>\$ -</u>	<u>\$ 337,134</u>	<u>\$ 610,272</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 (Continued)  
For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
<b>Cash Flows from Operating Activities:</b>				
Receipts from Customers and Users	\$ 128,500	\$ 2,848,463	\$ 23,687,907	\$ -
Receipts from Interfund Services Provided	-	-	-	2,193,260
Other Revenues	143,548	-	2,832,693	131,521
Payments to Suppliers	(170,948)	(81,472)	(10,040,486)	(991,357)
Payments to Employees	(42,796)	(245,882)	(4,642,926)	(553,733)
Payments of Benefits on Behalf of Employees	-	-	-	(627,532)
Net Cash Provided (Used) by Operating Activities	<u>58,304</u>	<u>2,521,109</u>	<u>11,837,188</u>	<u>152,159</u>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Intergovernmental	6,060	-	111,464	-
Due to Other Funds	-	-	(578,108)	-
Due From Other Funds	-	-	578,108	-
Transfers to Other Funds	(12,200)	(300,221)	(1,804,963)	-
Transfers from Other Funds	-	-	702,813	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(6,140)</u>	<u>(300,221)</u>	<u>(990,686)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	-	(2,907,912)	(13,206,715)	-
Proceeds from sale of capital assets	-	-	16,575	-
Proceeds from Bonds Issued	-	-	9,995,000	-
Principal Paid on Capital Debt	-	-	(1,160,000)	-
Interest and Fiscal Charges Paid on Capital Debt	-	-	(600,421)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(2,907,912)</u>	<u>(4,955,561)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>				
Purchase of Investments	1,010,664	5,740,659	42,064,519	4,099,868
Sale of Investments	(1,024,271)	(5,809,956)	(41,236,845)	(4,099,868)
Interest and Dividends Received	12,210	88,037	410,225	(11,801)
Net Cash Provided (Used) by Investing Activities	<u>(1,397)</u>	<u>18,740</u>	<u>1,237,899</u>	<u>(11,801)</u>
Net Change in Cash and Cash Equivalents	50,767	(668,284)	7,128,840	140,358
Cash and Cash Equivalents, January 1	<u>832,523</u>	<u>5,678,556</u>	<u>28,675,129</u>	<u>3,291,018</u>
Cash and Cash Equivalents, December 31	<u>\$ 883,290</u>	<u>\$ 5,010,272</u>	<u>\$ 35,803,969</u>	<u>\$ 3,431,376</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 (Continued)  
For the Year Ended December 31, 2021

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 4,870,770	\$ 433,562	\$ 73,065	\$ (387,150)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	4,208,076	-	-	181,481
Accounts Receivable	(59,210)	71,504	(20,473)	-
Prepaid Items	-	-	-	-
Due from Other Governments	10,000	-	8,391	-
Special Assessments Receivable	88,224	-	-	-
Inventories	666	150	-	-
OPEB (Deferred Outflow)	(6,674)	5,152	(313)	(4,370)
Pensions (Deferred Outflow)	(526,853)	30,123	(24,076)	(381,542)
Accounts Payable	506,952	(47,281)	26,528	18,275
Due to Other Governments	2,997	(576)	-	8,249
Salaries and Wages Payable	1,109	(8,070)	539	6,353
Compensated Absences Payable	(15,171)	(111,353)	-	(8,166)
OPEB Payable	19,787	(36,881)	956	8,702
Net Pension	(322,513)	(276,013)	(12,509)	(291,844)
OPEB (Deferred Inflow)	(5,055)	(12,690)	(215)	(6,576)
Pensions (Deferred Inflow)	723,841	(16,899)	32,892	529,046
Unearned Revenue	-	(24,340)	-	(2,802)
Total Adjustments	4,626,176	(427,174)	11,720	56,806
Net Cash Provided (Used) by Operating Activities	\$ 9,496,946	\$ 6,388	\$ 84,785	\$ (330,344)
Noncash Investing, Capital and Financing Activities:				
Increase (Decline) in Fair Value of Investments	\$ (374,173)	\$ 8,069	\$ (5,734)	\$ (13,358)
Amortization of Bond Premium	(37,618)	-	-	-
Total Noncash Transactions	\$ (411,791)	\$ 8,069	\$ (5,734)	\$ (13,358)

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 (Continued)  
For the Year Ended December 31, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water Fund	Total Enterprise Funds	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:				
Operating Income (Loss)	\$ 28,505	\$ 902,626	\$ 5,921,378	\$ 246,922
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	24,651	1,030,435	5,444,643	-
Accounts Receivable	-	3,278	(4,901)	-
Prepaid Items	-	-	-	(104,185)
Due from Other Governments	(4,400)	-	13,991	47
Special Assessments Receivable	-	-	88,224	-
Inventories	-	-	816	(284)
OPEB (Deferred Outflow)	(176)	(905)	(7,286)	(2,189)
Pensions (Deferred Outflow)	(7,779)	(59,306)	(969,433)	(150,809)
Accounts Payable	(1,747)	590,730	1,093,457	4,682
Due to Other Governments	-	-	10,670	-
Salaries and Wages Payable	98	1,010	1,039	3,893
Compensated Absences Payable	-	-	(134,690)	6,141
OPEB Payable	639	3,026	(3,771)	8,012
Net Pension	(6,034)	(30,349)	(939,262)	(64,464)
OPEB (Deferred Inflow)	(46)	(420)	(25,002)	(487)
Pensions (Deferred Inflow)	10,793	80,984	1,360,657	204,880
Unearned Revenue	13,800	-	(13,342)	-
Total Adjustments	<u>29,799</u>	<u>1,618,483</u>	<u>5,915,810</u>	<u>(94,763)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 58,304</u>	<u>\$ 2,521,109</u>	<u>\$ 11,837,188</u>	<u>\$ 152,159</u>
Noncash Investing, Capital and Financing Activities:				
Increase (Decline) in Fair Value of Investments	\$ (13,607)	\$ (89,025)	\$ (487,828)	\$ (53,952)
Amortization of Bond Premium	-	-	(37,618)	-
Total Noncash Transactions	<u>\$ (13,607)</u>	<u>\$ (89,025)</u>	<u>\$ (525,446)</u>	<u>\$ (53,952)</u>

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2021

	<b>Private-Purpose Trust</b>
<b>Assets:</b>	
Cash and Investments	\$ 313,056
Interest Receivable	963
Total Assets	314,019
<b>Liabilities:</b>	
Accounts Payable	7,777
<b>Net Position:</b>	
Net Position, Held in Trust for Other Purposes	\$ 306,242

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 Position -  
Private-Purpose Trust Funds  
For the Year Ended December 31, 2021

	<b>Private-Purpose Trust</b>
Additions:	
Contributions from Participants	\$ 6,315
Investment Earnings	
Interest	(1,189)
Total Additions	5,126
Deductions:	
Benefits	17,149
Change in Net Position	(12,023)
Net Position - January 1	318,265
Net Position - December 31	\$ 306,242

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



CITY OF  
**MINNETONKA**

**NOTES TO BASIC  
FINANCIAL STATEMENTS**



**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**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) guidance regarding *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 guidance 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**

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

The Economic Development Authority (EDA) is a legally separate entity. Its governing board is comprised of the City Council and city management has operational responsibility for day to day activities. The EDA provides services regarding economic development, housing and redevelopment matters in the City. Since the EDA's governing board is substantively the same as the City's governing board, it is reported as if it were part of the City and is shown as a blended component unit. In addition, all debt issued (if any) in connection with the EDA 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. The EDA has a December 31 year-end and does not issue separate financial statements. This unit is included within the Housing & Redevelopment Authority Special Revenue Fund.

**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 (a Jointly Governed Organization)**

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 2021, the City contributed approximately \$41,528 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.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**A. Reporting Entity (Continued)**

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

**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 2021, the City paid \$1,263,391 to this organization for services provided, which is included as expenditures/expenses of the General, Water and Sewer Utility, Capital Replacement and Technology Development Funds. Financial information can be obtained at 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

**3. 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 \$1,642,728 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 2021 was approximately \$107,335, 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.

**4. 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. At that time, the facility was jointly owned by Minnetonka Schools and the City as tenants-in-common, 55% and 45%, respectively, with the City being responsible for 50% of the annual operating costs. On July 1, 2009 the joint venture agreement was modified to accommodate Minnetonka Schools purchasing the City's share of the facility over the next seven years. In return, the City will not be responsible for any future operating and capital expenditures, and will also maintain a guaranteed number of rehearsal hours through a 20-year operating lease with Minnetonka Schools. The City's operating lease cost for 2021 was \$57,600.

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. In 2015, the final payment was made bringing the balance due in this joint venture to zero. 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 Position 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 Position and Statement of Changes in Fiduciary Net Position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**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.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

**Description of Funds:**

Major Governmental Funds:

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

Capital Project Funds:

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

Public Safety Facility Expansion Fund – This Fund accounts for the proceeds of bonds sold for the purpose of the public safety facility expansion project and the costs associated with the project.

State Municipal Aid Street Fund – This Fund accounts for the state aid received to fund street projects.

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

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

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

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

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

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

Additionally, the City reports the following fund types:

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

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

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

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, internal service funds, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position 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, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

*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 limiting the average maturity life of the portfolio to no greater than five years unless a specific exemption is required to match specific cash flows.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)**

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

Unless a specific exception is provided, the maximum average life of the portfolio, excluding investable funds from the Community Investment Fund, will be five years or below. The City will also not purchase investments that, at the time of the investment, cannot be held to maturity. In addition, the policy states the City will handle its investment transactions with several legal, competing, reputable investment security dealers. The City's policy addresses credit risk by stating investments in commercial paper must have a security rating of A-1 (Moody's), P-1 (Standard & Poor's) or F-1 (Fitch) among at least two of the three rating agencies. The City's policy also addresses exposure to custodial credit risk; stating collateral shall be government securities in the amount of 110% of the excess over the current FDIC insurance amount of \$250,000.

Investments for the government are reported at fair value. The Minnesota Municipal Investment Pool is regulated by *Minnesota Statutes* and the Board of Directors of the League of Minnesota Cities and is an unrated external investment pool that is valued at amortized cost with maturities of investments of one year or less.

**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 advances to/from other funds. 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."

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.

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.

**3. Inventory and Other Assets**

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

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

**4. Use of Estimates**

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)**

**5. Capital Assets**

Capital assets, which include; property, plant, equipment and infrastructure assets (i.e., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise funds in the proprietary fund statements. Capital assets are defined as assets with an initial cost of more than \$25,000 or \$100,000 depending on the asset type and an estimated useful life of greater than one year which was updated in 2021. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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

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

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

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

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until a future event occurs.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until a future event occurs.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)**

**7. Compensated Absences**

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

**8. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize non-current liabilities to the extent they have matured or will be liquidated with expendable, available financial resources. Bond premiums and discounts 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.

**9. Pensions**

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

**10. Fund Balance Classifications**

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

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

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

**Committed** – consists of internally imposed constraints. These constraints are established by Resolution of the City Council. Only the Council can remove or change the constraints placed on committed fund balances by formal resolution.

**Assigned** – Consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. The City Council authorized the City Manager and itself to assign fund balance as necessary. These constraints are established by City Council and/or the City Manager.

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

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)**

The City Council has formally adopted a fund balance policy for the General Fund. The City's policy is that the City Manager will assign in the annual budget a *Budget Stabilization Reserve*, which is an amount equivalent to thirty (30) to fifty (50) percent of the following year's operating budget. If the level of the *Budget Stabilization Reserve* falls below thirty (30) percent of the following year's operating budget, the City will develop and implement a plan to replenish the fund. At December 31, 2021, the amount assigned to the budget stabilization reserve was \$17,511,200, or 40.0% of 2022 budgeted expenditures.

**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 Position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “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 \$2,583,969 difference are as follows:

Net Position of the Internal Service Fund	\$ 3,071,967
Subtract: Net Position Attributed to the Business-Type Activities	<u>(487,998)</u>
Net Adjustment to Increase <i>Fund Balance - Total Governmental Funds</i> to Arrive at <i>Net Position - Governmental Activities</i>	<u>\$ 2,583,969</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position 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 position.” The details of this \$1,579,908 difference are as follows:

Principal Repayments:	
General Obligation Debt	\$ 1,530,000
Amortization of Bond Discounts and Premiums:	
General Obligation Debt - Net	<u>49,908</u>
Net Adjustment to Increase <i>Net Changes in Fund Balances - Total Governmental Funds</i> to Arrive at <i>Changes in Net Position of Governmental Activities</i>	<u>\$ 1,579,908</u>



**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 2: Reconciliation of Government-Wide and Fund Financial Statements  
(Continued)**

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

Another element of that reconciliation states that "Internal Service Funds are used by management to charge the costs of providing risk management and fleet maintenance for the City." The details of this \$90,498 difference are as follows:

Change in Net Position of the Internal Service Fund	\$ 233,082
Subtract: Gain from Charges to Business-Type Activities	<u>(142,584)</u>
Net Adjustment to Increase <i>Net Change in Fund Balances - Total Governmental Funds</i> to Arrive at <i>Changes in Net Position of Governmental Activities</i>	<u>\$ 90,498</u>

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

The proprietary fund statement of net position includes a reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the government-wide statement of net position. 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 \$487,998 are as follows:

Internal Payable Representing Charges in Excess of Costs to Business-Type Activities - Prior Year	\$ 345,414
Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Current Year	<u>142,584</u>
Net Adjustment to Increase <i>Net Position - Total Enterprise Funds</i> to Arrive at <i>Net Position - Business-Type Activities</i>	<u>\$ 487,998</u>

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

The proprietary fund statement of revenues, expenses, and changes in fund net position includes a reconciliation between change in net position – total enterprise funds and change in net position 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 \$142,584 are as follows:

Gain from Charges to Business-Type Activities	\$ <u>142,584</u>
Net Adjustment to Increase <i>Net Change in Net Position - Total Enterprise Funds</i> to Arrive at <i>Changes in Net Position of Business-Type Activities</i>	<u>\$ 142,584</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 3: Stewardship, Compliance and Accountability**

**A. Budgetary Information**

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

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

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

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for all funds of the City. However, the General and Special Revenue Funds are the only funds that are legally adopted through the budgetary process as documented below.
2. Public hearings are conducted to obtain taxpayer comments.
3. The preliminary budget is legally enacted through passage of a City Council resolution by September 15.
4. The final budget is legally enacted through passage of a resolution by December 20.
5. The City Council may authorize transfer of budgeted amounts between funds.
6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
7. General and Special Revenue Funds expenditures may not legally exceed budgeted appropriations at the total fund level without City Council approval. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, other services and charges, capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter. Management may alter the budget within a fund but cannot exceed the total budgeted expenditures for the fund that was approved by the City Council.

**B. Excess of Expenditures over Appropriations**

For the year ended December 31, 2021, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Primary Government			
Nonmajor Funds			
Grants Fund	\$ 173,866	\$ 252,537	\$ 78,671
Police Forfeiture Fund	-	38,790	38,790
Affordable Housing Trust Fund	50,000	330,492	280,492
Ice Arena Fund	-	12,177	12,177

These over-expenditures were funded by greater than expected revenues and existing fund balance in each of these funds with the exception of the Affordable Housing Trust Fund which received transfers in to cover the excess and the Ice Arena Fund which will be covered by future revenues.

**City of Minnetonka**  
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**Note 3: Stewardship, Compliance and Accountability (Continued)**

**C. Deficit Fund Equity**

Major Funds		
State Municipal Aid Street	\$	1,794,923
Nonmajor Funds		
Grants Fund		131,063
Ice Arena Fund		264,990

The State Municipal Aid Capital Projects Fund had a deficit fund balance of \$1,794,923 as of December 31, 2021. This fund incurred expenditures in excess of revenues and other financing sources due to various open street reconstruction projects. Future years Municipal State-Aid allocations are scheduled to cover the deficit fund balance. In addition, the Special Revenue Grants Fund and Ice Arena Fund had a deficit fund balances of \$131,063 and \$264,990, respectively, due to cash flow timing that will be offset with fiscal year 2022 revenues.

**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, 2021, 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, 2021, the City's carrying amount of deposits was \$628,386 and the bank balance was \$1,223,192. The entire bank balance was covered by federal depository insurance or covered collateral.

**B. Investments**

As of December 31, 2021, the City had the following investments:

Investment Type	Investment Maturities (In Years)			Ratings
	Fair Value	5 Years or Less	Over 5 Years	
FAMC	\$ 3,123,072	\$ 2,109,572	\$ 1,013,500	AAA
FHLB	11,859,902	11,859,902	-	AAA
FHLMC	2,987,640	2,987,640	-	AAA
FNMA	4,795,666	3,925,681	869,986	AAA
FFCB	15,817,131	15,817,131	-	AAA
Broker CD's	7,784,222	7,784,222	-	Not Rated
Municipal Bonds	43,745,622	41,488,456	2,257,165	AA/Aa2
4-M	37,051,878	37,051,878	-	Not Rated
Money Market	2,513,578	2,513,578	-	Not Rated
U.S. Treasury Obligations	24,548,498	24,548,498	-	AA+/Aaa
	<u>\$ 154,227,208</u>	<u>\$ 150,086,557</u>	<u>\$ 4,140,651</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. Unless a specific exception is provided, the maximum average life of the portfolio, excluding investable funds from the Community Investment Fund, will be five years or below. For 2021, the average life of the City's portfolio was 2.28 years made up of \$150,086,557 of investments maturing in 5 years or less and \$4,140,651 maturing in excess of five years.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 4: Detailed Notes on All Funds (Continued)**

**B. Investments (Continued)**

The \$4,140,651 of investments maturing in excess of five years is covered by \$21,616,271 held in the Community Investment Fund and is within the City's investment policy limit. 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. The City invests with the 4M fund which is regulated by *Minnesota Statutes* and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated external investment pool that is valued at amortized cost and does not restrict or limit withdrawals made by the City. Investments in the 4M Plus fund must be deposited for a minimum of 14 calendar days before withdrawal and investments in the 4M Term Series must have seven days' notice prior to withdrawal to avoid withdrawal fees and penalties. The City also invests in other brokered CD's and money market accounts where investments with maturities of less than one year being valued at amortized cost, and investments with maturities greater than one year being valued based on quoted prices of similar investments. As of December 31, 2021, 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 limits on the amount that may be invested in any one issuer according to Minnesota Statute 118A. As of December 31, 2021, more than 5 percent of the City's investments are held in FHLB and FFCB. These investments are 8% and 10%, respectively, of the City's total investments and fall within the allowable 70% maximum allowable holdings of these types of investments.

**Custodial Credit Risk – Investments:** For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investments are insured by SIPC or other supplemental insurance, held in the City's name by the counter party as of December 31, 2021. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits, there is a risk the City would not receive its entire portfolio holdings if a brokerage firm should fail.

Summary of cash, deposits and investments as of December 31, 2021:

Petty Cash	\$	3,400
Deposits		628,386
Investments		<u>154,227,208</u>
Total		<u><u>\$ 154,858,994</u></u>

Cash, deposits and investments are presented in the December 31, 2021 basic financial statements as follows:

Statement of Net Position:		
Cash and Investments (Including Cash Equivalents)	\$	154,545,938
Statement of Fiduciary Net Position:		
Cash and Investments (Including Cash Equivalents)		
Private-Purpose Trust Funds		<u>313,056</u>
Total Deposits and Investments		<u><u>\$ 154,858,994</u></u>

**Fair Value measurement:** The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and requires expanded disclosures about fair value measurements.

**City of Minnetonka**  
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**Note 4: Detailed Notes on All Funds (Continued)**

**B. Investments (Continued)**

In accordance with this standard, the City has categorized its investments based on the priority of the inputs to the valuation technique into a three level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset.

As of December 31, 2021 the City's investments fall into the following categories of fair value and are reported using market closing prices.

	Level 1	Level 2	Level 3	Total
U.S. Agencies and Treasury Notes	\$ -	\$ 63,131,908	\$ -	\$ 63,131,908
Municipal Bonds	-	43,745,622	-	43,745,622
Broker Certificates of Deposit	-	7,784,222	-	7,784,222
	\$ -	\$ 114,661,752	\$ -	114,661,752
Investments measured at amortized cost				39,565,456
Total				\$ 154,227,208

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 4: Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2021 was as follows:

	Balance January 1, 2021	Additions	Retirements	Reclassification	Balance December 31, 2021
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 20,981,284	\$ 191,735	\$ -	\$ -	\$ 21,173,019
Construction in Progress	37,286,516	25,072,073	(9,604,488)	-	52,754,101
Total Capital Assets, Not Being Depreciated	<u>58,267,800</u>	<u>25,263,808</u>	<u>(9,604,488)</u>	<u>-</u>	<u>73,927,120</u>
Capital Assets, Being Depreciated:					
Buildings and Structures	25,873,632	1,360,775	-	8,755,505	35,989,912
Improvements Other Than Buildings	8,199,409	-	-	-	8,199,409
Furniture and Equipment	3,931,717	171,112	(26,699)	140,637	4,216,767
Machinery and Auto	13,225,794	1,715,123	(320,460)	412,824	15,033,281
Infrastructure:					
Streets	113,274,191	8,191,650	-	-	121,465,841
Park Additions	20,970,558	-	-	30,000	21,000,558
Total Capital Assets, Being Depreciated	<u>185,475,301</u>	<u>11,438,660</u>	<u>(347,159)</u>	<u>9,338,966</u>	<u>205,905,768</u>
Less Accumulated Depreciation for					
Buildings and Structures	(16,911,737)	(738,258)	-	(6,073,198)	(23,723,193)
Improvements Other Than Buildings	(6,499,390)	(88,559)	-	-	(6,587,949)
Furniture and Equipment	(2,777,212)	(216,295)	26,699	(122,739)	(3,089,547)
Machinery and Auto	(7,800,669)	(1,279,658)	255,099	(400,087)	(9,225,315)
Infrastructure:					
Streets	(52,655,043)	(2,545,252)	-	-	(55,200,295)
Park Additions	(6,775,060)	(571,484)	-	(11,251)	(7,357,795)
Total Accumulated Depreciation	<u>(93,419,111)</u>	<u>(5,439,506)</u>	<u>281,798</u>	<u>(6,607,275)</u>	<u>(105,184,094)</u>
Total Capital Assets, Being Depreciated, Net	<u>92,056,190</u>	<u>5,999,154</u>	<u>(65,361)</u>	<u>2,731,691</u>	<u>100,721,674</u>
Governmental Activities Capital Assets, Net	<u>\$150,323,990</u>	<u>\$31,262,962</u>	<u>\$ (9,669,849)</u>	<u>\$ 2,731,691</u>	<u>\$174,648,794</u>

The reclassification for 2021 relates to the conversion of the business-type Ice Arena Fund to the governmental special revenue Ice Arena Fund. Depreciation expense for governmental activities was charged to functions/programs of the government as follows:

General Government	\$ 130,042
Development Services	37,455
Public Works	3,390,637
Public Safety	762,501
Parks and Recreation	1,118,871
Total Depreciation Expense	<u>\$ 5,439,506</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 4: Detailed Notes on All Funds (Continued)**

**C. Capital Assets (Continued)**

	Balance January 1, 2021	Additions	Retirements	Reclassification	Balance December 31, 2021
Business-Type Activities:					
Capital Assets,					
Not Being Depreciated:					
Land	\$ 1,412,611	\$ -	\$ -	\$ -	\$ 1,412,611
Construction in Progress	13,994,692	13,156,505	(12,125,156)	-	15,026,041
Total Capital Assets, Not Being Depreciated	<u>15,407,303</u>	<u>13,156,505</u>	<u>(12,125,156)</u>	<u>-</u>	<u>16,438,652</u>
Capital Assets, Being Depreciated:					
Buildings and Structures	24,514,647	-	-	(8,755,505)	15,759,142
Improvements Other Than Buildings	4,202,388	-	-	(30,000)	4,172,388
Water Facilities	5,266,562	-	-	-	5,266,562
Machinery and Equipment	8,616,537	50,208	(42,348)	(556,461)	8,067,936
Sewer Lift Stations	4,363,692	2,370,906	-	-	6,734,598
Distribution System	149,157,730	8,558,341	-	-	157,716,071
Storm Sewers	43,752,014	1,195,910	-	-	44,947,924
Total Capital Assets, Being Depreciated	<u>239,873,570</u>	<u>12,175,365</u>	<u>(42,348)</u>	<u>(9,341,966)</u>	<u>242,664,621</u>
Less Accumulated Depreciation for					
Buildings and Structures	(13,661,146)	(329,527)	-	6,072,446	(7,918,227)
Improvements Other Than Buildings	(2,029,709)	(163,618)	-	12,003	(2,181,324)
Water Facilities	(3,913,105)	(83,767)	-	-	(3,996,872)
Machinery and Equipment	(6,328,878)	(454,430)	42,348	525,826	(6,215,134)
Sewer Lift Stations	(2,922,180)	(115,948)	-	-	(3,038,128)
Distribution System	(93,042,904)	(3,395,855)	-	-	(96,438,759)
Storm Sewers	(20,243,501)	(901,498)	-	-	(21,144,999)
Total Accumulated Depreciation	<u>(142,141,423)</u>	<u>(5,444,643)</u>	<u>42,348</u>	<u>6,610,275</u>	<u>(140,933,443)</u>
Total Capital Assets, Being Depreciated, Net	<u>97,732,147</u>	<u>6,730,722</u>	<u>-</u>	<u>(2,731,691)</u>	<u>101,731,178</u>
Business-Type Activities Capital Assets, Net	<u>\$ 113,139,450</u>	<u>\$ 19,887,227</u>	<u>\$ (12,125,156)</u>	<u>\$ (2,731,691)</u>	<u>\$ 118,169,830</u>

The reclassification for 2021 relates to the conversion of the business-type Ice Arena Fund to the governmental special revenue Ice Arena Fund. Depreciation expense for business-type activities was charged to functions/programs of the government as follows:

Water and Sewer Utilities	\$ 4,208,076
Ice Arena	-
Williston Fitness Center	181,481
Grays Bay Marina	24,651
Storm Water Fund	<u>1,030,435</u>
Total Depreciation Expense	<u>\$ 5,444,643</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 4: Detailed Notes on All Funds (Continued)**

**D. Leases**

Effective July 1, 2009, the City entered into a 20-year operating lease with Minnetonka School District to provide space within the Arts Center for an operational home for Music Association of Minnetonka (MAM). The lease can be terminated with at least one year's written notice. The total cost of the operating lease for the year ended December 31, 2021 was \$57,600. The future minimum lease payments for the lease are as follows:

Years Ending December 31,	Amount
2022	\$ 57,600
2023	57,600
2024	57,600
2025	57,600
2026	57,600
2027-2028	115,200
Total	\$ 403,200

**E. Long-Term Debt**

**1. General Obligation Bonds**

The City issues General Obligation (G.O.) Bonds to provide for financing of park improvements, housing improvements, capital 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 the Water and Utilities Fund. The nature of these bonds are General Obligation Bonds.



**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 4: Detailed Notes on All Funds (Continued)**

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

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

Long-term liability activity for the year ended December 31, 2021, was as follows:

	Interest Rates/ Final Maturity Date	Balance at January 1, 2021	Issued	Retired	Balance at December 31, 2021	Due Within One Year
<b>Governmental Activities:</b>						
Bonds Payable:						
General Obligation State-Aid Street Bonds, Series 2008A	3.25 - 4.00% / 04/01/2024	\$ 650,000	\$ -	\$ 650,000	\$ -	\$ -
General Obligation Open Space and Park Improvement Bonds, Series 2016B	2.00% / 02/01/2027	1,765,000	-	235,000	1,530,000	240,000
Taxable General Obligation Housing Improvement Bonds, Series 2019A	1.70 - 3.05% / 04/01/2024	2,630,000	-	100,000	2,530,000	105,000
General Obligation Capital Improvement Plan Bonds, Series 2020A	2.00 - 4.00% / 02/01/2048	24,390,000	-	545,000	23,845,000	415,000
Unamortized Bond Premium		<u>1,078,997</u>	-	<u>49,908</u>	<u>1,029,089</u>	<u>-</u>
Total G.O. Bonds, net		<u>30,513,997</u>	<u>-</u>	<u>1,579,908</u>	<u>28,934,089</u>	<u>760,000</u>
Compensated Absences		<u>3,527,659</u>	<u>1,793,835</u>	<u>1,642,473</u>	<u>3,679,021</u>	<u>1,642,473</u>
Governmental Activity Long-Term Liabilities		<u>\$ 34,041,656</u>	<u>\$ 1,793,835</u>	<u>\$ 3,222,381</u>	<u>\$ 32,613,110</u>	<u>\$ 2,402,473</u>
<b>Business-Type Activities:</b>						
Bonds Payable:						
General Obligation Utility Revenue Refunding Bonds, Series 2016A	2.00 - 2.35% / 02/01/2036	\$ 8,755,000	\$ -	\$ 470,000	\$ 8,285,000	\$ 480,000
General Obligation Utility Improvement Bonds, Series 2016B	2.00 - 2.10% / 02/01/2036	6,605,000	-	355,000	6,250,000	360,000
General Obligation Utility Improvement Bonds, Series 2018A	3.00 - 3.38% / 02/01/2040	10,000,000	-	335,000	9,665,000	355,000
General Obligation Utility Improvement Bonds, Series 2021A	2.00 - 5.00% / 02/01/2037	-	9,995,000	-	9,995,000	-
Unamortized Bond Premium		<u>630,914</u>	<u>1,457,867</u>	<u>37,618</u>	<u>2,051,163</u>	<u>-</u>
Total Revenue Bonds, net		<u>25,990,914</u>	<u>11,452,867</u>	<u>1,197,618</u>	<u>36,246,163</u>	<u>1,195,000</u>
Compensated Absences		<u>389,161</u>	<u>150,830</u>	<u>285,520</u>	<u>254,471</u>	<u>149,610</u>
Business-Type Activity Long-Term Liabilities		<u>\$ 26,380,075</u>	<u>\$ 11,603,697</u>	<u>\$ 1,483,138</u>	<u>\$ 36,500,634</u>	<u>\$ 1,344,610</u>

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

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 4: Detailed Notes on All Funds (Continued)**

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

**3. 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		Revenue Bonds		Total
	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	
2022	\$ 760,000	\$ 733,869	\$ 1,195,000	\$ 832,099	\$ 3,520,968
2023	785,000	710,156	1,680,000	936,918	4,112,074
2024	810,000	685,516	1,770,000	876,693	4,142,209
2025	835,000	659,965	1,835,000	813,118	4,143,083
2026	860,000	633,500	1,895,000	746,943	4,135,443
2027-2031	4,765,000	2,690,764	10,440,000	2,765,863	20,661,626
2032-2036	5,535,000	1,938,483	12,005,000	1,215,841	20,694,324
2037-2041	6,030,000	1,270,359	3,375,000	180,150	10,855,509
2042-2046	6,040,000	558,134	-	-	6,598,134
2047-2048	1,485,000	23,313	-	-	1,508,313
Total	<u>\$ 27,905,000</u>	<u>\$ 9,904,060</u>	<u>\$ 34,195,000</u>	<u>\$ 8,367,623</u>	<u>\$ 80,371,682</u>

The G.O. Utility Revenue Refunding Bonds, Series 2016A were issued in 2016 to refund the G.O. Utility Revenue Note, Series 2015. The defeasance of the 2015 Temporary Note did not result in an economic gain or loss and there was no aggregate difference in debt service between the refunding and the refunded debt.

The G.O. Utility Improvement Bonds, Series 2016B were issued in 2016 to fund certain capital improvement projects to upgrade the City's utility infrastructure system.

The G.O. Utility Revenue Bonds, Series 2018A were issued in September of 2018 to fund certain capital improvement projects to upgrade the City's utility infrastructure 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, Series 2016B were issued in 2016 to reimburse the City for the purchase of property for open space preservation within the City. These bonds are the last in a series authorized by special election on September 11, 2001.

The Taxable G.O. Housing Improvement Bonds, Series 2019A proceeds were used to fund improvements to the Cloud 9 Sky Flats building that will be repaid through annual special assessments to each housing unit per the agreement with the Cloud 9 Sky Flats Association, Inc.

The G.O. Capital Improvement Plan Bonds, Series 2020A proceeds were used to fund improvements to the Public Safety Facility Expansion that will be repaid through annual property taxes.

The G.O. Utility Revenue Bonds, Series 2021A were issued in December of 2021 to fund certain capital improvement projects to upgrade the City's utility infrastructure system.

There are a number of financial limitations and restrictions contained in the various bond indentures. At December 31, 2021, the City is in compliance with all significant financial limitations and restrictions.

The voters of the City approved, by special election on September 11, 2001, the issuance and sale by the City of G.O. Bonds of the City in an aggregate amount not to exceed \$15,000,000. The purpose of the Bonds, as approved by the voters, is to provide financing for a Parks Renewal and Open Space Preservation Program. As of December 31, 2016 all authorized bonds up to the \$15,000,000 have been issued. As of December 31, 2021, \$1,530,000 of these bonds remain outstanding.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
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**Note 4: Detailed Notes on All Funds (Continued)**

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

**4. Conduit Debt Obligations**

From time-to-time, the City has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the underlying property enhanced and are payable solely from payments received from the benefited entity. Neither the City, the State of Minnesota, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the Bonds are not reported as liabilities in the basic financial statements. As of December 31, 2021, there were 16 series of Revenue Bonds outstanding, with an approximate outstanding balance of \$179,685,763.

**5. Revenue Pledged**

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Revenue Pledged				Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Debt Service as a % of Net Revenues	Taxes Payable Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
2016A GO Utility Revenue Refunding Bonds	Refund Original Debt used for Water Utility Infrastructure	Utility Revenue	100%	n/a	2017 - 2036	\$9,669,494	\$646,558	\$3,239,706
2016B GO Utility Revenue Bonds	Water Utility Infrastructure	Utility Revenue	100%	n/a	2017 - 2036	\$7,243,960	\$484,260	\$2,426,480
2018 GO Utility Revenue Bonds	Water Utility Infrastructure	Utility Revenue	100%	n/a	2020 - 2040	\$12,951,813	\$681,075	\$3,412,660
2021 GO Utility Revenue Bonds	Water Utility Infrastructure	Utility Revenue	100%	n/a	2021 - 2037	\$12,697,356	\$ -	\$ -

**F. Commitments**

At December 31, 2021, the City had the following contract commitments outstanding:

Fund	Commitment
Public Safety Facility Expansion Fund	\$ 450,612
State Municipal State Aid Street Fund	321,798
Street Improvement Fund	1,960,188
Other Nonmajor Governmental Funds	6,674,394
Water and Sewer Utilities Fund	1,877,075
Storm Water Fund	508,689
	<u>\$ 11,792,756</u>

**City of Minnetonka**  
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**Note 4: Detailed Notes on All Funds (Continued)**

**G. Interfund Transactions**

**1. Interfund Receivables and Payables**

Receivable Fund	Payable Fund	Amount	Purpose
Street Improvement Fund	State Municipal Aid Street Fund	\$ 1,670,403	[1]
General Fund	Other Nonmajor Funds	<u>370,767</u>	[2]
	Total	<u>\$ 2,041,170</u>	

[1] This interfund receivable and payable eliminated what would have been a negative cash balance. The negative cash in the State Municipal Aid Fund is related to current road projects that will be reimbursed by the State of Minnesota for its share of the construction costs in future years.

[2] This interfund receivable and payable eliminated what would have been a negative cash balance. The negative cash of \$241,573 in the Ice Arena Special Revenue Fund and \$129,194 in the Grants Fund is related to cash flow timing due to the reimbursement nature of the fund. The City expects these interfund transactions to be settled in January 2022.

**2. Transfers**

Transfer To	Transfer From	Amount	Purpose
General Fund	Water and Sewer Utilities Fund	\$ 800,000	Annual budgeted transfer
General Fund	Storm Water Fund	142,200	Annual budgeted transfer
General Fund	Other Nonmajor Fund	203,000	Annual budgeted transfer
General Fund	Ice Arena Fund (Enterprise)	34,900	Annual budgeted transfer
General Fund	Grays Bay Marina	12,200	Annual budgeted transfer
General Fund	Environmental	213,100	Annual budgeted transfer
General Fund	Williston Center	52,400	Annual budgeted transfer
Other Nonmajor Fund	Other Nonmajor Fund	5,331,189	Annual budgeted transfer
Other Nonmajor Fund	General Fund	2,691,603	Annual budgeted transfer
Public Safety Facility Expansion	General Fund	250,000	Annual budgeted transfer
Community Investment Fund	General Fund	63,000	Annual budgeted transfer
State Municipal Aid Street Fund	Other Nonmajor Fund	4,449	Annual budgeted transfer
Street Improvement Fund	State Municipal Aid Street Fund	193,267	Annual budgeted transfer
Street Improvement Fund	Water and Sewer Utilities Fund	392,142	Annual budgeted transfer
Street Improvement Fund	Storm Water Fund	158,021	Annual budgeted transfer
Street Improvement Fund	General Fund	500,000	Annual budgeted transfer
Other Nonmajor Fund	Community Investment Fund	600,000	Annual budgeted transfer
Ice Arena Fund (Enterprise)	Other Nonmajor Fund	252,813	Annual budgeted transfer
Ice Arena Fund (Enterprise)	General Fund	350,000	Annual budgeted transfer
Williston Fitness Center Fund	General Fund	<u>100,000</u>	Annual budgeted transfer
		<u>\$ 12,344,284</u>	

**3. Advances To/From Other Funds**

The Development Fund advanced \$502,588 to the Glen Lake TIF District for relocation costs of the Alano property. This advance will be paid back to the Development Fund as tax increments are collected. The amount outstanding at December 31, 2021 was \$306,639.

The Affordable Housing Trust Fund advanced \$280,000 to the OPUS-Doran TIF District at 4% on November 10, 2021. This advance will be paid back to the Affordable Housing Trust Fund as tax increments are collected. The amount outstanding at December 31, 2021 was \$280,000.

**City of Minnetonka**  
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**Note 4: Detailed Notes on All Funds (Continued)**

**H. Segment Information**

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

**I. Contingencies**

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.

**J. Tax Abatements**

The City enters into property tax abatement agreements through the use of tax increment financing districts with businesses under various Minnesota Statutes. Under these statutes the City annually abates taxes collected above the districts' base tax capacity which is established during adoption of the tax increment district. These agreements are established to foster economic development and redevelopment through creating jobs, removing blight and providing affordable housing. The City uses Minnesota Statutes 469.001 to 469.047 and 469.174 to 469.179 (The Tax Increment Act) to create these districts. In addition, the City also uses Minnesota Statutes 469.1812 to 469.1815 to abate property taxes to be used for development.

For the fiscal year ended December 31, 2021, the City has seven agreements established under Minnesota Statutes 469.174 to 469.179, which resulted in property taxes totaling \$2,617,346 being abated. These agreements include:

Glenhaven TIF District: A revenue pay as you go note to finance the cost of a mixed use redevelopment including an apartment building with retail and a senior housing care facility. The abatement amount was \$664,426.

Tonka on the Creek: A pay go note to finance the cost of a 100 unit rental housing facility, with 20% of the units made affordable to families at or below 50% of the area median income. The abatement amount was \$252,940.

Rowland Road: A pay as you go note to finance the cost of a 106 unit apartment complex, with 20% of the units made affordable to families at or below 50% of the area median income. The abatement amount was \$258,675.

Applewood Pointe: A pay as you go note to finance the cost of an 87 unit senior housing cooperative. The abatement amount was \$243,468.

Boulevard Gardens TIF District: Although the original pay as you go note to finance the cost of a mixed use redevelopment including retail, affordable family and senior rental units, and condominium and townhomes has been retired, this TIF district continues to collect abated property taxes that are pooled to pay developers for other qualified affordable housing developments within the City. The abatement amount was \$676,868.

Marsh Run TIF District: A pay as you go note to finance the cost of 175 market rate apartments, with 20% of the units made affordable to persons at or below 50% of the area median income. The abatement amount was \$137,544.

Minnetonka Dominion Housing TIF District: Two pay as you go notes to finance the cost of 262 senior apartment units and 220 work force apartments. All units will all be affordable to persons at or below 60% of the area median income. The abatement amount was \$383,425.

**City of Minnetonka**  
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**Note 4: Detailed Notes on All Funds (Continued)**

**J. Tax Abatements (Continued)**

For the fiscal year ended December 31, 2021, the City has one agreement established under Minnesota Statutes 469.1812 to 469.1815, which resulted in property taxes totaling \$70,000 being abated. This abatement is for an agreement with General Growth Properties for an expansion to the regional Ridgedale Mall, located within the City. The expansion includes the addition of a new 138,000 square foot Nordstrom store, 84,000 additional square footage for the Macy's store and 48,000 square feet of new restaurants at the mall. Under the agreement, the developer qualifies for a maximum reimbursement of \$1,798,000 plus 5% interest calculated by completed project components.

**K. Fund Balance/Net Position**

At December 31, 2021, a summary of the governmental fund balance classifications is as follows:

	General Fund	Community Investment	Public Safety Facility Expansion	State Municipal Aid Street	Street Improvement	Other Governmental Funds	Total
Nonspendable:							
Inventory & Prepays	\$ 334,436	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 334,436
Restricted for:							
Cemetery Operations	-	-	-	-	-	145,771	145,771
Housing	-	-	-	-	-	6,861,756	6,861,756
Grants	-	-	-	-	-	87,847	87,847
Police Forfeiture	-	-	-	-	-	236,008	236,008
Tax Increment	-	-	-	-	-	4,241,698	4,241,698
Debt Service	-	-	-	-	-	1,950,865	1,950,865
Total Restricted	-	-	-	-	-	13,523,945	13,523,945
Committed to:							
Technology Improvements	-	-	-	-	-	1,219,820	1,219,820
Cable TV Fund	-	-	-	-	-	1,743,531	1,743,531
Electric Franchise Fund	-	-	-	-	-	4,822,562	4,822,562
Compensated Absences	1,642,473	-	-	-	-	-	1,642,473
Capital Replacement	-	-	-	-	-	3,348,538	3,348,538
Public Safety	-	-	376,370	-	-	346,424	722,794
Development	-	-	-	-	-	7,883,998	7,883,998
Park Improvements	-	-	-	-	-	11,463,223	11,463,223
Trails System Expansion	-	-	-	-	-	3,767,203	3,767,203
Reforestation	-	-	-	-	-	1,067,452	1,067,452
Total Committed	1,642,473	-	376,370	-	-	35,662,751	37,681,594
Assigned to:							
Fire Pensions	365,900	-	-	-	-	-	365,900
Recreation Scholarships	15,000	-	-	-	-	-	15,000
Community Investment	-	21,682,785	-	-	-	8,685,696	30,368,481
Street Improvements	-	-	-	-	7,441,581	371	7,441,952
Total Assigned	380,900	21,682,785	-	-	7,441,581	8,686,067	38,191,333
Unassigned	25,663,526	-	-	(1,794,923)	-	(396,053)	23,472,550
Total	\$ 28,021,335	\$ 21,682,785	\$ 376,370	\$ (1,794,923)	\$ 7,441,581	\$ 57,476,710	\$ 113,203,858

**City of Minnetonka**  
Hennepin County, Minnesota  
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**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, 2021, including an estimate for claims incurred but not reported.

Changes in the insurance claims liability during 2021 and 2020, recorded within the City's Internal Service Fund, are as follows:

	2021	2020
Unpaid Claims at Beginning of Year	\$ 56,876	\$ 54,055
Incurred Claims	513,852	686,388
Premiums and Settlements	(521,860)	(683,567)
Unpaid Claims at End of Year	\$ 48,868	\$ 56,876

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

**Pension Plans – Primary Government**

The City participates in various pension plans. Total pension expense for the year ended December 31, 2021 was negative \$225,034. The components of pension expense are noted in the following plan summaries.

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

**a. Plan Description**

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

**1. General Employees Retirement Plan**

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

**2. Public Employees Police and Fire Plan**

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

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**Note 5: Other Information (Continued)**

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

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

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

**b. Benefits Provided**

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

**1. General Employee Plan Benefits**

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years of service. For members hired prior to July 1, 1989 a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Beginning in 2019, the postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

**2. Police and Fire Plan Benefits**

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

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.



**City of Minnetonka**  
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**Note 5: Other Information (Continued)**

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

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

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

**c. Contributions**

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

**1. General Employee Fund Contributions**

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in calendar year 2021 and the City was required to contribute 7.50% of pay for Coordinated Plan members in calendar year 2021. The City contributions to the General Employees Fund for the year ended December 31, 2021, were \$1,228,199. The City contributions were equal to the required contributions as set by state statute.

**2. Police and Fire Fund Contributions**

Police and Fire Plan members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the year ended December 31, 2021, were \$1,381,644. The City's contributions were equal to the required contributions as set by state statute.

**d. Pension Costs**

**1. General Employee Fund Pension Costs**

At December 31, 2021, the City reported a liability of \$9,343,740 for its proportionate share of the General Employee Fund's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2021. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$285,362.

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.2188% as of June 30, 2021, which was an increase of 0.0115% from its proportionate share measured as of June 30, 2020.

City's proportionate share of the net pension liability	\$ 9,343,740
State of Minnesota's proportionate share of the net pension liability associated with the City	285,362
Total	\$ 9,629,102

**City of Minnetonka**  
Hennepin County, Minnesota  
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**Note 5: Other Information (Continued)**

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

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

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

**d. Pension Costs (Continued)**

For the year ended December 31, 2021, the City recognized pension expense of \$320,090 for its proportionate share of the General Employee Plan's pension expense. In addition, the City also recognized an additional \$23,024 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Fund.

At December 31, 2021, the City reported its proportionate share of General Employee Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 52,105	\$ 284,206
Changes in Actuarial Assumptions	5,705,094	193,210
Net Collective Difference Between Projected and Actual Investment Earnings	-	8,133,025
Changes in Proportion	757,609	128,981
Contributions Paid to PERA subsequent to the Measurement Date	678,371	-
Total	<u>\$ 7,193,179</u>	<u>\$ 8,739,422</u>

The \$678,371 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2022	\$ (238,832)
2023	138,419
2024	82,931
2025	(2,207,132)

**City of Minnetonka**  
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**Note 5: Other Information (Continued)**

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

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

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

**d. Pension Costs (Continued)**

**2. Police and Fire Fund Pension Costs**

At December 31, 2021, the City reported a liability of \$4,945,843 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportionate share of the net pension liability was based on the City contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2020, through June 30, 2021, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2021, the City's proportionate share was 0.6483%, which was an increase of 0.0023% from its proportionate share measured as of June 30, 2020.

The State of Minnesota also contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in fire state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in fire state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of \$44,189 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$40,975 as grant revenue for its proportionate share of the State of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The State of Minnesota is not included as a non-employer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in fire state aid. The City recognized \$58,346 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Fund.

**City of Minnetonka**  
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Notes to the Financial Statements  
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**Note 5: Other Information (Continued)**

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

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

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

**d. Pension Costs (Continued)**

**2. Police and Fire Plan Pension Costs (Continued)**

At December 31, 2021, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Economic Experience	\$ 944,800	\$ -
Changes in Actuarial Assumptions	7,354,846	2,351,761
Net Collective Difference Between Projected and Actual Investment Earnings	-	9,534,134
Changes in Proportion	619,709	46,820
Contributions Paid to PERA Subsequent to the Measurement Date	<u>758,038</u>	<u>-</u>
Total	<u>\$ 9,677,393</u>	<u>\$ 11,932,715</u>

The \$758,038 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Pension Expense Amount</u>
2022	\$ (2,816,302)
2023	(437,160)
2024	(487,195)
2025	(887,848)
2026	1,615,145

**City of Minnetonka**  
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**Note 5: Other Information (Continued)**

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

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

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

**e. Long-Term Expected Return on Investment**

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Stocks	33.5 %	5.10 %
International Stocks	16.5	5.30
Bonds (Fixed Income)	25.0	0.75
Alternative Assets (Private Markets)	25.0	5.90
Total	100.0 %	

**f. Actuarial Methods and Assumptions**

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan, 2.25 percent for the Police and Fire Plan, and 2.25 percent for the Correctional Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan and 2 percent for the Correction Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service. In the Correctional Plan, salary growth assumptions range from 11.0 percent at age 20 to 3.0 percent at age 60.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan and the Correctional Plans are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The most recent four-year experience study for the General Employees Plan was completed in 2019. The assumption changes were adopted by the Board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire and the Correctional Plan were completed in 2020 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

**City of Minnetonka**  
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**Note 5: Other Information (Continued)**

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

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

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

**f. Actuarial Assumptions (Continued)**

The following changes in actuarial assumptions occurred in 2021:

**General Employees Fund**

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**Police and Fire Fund**

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

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

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

**g. Discount Rate**

The discount rate used to measure the total pension liability in 2021 was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at the rates specified in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**h. Pension Liability Sensitivity**

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

Sensitivity of Net Pension Liability at Current Single Discount Rate				
	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$ 19,056,460	6.50%	\$ 15,887,454
Current Discount Rate	7.50%	\$ 9,343,740	7.50%	\$ 4,945,843
1% Higher	8.50%	\$ 1,373,861	8.50%	\$ (3,917,392)

**i. Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained at [www.mnpera.org](http://www.mnpera.org).

**2. Public Employees Defined Contribution Plan (Defined Contribution Plan)**

Five council members of the City are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution 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*, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official's employer. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of one percent (0.25%) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2021 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rate
\$3,529	\$3,529	5%	5%	5%

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

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

**3. Minnetonka Firefighters' Relief Association**

**a. Plan Description**

Firefighters of the City of Minnetonka are members of the Minnetonka Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes, Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2020, membership includes 67 active participants, 69 retired and disabled members, 11 beneficiaries and 8 terminated employees entitled to benefit but not yet receiving them. The plan issues a stand-alone financial statement.

**a. Benefits Provided**

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age; has retired from the Minnetonka Fire Department; has served at least 10 years of active service with such department before retirement; and, has been a member of the Association in good standing for at least 10 years prior to such retirement; shall be entitled to receive a service pension based on the vested amount of service time accrued. Full vesting occurs at 10 years of service, with no provision for partial vesting. Upon retirement, an irrevocable election for one of the following two plan options must be made.

- Monthly Service Pension – Each eligible member electing this plan is entitled to receive a monthly service pension calculated by multiplying \$53.15 times each year that member has been an active firefighter in the Fire Department and member in good standing of the Relief Association.

Lump Sum Service Pension – each eligible member electing this plan is entitled to receive a onetime lump sum service pension equal to 130 times the accrued monthly benefit.

Pursuant to Minnesota Statutes §424A.02, Subds. 2 and 4, members who retire with 10 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in Minnesota Statutes Statutes §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

Temporary disability provides that, upon disability, a benefit of \$5 per day is payable up to 100 days in any 365 day period. Permanent disability provides for a service related disability benefit of \$53.15 per month multiplied by the number of months of active service, up to a maximum of 30 years.

On the death of any member, the surviving spouse is entitled to the firefighter's normal retirement benefits for the remainder of their natural life.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.



**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

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

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

**b. Contributions**

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

Normal Cost	
+ Amortization Payment on Unfunded Accrued Liability as reported in the Latest Actuarial Valuation	
+ Administrative Expenses for the Prior Year Multiplied by a Factor of 1.035	
- Anticipated State Aid (not to Exceed the Fire Aid Received in the Prior Year Multiplied by a Factor of 1.035)	
- Anticipated State Aid	
- Projected Investment Earnings	
= Minimum Municipal Obligation	

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$428,817 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2020. Required employer contributions are calculated annually based on statutory provisions. The statutorily-required contribution to the plan for the year ended December 31, 2020 was \$82,530 which was covered by fire state aid.

**c. Pension Costs**

At December 31, 2021, the City reported an asset of \$6,787,748 for the Association’s net pension asset. The net pension asset was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

For the year ended December 31, 2021, the City recognized negative pension expense of \$504,463. At December 31, 2021, the City reported deferred outflows and inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 139,972	\$ 201,850
Changes in Actuarial Assumptions	735,502	75,184
Net Collective Difference Between Projected and Actual Investment Earnings	-	1,982,756
Contributions to SVF Subsequent to the Measurement Date	451,729	-
Total	\$ 1,327,203	\$ 2,259,790

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

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

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

**c. Pension Costs (Continued)**

The \$451,729 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expense Amount
2022	\$ (430,225)
2023	(175,365)
2024	(571,125)
2025	(225,132)
2026	17,531

**d. Changes in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance January 1, 2021	\$ 13,818,530	\$ 18,776,627	\$ (4,958,097)
Changes For the Year			
Service Cost	260,345	-	260,345
Interest on Pension Liability (Asset)	853,066	-	853,066
Difference Between Expected and Actual Experience	(188,066)	-	(188,066)
Changes of Benefit Terms	362,954	-	362,954
Contributions - State and Local	-	428,817	(428,817)
Net Investment Income	-	2,722,541	(2,722,541)
Benefit Payments	(859,634)	(859,634)	-
Administrative Expenses	-	(33,408)	33,408
Total Net Changes	428,665	2,258,316	(1,829,651)
Ending Balance December 31, 2021	\$ 14,247,195	\$ 21,034,943	\$ (6,787,748)

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

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

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

**e. Actuarial Assumptions**

The actuarial total pension liability was determined as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/20
Actuarial Cost Method	Entry Age Normal
Amortization Method	Straight-line
Remaining Amortization Period	
Normal Cost	30 years
Prior Service Cost	10 years
Asset Valuation Method	Market
Actuarial Assumptions:	
Investment Rate of Return	6.00%
Project Salary Increases	N/A
20-Year Municipal Bond Yield	2.00%
Inflation	2.25%
Cost-of-living Adjustments	None
Age of Service Retirement	50

Mortality	Healthy Pre-retirement: RP-2014 employee generational mortality table projected with mortality improvement scale MP-2019, from a base year of 2006.
Disability	Healthy Post-retirement: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2019 from a base year of 2006. Male rates are adjusted by a factor of 0.96.
Withdrawal	Disabled: RP-2014 annuitant generational mortality table projected with mortality improvement scale MP-2019 from a base year of 2006. Male rates are adjusted by a factor of 0.96.
Beneficiaries	0.11% disability assumed at age 20, decreasing each year until 0% at age 60.
Age of Difference	3% withdrawal assumed at age 20, decreasing each year until 0% at age 60.
Form of Payment	100% of members assumed to have beneficiaries who will receive benefits.
	Females are assumed to be 3 years younger than males.
	For members hired before 2006, 25% of retiring members choose a lump sum payment, 75% choose a monthly annuity. Members hired after 2006 will receive a lump sum payment.

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

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

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

**e. Actuarial Assumptions (Continued)**

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

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan’s asset allocation as of the measurement date are summarized in the following table:

Asset Class	Allocation at Measurement Date	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic equity	50.88%	4.90%	7.15%
International equity	12.18%	5.32%	7.57%
Fixed income	31.65%	1.40%	3.65%
Real estate and alternatives	0.11%	4.43%	6.68%
Cash and equivalents	5.18%	0.09%	2.34%
Total (weighted avg)	<u>100.00%</u>		6.23%
Less Investment Expense			<u>-0.35%</u>
Net assumed investment return (rounded to 1/4%)			6.00%

**f. Discount Rate**

The discount rate used to measure the total pension liability was 6.25%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**g. Pension Asset Sensitivity**

The following presents the City of Minnetonka’s proportionate share of the net pension asset of the Association, calculated using the discount rate of 6.25%, as well as what the Association’s net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate:

	1% Decrease (5%)	Current (6%)	1% Increase (7%)
Net Pension Liability (Asset)	\$ (5,166,611)	\$ (6,787,748)	\$ (8,135,693)

**h. Plan’s Fiduciary Net Position**

Detailed information about the Plan’s fiduciary net position is available in a separately issued report. The report may be obtained by writing to Minnetonka’s Fire Relief Association 14550 Minnetonka Blvd., Minnetonka, MN 55345 or by calling (952) 939-8598.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

**C. Postemployment Healthcare Plan**

**Plan Description**

The City provides a single-employer defined benefit OPEB healthcare plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by Health Partners. 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. No assets are accumulated in a trust.

**Benefits Provided**

Retirees

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

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

All regular non-disabled police and fire employees

The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate.

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

Disabled police and fire employees

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

**Contributions**

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 Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2021, the City contributed \$110,597 to the plan. As of January 1, 2021, there were approximately 14 retirees receiving health benefits from the City's health plan.

**Members**

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

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	14
Inactive Plan Members Entitles to but not yet Receiving Benefit Payments	17
Active Plan Members	<u>217</u>
Total Plan Members	<u><u>248</u></u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability

Discount Rate	2.12%
Payroll Growth Rate	3.25%
Healthcare Cost Trend Rate Increases	10% initially, decreasing yearly to a rate of 5%
 Mortality Assumption	 Various RP 2014 mortality tables depending on if active or retired, adjusted for white collar and mortality improvements using projection scale MP-2018, from a base year of 2014.

The actuarial assumptions used in the December 31, 2020 valuations were based on the results of an actuarial experience study for the period January 1, 2020 to December 31, 2020.

The discount rate used to measure the total OPEB liability was 2.12%.

The following changes in actuarial assumptions occurred since the prior measurement date:

- The discount rate decreased from 4.09% as of December 31, 2018 to 2.12% as of December 31, 2020.

**Total OPEB Liability**

The city's total OPEB liability of \$2,653,693 was measured as of December 31, 2020, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability for the year are as follows:

	<u>Total OPEB Liability</u>
Balances at December 31, 2020	<u>\$ 2,369,819</u>
Changes for the Year:	
Service cost	204,856
Interest	69,031
Differences between expected and actual experience	30,801
Changes in assumptions	89,783
Benefit payments	<u>(110,597)</u>
Net Changes	<u>283,874</u>
Balances at December 31, 2021	<u><u>\$ 2,653,693</u></u>

The General Fund and Proprietary Funds typically liquidate the Liability related to OPEB.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 5: Other Information (Continued)**

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

**OPEB Liability Sensitivity**

The following presents the city's total OPEB liability calculated using the discount rate of 2.12% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

	<u>1% Decrease (1.12%)</u>	<u>Current (2.12%)</u>	<u>1% Increase (3.12%)</u>
Discount Rate	\$ 2,854,792	\$ 2,653,693	\$ 2,461,064

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

	<u>1% Decrease (9% decreasing to 4%)</u>	<u>Current Rate (10% decreasing to 5%)</u>	<u>1% Increase (11% decreasing to 6%)</u>
Healthcare Cost Trend Rate	\$ 2,326,596	\$ 2,653,693	\$ 3,043,286

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2021, the city recognized OPEB expense of \$72,580. At December 31, 2021, the city reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 27,380	\$ 612,081
Changes in actuarial assumptions	299,516	98,440
Contributions to OPEB subsequent to the measurement date.	<u>110,597</u>	<u>-</u>
Total	<u>\$ 437,493</u>	<u>\$ 710,521</u>

The \$110,597 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2022.

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

<u>Year ended December 31:</u>	<u>OPEB Expense Amount</u>
2022	\$ 57,175
2023	57,175
2024	57,175
2025	57,175
2026	60,416
Thereafter	94,509

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to the Financial Statements  
December 31, 2021

**Note 6: New Standards Issued But Not Yet Implemented**

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2022.





CITY OF  
**MINNETONKA**

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**City of Minnetonka**  
Hennepin County, Minnesota  
Required Supplementary Information  
December 31, 2021

**Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years**

**General Employee Retirement Plan**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2021	0.2188 %	\$ 9,343,740	\$ 285,362	\$ 9,629,102	\$ 15,742,395	59.4 %	87.0 %
6/30/2020	0.2073	12,428,582	383,267	12,811,849	14,781,790	84.1	79.1
6/30/2019	0.1986	10,980,149	341,318	11,321,467	14,057,853	78.1	80.2
6/30/2018	0.2079	11,533,440	378,283	11,911,723	13,973,517	82.5	79.5
6/30/2017	0.2054	13,112,599	164,847	13,277,446	13,229,625	99.1	75.9
6/30/2016	0.2060	16,726,178	218,460	16,944,638	12,780,570	130.9	68.9
6/30/2015	0.2127	11,023,218	-	11,023,218	12,504,232	88.2	78.2

Note: This schedule is provided prospectively beginning with the year ended December 31, 2015.

**Police and Fire Retirement Plan**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
6/30/2021	0.6483 %	\$ 4,945,843	\$ 224,992	\$ 5,170,835	\$ 7,845,644	63.0 %	93.7 %
6/30/2020	0.6460	8,456,832	200,592	8,657,424	7,291,587	116.0	87.2
6/30/2019	0.5920	6,221,467	-	6,221,467	6,246,419	99.6	89.3
6/30/2018	0.5710	6,033,825	-	6,033,825	6,016,971	100.3	88.8
6/30/2017	0.5490	7,412,153	-	7,412,153	5,632,580	131.6	85.4
6/30/2016	0.5560	22,313,247	-	22,313,247	5,355,445	416.6	63.9
6/30/2015	0.5700	6,476,534	-	6,476,534	5,225,743	123.9	89.6

Note: This schedule is provided prospectively beginning with the year ended December 31, 2015.

**City of Minnetonka**  
Hennepin County, Minnesota  
Required Supplementary Information  
December 31, 2021

**Schedule of the City Pension Contributions  
Last Ten Fiscal Years**

**General Employee Retirement Plan**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2021	\$ 1,228,199	\$ 1,228,199	\$ -	\$ 16,375,989	7.50 %
12/31/2020	1,192,885	1,192,885	-	15,905,129	7.50
12/31/2019	1,068,305	1,068,305	-	14,244,067	7.50
12/31/2018	1,007,608	1,007,608	-	13,434,773	7.50
12/31/2017	1,030,108	1,030,108	-	13,734,712	7.50
12/31/2016	973,347	973,347	-	12,977,907	7.50
12/31/2015	947,280	947,280	-	12,630,348	7.50
12/31/2014	898,056	898,056	-	12,386,837	7.25

Note: Information prior to 2014 is unavailable.

**Police and Fire Retirement Plan**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
12/31/2021	\$ 1,381,644	\$ 1,381,644	\$ -	\$ 7,805,898	17.70 %
12/31/2020	1,372,492	1,372,492	-	7,754,191	17.70
12/31/2019	1,034,814	1,034,814	-	6,105,097	16.95
12/31/2018	974,750	974,750	-	6,016,975	16.20
12/31/2017	959,280	959,280	-	5,921,484	16.20
12/31/2016	886,231	886,231	-	5,470,556	16.20
12/31/2015	859,126	859,126	-	5,303,246	16.20
12/31/2014	791,919	791,919	-	5,175,950	0.00

Note: Information prior to 2014 is unavailable.

**City of Minnetonka**  
Hennepin County, Minnesota  
Required Supplementary Information  
December 31, 2021

**Schedule of the City Pension Contributions  
Last Ten Fiscal Years (Continued)**

**Fire Relief Association**

Year Ending	Actuarial Determined Contribution (a)	Actual Contributions Paid (b)	Contribution Deficiency (Excess) (a-b)
12/31/2021	\$ -	\$ -	\$ -
12/31/2020	-	-	-
12/31/2019	-	-	-
12/31/2018	-	-	-
12/31/2017	-	-	-
12/31/2016	-	-	-
12/31/2015	-	-	-
12/31/2014	-	166,438	(166,438)

Note: Information prior to 2014 is unavailable.

**City of Minnetonka**  
Hennepin County, Minnesota  
Required Supplementary Information  
December 31, 2021

**Minnetonka Volunteer Fire Relief Association**  
**Schedule of Changes in the Net Pension Asset and Related Ratios**

	2021 (Fire Relief Report Date 2020)	2020 (Fire Relief Report Date 2019)	2019 (Fire Relief Report Date 2018)	2018 (Fire Relief Report Date 2017)	2017 (Fire Relief Report Date 2016)	2016 (Fire Relief Report Date 2015)	2015 (Fire Relief Report Date 2014)
<b>Total Pension Liability</b>							
Service Cost	\$ 260,345	\$ 242,383	\$ 202,060	\$ 209,042	\$ 213,879	\$ 198,031	\$ 192,731
Interest on Pension Liability (Asset)	853,066	814,110	809,808	790,520	772,342	753,805	733,799
Differences Between Expected and Actual Experience	(188,066)	115,345	54,796	(107,086)	155,621	(137,324)	-
Changes of Assumptions	-	(15,131)	633,940	119,608	295,329	(694,310)	-
Changes in Benefit Terms	362,954	249,155	-	-	-	-	-
Benefit Payments	(859,634)	(741,402)	(683,256)	(755,451)	(753,320)	(645,860)	(602,226)
<b>Net change in Total Pension Liability</b>	428,665	664,460	1,017,348	256,633	683,851	(525,658)	324,304
<b>Total Pension Liability - January 1</b>	13,818,530	13,154,070	12,136,722	11,880,089	11,196,238	11,721,896	11,397,592
<b>Total Pension Liability - December 31 (a)</b>	<u>\$ 14,247,195</u>	<u>\$ 13,818,530</u>	<u>\$ 13,154,070</u>	<u>\$ 12,136,722</u>	<u>\$ 11,880,089</u>	<u>\$ 11,196,238</u>	<u>\$ 11,721,896</u>
<b>Plan Fiduciary Net Position</b>							
Nonemployer Contributions	\$ 428,817	\$ 405,598	\$ 391,293	\$ 382,382	\$ 376,889	\$ 366,746	\$ 511,820
Net Investment Income	2,722,541	3,060,448	(697,330)	2,122,490	1,094,716	(69,245)	836,585
Benefit Payments	(859,634)	(741,402)	(683,256)	(755,451)	(753,320)	(645,860)	(602,226)
Administrative Expenses	(33,408)	(32,530)	(34,197)	(30,650)	(32,104)	(34,296)	(33,269)
Other	-	-	28	14	1,175	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	2,258,316	2,692,114	(1,023,462)	1,718,785	687,356	(382,655)	712,910
<b>Plan Fiduciary Net Position - January 1</b>	18,776,627	16,084,513	17,107,975	15,389,190	14,701,834	15,084,489	14,371,579
<b>Plan Fiduciary Net Position - December 31 (b)</b>	<u>\$ 21,034,943</u>	<u>\$ 18,776,627</u>	<u>\$ 16,084,513</u>	<u>\$ 17,107,975</u>	<u>\$ 15,389,190</u>	<u>\$ 14,701,834</u>	<u>\$ 15,084,489</u>
<b>Fire Relief's Net Pension Liability (Asset) - December 31 (a-b)</b>	<u>\$ (6,787,748)</u>	<u>\$ (4,958,097)</u>	<u>\$ (2,930,443)</u>	<u>\$ (4,971,253)</u>	<u>\$ (3,509,101)</u>	<u>\$ (3,505,596)</u>	<u>\$ (3,362,593)</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a)</b>	147.64%	135.88%	122.28%	140.96%	129.54%	131.31%	128.69%

Note: Information prior to 2014 is unavailable.

**City of Minnetonka**  
Hennepin County, Minnesota  
Required Supplementary Information  
December 31, 2021

**Schedule of Changes in Total OPEB Liability and Related Ratios**

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
Total OPEB Liability				
Service Cost	\$ 204,856	\$ 163,896	\$ 204,287	\$ 186,055
Interest	69,031	116,484	97,156	96,122
Differences Between Expected and Actual Experience	30,801	(786,873)	-	-
Changes in Assumptions	89,783	230,716	(150,919)	75,023
Benefit Payments	<u>(110,597)</u>	<u>(77,060)</u>	<u>(95,771)</u>	<u>(92,283)</u>
Net Change in Total OPEB Liability	283,874	(352,837)	54,753	264,917
Total OPEB Liability - Beginning	<u>2,369,819</u>	<u>2,722,656</u>	<u>2,667,903</u>	<u>2,402,986</u>
 Total OPEB Liability - Ending	 <u>\$ 2,653,693</u>	 <u>\$ 2,369,819</u>	 <u>\$ 2,722,656</u>	 <u>\$ 2,667,903</u>
 Covered - Employee Payroll	 \$ 21,100,000	 \$ 20,400,000	 \$ 17,800,000	 \$ 17,200,000
 City's Total OPEB Liability as a Percentage of Covered Employee Payroll	 12.58%	 11.62%	 15.30%	 15.51%

Note: Schedule is provided prospectively beginning with the year December 31, 2018. Additional years will be reported as they become available.

Note: There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to Required Supplementary Information  
December 31, 2021

## **General Employees Fund**

### **2021 Changes**

#### Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

#### Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

### **2020 Changes**

#### Changes in Actuarial Assumptions

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.
- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

#### Changes in Plan Provisions

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

### **2019 Changes**

#### Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2017 to MP-2018.

#### Changes in Plan Provisions

- The employer supplemental contribution was changed prospectively, decreasing from \$31 million to \$21 million per year. The State's special funding contribution was changed prospectively, requiring \$16 million due per year through 2031.



**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to Required Supplementary Information  
December 31, 2021

**General Employees Fund (Continued)**

**2018 Changes**

Changes in Actuarial Assumptions

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

Changes in Plan Provisions

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**2017 Changes**

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

Changes in Plan Provisions

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

**2016 Changes**

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to Required Supplementary Information  
December 31, 2021

**General Employees Fund (Continued)**

**2015 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

**Police and Fire Fund**

**2021 Changes**

Changes in Actuarial Assumptions

- The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes.
- The inflation assumption was changed from 2.50 percent to 2.25 percent.
- The payroll growth assumption was changed from 3.25 percent to 3.00 percent.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions

- There were no changes in plan provisions since the previous valuation.

**2020 Changes**

Changes in Actuarial Assumptions

The mortality projection scale was changed from MP-2018 to MP-2019.

**2019 Changes**

Changes in Actuarial Assumptions

The mortality projection scale was changed from MP-2017 to MP-2018.

**2018 Changes**

Changes in Actuarial Assumptions

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to Required Supplementary Information  
December 31, 2021

**Police and Fire Fund (Continued)**

**2017 Changes**

Changes in Actuarial Assumptions

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.
- The single discount rate was changed from 5.6% per annum to 7.5% per annum.

**2016 Changes**

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**2015 Changes**

Changes in Plan Provisions

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

Changes in Actuarial Assumptions

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Notes to Required Supplementary Information  
December 31, 2021

**Minnetonka Fireman's Relief Association**

**2020 Changes**

Changes in Actuarial Assumptions

- The expected investment return and discount rate decreased from 6.25% to 6.00% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2019 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2020 Minnesota PERA Police & Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.50% to 2.25%.

**2019 Changes**

Changes in Actuarial Assumptions

- The mortality assumptions were updated from the rates used in the July 1, 2018 Minnesota PERA Police & Fire Plan actuarial valuation to the rates used in the July 1, 2019 Minnesota PERA Police & Fire Plan actuarial valuation.

**2018 Changes**

Changes in Actuarial Assumptions

- The expected investment return and discount rate decreased from 6.75% to 6.25% to reflect updated capital market assumptions.
- The mortality assumptions were updated from the rates used in the July 1, 2017 Minnesota PERA Police and Fire Plan actuarial valuation to the rates used in the July 1, 2018 Minnesota PERA Police and Fire Plan actuarial valuation.
- The inflation assumption decreased from 2.75% to 2.50%.

**Other Postemployment Benefits**

**2019 Changes**

Changes in Actuarial Assumptions

- The discount rate decreased from 4.09% as of December 31, 2018 to 2.12% as of December 31, 2019.

**2018 Changes**

Changes in Actuarial Assumptions

- The discount rate increased from 3.44% as of December 31, 2017 to 4.09% as of December 31, 2018.

## 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.

**Electric Franchise Fees** – 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.

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

**Housing & Redevelopment Authority** – This fund was established to account for activity of the Economic Development Authority (EDA) regarding economic development, housing and redevelopment matters.

**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.

**Affordable Housing Trust Fund** - Established under Minnesota Statutes, Section 462C.16 to encourage the creation of affordable housing for rental housing and owner-occupied housing, to promote the preservation of existing affordable housing and naturally occurring affordable housing, and to provide rental assistance and homeownership assistance to persons of very low income, low income, and moderate-income.

**Ice Arena Fund** - This fund accounts for revenues and expenditures related to the ice arena rinks.

#### 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.

**2020A GO CIP Bonds** – This fund was established to account for the revenues and debt service requirements related to the issuance of the 2020A General Obligation Capital Improvement Plan bonds used to fund the Public Facility Expansion project.

**2019 Housing Improvement Area Bonds Fund** – This Fund accounts for the special assessments received for the Cloud 9 Apartments housing improvements.

#### 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.

**Public Safety Fund** – This fund was established to account for the revenues and expenditures relating to the replacement of fire vehicles and equipment.

**Cloud 9 Housing Improvement Fund** - This fund was established to account for the construction costs, bond proceeds and special assessments received for the Cloud 9 Apartments housing improvements.

## COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES (CONTINUED)

### Non-major Governmental Funds (Continued)

#### Capital Projects Funds (Continued)

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

**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.

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

**Parks and Trails Fund** – This fund was established to account for the purchase and development of park land throughout the City.

**Trail Expansion Fund** – This fund was established to account for the expansion of the city's trail system.

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

**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.

**Ridgedale Tax Abatement Fund** – This fund accounts for the tax abatement agreement with the City and General Growth Properties for the redevelopment of the Ridgedale Mall area.

**Shady Oak Road / Oak Drive Project Fund** – This fund was established to account for the purchase of land and redevelopment of the Shady Oak Road and Oak Drive area within the City.

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

**Forestry Fund** – This fund was established for the capital budget portion of the City's Emerald Ash Borer (EAB) program, which includes tree removal, stump grinding and reforestation.

#### 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, 2021

Special Revenue

	Cable Television	Community Development Block Grant	Electric Franchise Fees	Grants	Housing & Redevelopment Authority
<b>Assets:</b>					
Cash and Investments	\$ 1,554,275	\$ 80,110	\$ 4,521,061	\$ -	\$ 911,541
Accounts Receivable	217,950	-	289,879	-	20,879
Loans Receivable	-	-	-	-	164,167
Interest Receivable	4,783	247	13,911	-	2,805
Property Taxes Receivable					
Unremitted	-	-	-	-	2,557
Delinquent	-	-	-	-	2,993
Special Assessments Receivable					
Unremitted	-	-	-	-	-
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Noncurrent	-	-	-	-	-
Due from Other Governments	-	7,490	-	-	-
Advances to Other Funds	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,777,008</u></b>	<b><u>\$ 87,847</u></b>	<b><u>\$ 4,824,851</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,104,942</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ 1,298	\$ -	\$ -	\$ -	\$ -
Accounts and Contracts Payable	32,114	-	2,289	1,869	-
Due to Other Governments	65	-	-	-	-
Advanced from Other Funds	-	-	-	-	-
Due to Other Funds	-	-	-	129,194	-
<b>Total Liabilities</b>	<b><u>33,477</u></b>	<b><u>-</u></b>	<b><u>2,289</u></b>	<b><u>131,063</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Taxes	-	-	-	-	2,993
Unavailable Revenue - Special Assessments	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,993</u></b>
<b>Fund Balances:</b>					
Restricted	-	87,847	-	-	1,101,949
Committed	1,743,531	-	4,822,562	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(131,063)	-
<b>Total Fund Balances</b>	<b><u>1,743,531</u></b>	<b><u>87,847</u></b>	<b><u>4,822,562</u></b>	<b><u>(131,063)</u></b>	<b><u>1,101,949</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 1,777,008</u></b>	<b><u>\$ 87,847</u></b>	<b><u>\$ 4,824,851</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,104,942</u></b>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Balance Sheet -  
Nonmajor Governmental Funds (Continued)  
December 31, 2021

Special Revenue (Continued)

	Police Forfeiture and Seizure	Shady Oak Lane Cemetery	Affordable Housing Trust Fund	Ice Arena Fund	Total Special Revenue Funds
<b>Assets:</b>					
Cash and Investments	\$ 206,613	\$ 145,324	\$ 4,666,682	\$ -	\$ 12,085,606
Accounts Receivable	-	-	-	74,201	602,909
Loans Receivable	-	-	-	-	164,167
Interest Receivable	636	447	14,360	-	37,189
Property Taxes Receivable					
Unremitted	-	-	-	-	2,557
Delinquent	-	-	-	-	2,993
Special Assessments Receivable					
Unremitted	-	-	-	-	-
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Noncurrent	-	-	-	-	-
Due from Other Governments	33,754	-	-	-	41,244
Advances to Other Funds	-	-	280,000	-	280,000
<b>Total Assets</b>	<b><u>\$ 241,003</u></b>	<b><u>\$ 145,771</u></b>	<b><u>\$ 4,961,042</u></b>	<b><u>\$ 74,201</u></b>	<b><u>\$ 13,216,665</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ 10,332	\$ 11,630
Accounts and Contracts Payable	4,995	-	-	85,784	127,051
Due to Other Governments	-	-	-	1,502	1,567
Advanced from Other Funds	-	-	-	-	-
Due to Other Funds	-	-	-	241,573	370,767
<b>Total Liabilities</b>	<b><u>4,995</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>339,191</u></b>	<b><u>511,015</u></b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Taxes	-	-	-	-	2,993
Unavailable Revenue - Special Assessments	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,993</u></b>
<b>Fund Balances:</b>					
Restricted	236,008	145,771	4,961,042	-	6,532,617
Committed	-	-	-	-	6,566,093
Assigned	-	-	-	-	-
Unassigned	-	-	-	(264,990)	(396,053)
<b>Total Fund Balances</b>	<b><u>236,008</u></b>	<b><u>145,771</u></b>	<b><u>4,961,042</u></b>	<b><u>(264,990)</u></b>	<b><u>12,702,657</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 241,003</u></b>	<b><u>\$ 145,771</u></b>	<b><u>\$ 4,961,042</u></b>	<b><u>\$ 74,201</u></b>	<b><u>\$ 13,216,665</u></b>



**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Balance Sheet -  
Nonmajor Governmental Funds (Continued)  
December 31, 2021

Debt Service

	Park and Open Space Bonds	2008 State-Aid Street Bonds	2020A GO CIP Bonds	2019 Housing Improvement Area Bonds	Total Debt Service Funds
<b>Assets:</b>					
Cash and Investments	\$ 932,896	\$ -	\$ 858,912	\$ 147,714	\$ 1,939,522
Accounts Receivable	-	-	-	-	-
Loans Receivable	-	-	-	-	-
Interest Receivable	2,871	-	2,643	455	5,969
Property Taxes Receivable					
Unremitted	-	-	-	5,874	5,874
Delinquent	-	-	-	-	-
Special Assessments Receivable					
Unremitted	-	-	-	-	-
Current	-	-	-	102,405	102,405
Delinquent	-	-	-	4,809	4,809
Noncurrent	-	-	-	2,372,496	2,372,496
Due from Other Governments	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 935,767</b>	<b>\$ -</b>	<b>\$ 861,555</b>	<b>\$ 2,633,753</b>	<b>\$ 4,431,075</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and Contracts Payable	300	-	200	-	500
Due to Other Governments	-	-	-	-	-
Advanced from Other Funds	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>300</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>500</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Taxes	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	2,479,710	2,479,710
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,479,710</b>	<b>2,479,710</b>
<b>Fund Balances:</b>					
Restricted	935,467	-	861,355	154,043	1,950,865
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>935,467</b>	<b>-</b>	<b>861,355</b>	<b>154,043</b>	<b>1,950,865</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 935,767</b>	<b>\$ -</b>	<b>\$ 861,555</b>	<b>\$ 2,633,753</b>	<b>\$ 4,431,075</b>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Balance Sheet -  
Nonmajor Governmental Funds (Continued)  
December 31, 2021

Capital Projects

	Capital Replacement	Public Safety	Cloud 9 Housing Improvement	Technology Development	Livable Communities Housing Fund
<b>Assets:</b>					
Cash and Investments	\$ 3,463,106	\$ 345,967	\$ -	\$ 1,233,623	\$ 352,788
Accounts Receivable	-	-	-	-	395,392
Loans Receivable	-	-	-	-	-
Interest Receivable	10,656	1,065	-	3,796	1,086
Property Taxes Receivable					
Unremitted	-	-	-	-	-
Delinquent	-	-	-	-	-
Special Assessments Receivable					
Unremitted	-	-	-	-	-
Current	-	-	-	-	-
Delinquent	-	-	-	-	-
Noncurrent	-	-	-	-	-
Due from Other Governments	-	-	-	-	49,499
Advances to Other Funds	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 3,473,762</u></b>	<b><u>\$ 347,032</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,237,419</u></b>	<b><u>\$ 798,765</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and Contracts Payable	125,224	608	-	17,599	-
Due to Other Governments	-	-	-	-	-
Advanced from Other Funds	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>125,224</u></b>	<b><u>608</u></b>	<b><u>-</u></b>	<b><u>17,599</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Taxes	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>					
Restricted	-	-	-	-	798,765
Committed	3,348,538	346,424	-	1,219,820	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b><u>3,348,538</u></b>	<b><u>346,424</u></b>	<b><u>-</u></b>	<b><u>1,219,820</u></b>	<b><u>798,765</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 3,473,762</u></b>	<b><u>\$ 347,032</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,237,419</u></b>	<b><u>\$ 798,765</u></b>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Balance Sheet -  
Nonmajor Governmental Funds (Continued)  
December 31, 2021

Capital Projects (Continued)

	169/Bren Rd Interchange Project Fund	Parks and Trails	Trail System Expansion Fund	Development Fund	Tax Increment Financing
<b>Assets:</b>					
Cash and Investments	\$ 370	\$ 11,619,035	\$ 3,604,924	\$ 7,350,185	\$ 5,074,048
Accounts Receivable	-	-	485,525	50,791	-
Loans Receivable	-	-	-	-	-
Interest Receivable	1	35,752	11,092	22,524	15,858
Property Taxes Receivable					
Unremitted	-	-	-	-	2,901
Delinquent	-	-	-	-	-
Special Assessments Receivable					
Unremitted	-	-	-	2,090	-
Current	-	-	-	35,345	-
Delinquent	-	-	-	3,708	-
Noncurrent	-	-	-	181,586	-
Due from Other Governments	-	-	-	-	-
Advances to Other Funds	-	-	-	306,639	-
<b>Total Assets</b>	<b><u>\$ 371</u></b>	<b><u>\$ 11,654,787</u></b>	<b><u>\$ 4,101,541</u></b>	<b><u>\$ 7,952,868</u></b>	<b><u>\$ 5,092,807</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ 357
Accounts and Contracts Payable	-	191,564	334,338	3,114	264,113
Due to Other Governments	-	-	-	-	-
Advanced from Other Funds	-	-	-	-	586,639
Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>191,564</u></b>	<b><u>334,338</u></b>	<b><u>3,114</u></b>	<b><u>851,109</u></b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Taxes	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	220,639	-
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>220,639</u></b>	<b><u>-</u></b>
<b>Fund Balances:</b>					
Restricted	-	-	-	-	4,241,698
Committed	-	11,463,223	3,767,203	7,729,115	-
Assigned	371	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b><u>371</u></b>	<b><u>11,463,223</u></b>	<b><u>3,767,203</u></b>	<b><u>7,729,115</u></b>	<b><u>4,241,698</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 371</u></b>	<b><u>\$ 11,654,787</u></b>	<b><u>\$ 4,101,541</u></b>	<b><u>\$ 7,952,868</u></b>	<b><u>\$ 5,092,807</u></b>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Balance Sheet -  
Nonmajor Governmental Funds (Continued)  
December 31, 2021

	Capital Projects (Continued)				Total Nonmajor Governmental Funds
	Ridgedale Tax Abatement	Special Assessment Construction	Forestry Fund	Total Capital Projects Funds	
<b>Assets:</b>					
Cash and Investments	\$ 153,989	\$ 8,657,171	\$ 1,064,526	\$ 42,919,732	\$ 56,944,860
Accounts Receivable	420	-	-	932,128	1,535,037
Loans Receivable	-	-	-	-	164,167
Interest Receivable	474	26,638	3,276	132,218	175,376
Property Taxes Receivable					
Unremitted	-	-	-	2,901	11,332
Delinquent	-	-	-	-	2,993
Special Assessments Receivable					
Unremitted	-	3,137	-	5,227	5,227
Current	-	396,339	-	431,684	534,089
Delinquent	-	8,528	-	12,236	17,045
Noncurrent	-	940,692	-	1,122,278	3,494,774
Due from Other Governments	-	-	-	49,499	90,743
Advances to Other Funds	-	-	-	306,639	586,639
<b>Total Assets</b>	<b><u>\$ 154,883</u></b>	<b><u>\$ 10,032,505</u></b>	<b><u>\$ 1,067,802</u></b>	<b><u>\$ 45,914,542</u></b>	<b><u>\$ 63,562,282</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances:</b>					
<b>Liabilities:</b>					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ 357	\$ 11,987
Accounts and Contracts Payable	-	1,250	350	938,160	1,065,711
Due to Other Governments	-	-	-	-	1,567
Advanced from Other Funds	-	-	-	586,639	586,639
Due to Other Funds	-	-	-	-	370,767
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>1,250</u></b>	<b><u>350</u></b>	<b><u>1,525,156</u></b>	<b><u>2,036,671</u></b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Revenue - Taxes	-	-	-	-	2,993
Unavailable Revenue - Special Assessments	-	1,345,559	-	1,566,198	4,045,908
<b>Total Deferred Inflows of Resources</b>	<b><u>-</u></b>	<b><u>1,345,559</u></b>	<b><u>-</u></b>	<b><u>1,566,198</u></b>	<b><u>4,048,901</u></b>
<b>Fund Balances:</b>					
Restricted	-	-	-	5,040,463	13,523,945
Committed	154,883	-	1,067,452	29,096,658	35,662,751
Assigned	-	8,685,696	-	8,686,067	8,686,067
Unassigned	-	-	-	-	(396,053)
<b>Total Fund Balances</b>	<b><u>154,883</u></b>	<b><u>8,685,696</u></b>	<b><u>1,067,452</u></b>	<b><u>42,823,188</u></b>	<b><u>57,476,710</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 154,883</u></b>	<b><u>\$ 10,032,505</u></b>	<b><u>\$ 1,067,802</u></b>	<b><u>\$ 45,914,542</u></b>	<b><u>\$ 63,562,282</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, 2021

	Special Revenue				
	Cable Television	Community Development Block Grant	Electric Franchise Fees	Grants	Housing & Redevelopment Authority
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ -	\$ -	\$ -	\$ -	\$ 299,512
Franchise	871,514	-	1,157,232	-	-
Tax Increments	-	-	-	-	-
Special Assessments	-	-	-	-	-
<b>Intergovernmental:</b>					
Federal Grants	-	44,544	-	44,949	-
State Grants	-	-	-	-	-
Local Grants	-	-	-	132,866	-
Fines and Forfeitures	-	-	-	-	-
<b>Miscellaneous:</b>					
Investment Income (Loss)	(8,012)	(512)	(7,728)	(774)	(1,296)
Other	32,737	9,100	-	-	12,718
<b>Total Revenues</b>	<u>896,239</u>	<u>53,132</u>	<u>1,149,504</u>	<u>177,041</u>	<u>310,934</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	760,601	-	-	-	-
Public Safety	-	-	-	119,671	-
Public Works	-	-	-	-	-
Park and Recreation	-	-	-	132,866	-
Development Services	-	63,966	-	-	50,348
<b>Debt Service:</b>					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	161,327	-	377,126	-	-
<b>Total Expenditures</b>	<u>921,928</u>	<u>63,966</u>	<u>377,126</u>	<u>252,537</u>	<u>50,348</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(25,689)</b>	<b>(10,834)</b>	<b>772,378</b>	<b>(75,496)</b>	<b>260,586</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	-	-	-	-
Transfers Out	(34,900)	-	-	-	(50,000)
Proceeds on Disposition of Capital Assets	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(34,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>
<b>Net Change in Fund Balances</b>	<b>(60,589)</b>	<b>(10,834)</b>	<b>772,378</b>	<b>(75,496)</b>	<b>210,586</b>
<b>FUND BALANCES:</b>					
Beginning of Year	<u>1,804,120</u>	<u>98,681</u>	<u>4,050,184</u>	<u>(55,567)</u>	<u>891,363</u>
End of Year	<u>\$ 1,743,531</u>	<u>\$ 87,847</u>	<u>\$ 4,822,562</u>	<u>\$ (131,063)</u>	<u>\$ 1,101,949</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Governmental Funds (Continued)  
For the Year Ended December 31, 2021

	Special Revenue (Continued)				Total Special Revenue Funds
	Police Forfeiture and Seizure	Shady Oak Lane Cemetery	Affordable Housing Trust Fund	Ice Arena Fund	
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ 299,512
Franchise	-	-	-	-	2,028,746
Tax Increments	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental:					
Federal Grants	-	-	-	-	89,493
State Grants	-	-	-	-	-
Local Grants	-	-	-	-	132,866
Fines and Forfeitures	40,006	-	-	-	40,006
Miscellaneous:					
Investment Income (Loss)	(1,317)	(521)	962	-	(19,198)
Other	-	-	-	-	54,555
Total Revenues	<u>38,689</u>	<u>(521)</u>	<u>962</u>	<u>-</u>	<u>2,625,980</u>
Expenditures:					
Current:					
General Government	-	-	-	-	760,601
Public Safety	13,871	-	-	-	133,542
Public Works	-	-	-	-	-
Park and Recreation	-	-	-	12,177	145,043
Development Services	-	-	330,492	-	444,806
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	24,919	-	-	-	563,372
Total Expenditures	<u>38,790</u>	<u>-</u>	<u>330,492</u>	<u>12,177</u>	<u>2,047,364</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(101)	(521)	(329,530)	(12,177)	578,616
Other Financing Sources (Uses):					
Transfers In	-	-	5,291,680	-	5,291,680
Transfers Out	-	-	-	(252,813)	(337,713)
Proceeds on Disposition of Capital Assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,291,680</u>	<u>(252,813)</u>	<u>4,953,967</u>
Net Change in Fund Balances	(101)	(521)	4,962,150	(264,990)	5,532,583
FUND BALANCES:					
Beginning of Year	<u>236,109</u>	<u>146,292</u>	<u>(1,108)</u>	<u>-</u>	<u>7,170,074</u>
End of Year	<u>\$ 236,008</u>	<u>\$ 145,771</u>	<u>\$ 4,961,042</u>	<u>\$ (264,990)</u>	<u>\$ 12,702,657</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Governmental Funds (Continued)  
For the Year Ended December 31, 2021

	Debt Service				Total Debt Service Funds
	Park and Open Space Bonds	2008 State-Aid Street Bonds	2020A GO CIP Bonds	2019 Housing Improvement Area Bonds	
<b>Revenues:</b>					
Taxes:					
Property	\$ 284,130	\$ -	\$ 1,116,668	\$ -	\$ 1,400,798
Franchise	-	-	-	-	-
Tax Increments	-	-	-	-	-
Special Assessments	-	-	-	187,559	187,559
Intergovernmental:					
Federal Grants	-	-	-	-	-
State Grants	-	676,333	-	-	676,333
Local Grants	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous:					
Investment Income (Loss)	(5,897)	562	(11,285)	(1,563)	(18,183)
Other	-	-	-	-	-
<b>Total Revenues</b>	<b>278,233</b>	<b>676,895</b>	<b>1,105,383</b>	<b>185,996</b>	<b>2,246,507</b>
<b>Expenditures:</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Park and Recreation	-	-	-	-	-
Development Services	-	-	-	-	-
Debt Service:					
Principal	235,000	650,000	545,000	100,000	1,530,000
Interest and Fiscal Charges	33,488	26,833	660,069	67,745	788,135
Capital Outlay	-	-	-	-	-
<b>Total Expenditures</b>	<b>268,488</b>	<b>676,833</b>	<b>1,205,069</b>	<b>167,745</b>	<b>2,318,135</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,745	62	(99,686)	18,251	(71,628)
Other Financing Sources (Uses):					
Transfers In	-	-	-	-	-
Transfers Out	-	(4,449)	-	-	(4,449)
Proceeds on Disposition of Capital Assets	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(4,449)</b>	<b>-</b>	<b>-</b>	<b>(4,449)</b>
<b>Net Change in Fund Balances</b>	<b>9,745</b>	<b>(4,387)</b>	<b>(99,686)</b>	<b>18,251</b>	<b>(76,077)</b>
<b>FUND BALANCES:</b>					
Beginning of Year	925,722	4,387	961,041	135,792	2,026,942
End of Year	\$ 935,467	\$ -	\$ 861,355	\$ 154,043	\$ 1,950,865

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Governmental Funds (Continued)  
For the Year Ended December 31, 2021

	Capital Projects				
	Capital Replacement	Public Safety	Cloud 9 Housing Improvement	Technology Development	Livable Communities Housing Fund
<b>Revenues:</b>					
Taxes:					
Property	\$ 806,000	\$ 650,000	\$ -	\$ 600,000	\$ -
Franchise	-	-	-	-	-
Tax Increments	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental:					
Federal Grants	-	-	-	-	-
State Grants	-	-	-	-	-
Local Grants	-	-	-	-	69,499
Fines and Forfeitures	-	-	-	-	-
Miscellaneous:					
Investment Income (Loss)	(17,420)	(13,785)	(144)	(4,059)	(3,659)
Other	21,849	-	-	-	-
<b>Total Revenues</b>	<u>810,429</u>	<u>636,215</u>	<u>(144)</u>	<u>595,941</u>	<u>65,840</u>
<b>Expenditures:</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Park and Recreation	-	-	-	-	-
Development Services	-	-	330	-	69,499
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	1,601,116	1,163,743	-	455,334	-
<b>Total Expenditures</b>	<u>1,601,116</u>	<u>1,163,743</u>	<u>330</u>	<u>455,334</u>	<u>69,499</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(790,687)	(527,528)	(474)	140,607	(3,659)
<b>Other Financing Sources (Uses):</b>					
Transfers In	355,000	-	-	500,000	-
Transfers Out	-	-	(39,509)	-	-
Proceeds on Disposition of Capital Assets	206,633	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>561,633</u>	<u>-</u>	<u>(39,509)</u>	<u>500,000</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>(229,054)</u>	<u>(527,528)</u>	<u>(39,983)</u>	<u>640,607</u>	<u>(3,659)</u>
<b>FUND BALANCES:</b>					
Beginning of Year	<u>3,577,592</u>	<u>873,952</u>	<u>39,983</u>	<u>579,213</u>	<u>802,424</u>
End of Year	<u>\$ 3,348,538</u>	<u>\$ 346,424</u>	<u>\$ -</u>	<u>\$ 1,219,820</u>	<u>\$ 798,765</u>



**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Governmental Funds (Continued)  
For the Year Ended December 31, 2021

Capital Projects (Continued)

	169/Bren Rd Interchange Project Fund	Parks and Trails	Trail System Expansion Fund	Development Fund	Tax Increment Financing
<b>Revenues:</b>					
Taxes:					
Property	\$ -	\$ 650,000	\$ -	\$ 250,000	\$ -
Franchise	-	-	1,948,240	-	-
Tax Increments	-	-	-	-	3,840,427
Special Assessments	-	-	-	49,946	-
Intergovernmental:					
Federal Grants	-	-	-	-	-
State Grants	-	-	-	-	-
Local Grants	-	290,000	-	2,146,426	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous:					
Investment Income (Loss)	(1)	(20,894)	(204)	(16,312)	(32,458)
Other	-	3,843,127	55,000	2,202,553	-
<b>Total Revenues</b>	<u>(1)</u>	<u>4,762,233</u>	<u>2,003,036</u>	<u>4,632,613</u>	<u>3,807,969</u>
<b>Expenditures:</b>					
Current:					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Park and Recreation	-	-	-	-	-
Development Services	-	-	-	2,281,928	2,727,106
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	2,963,335	1,631,020	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>2,963,335</u>	<u>1,631,020</u>	<u>2,281,928</u>	<u>2,727,106</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1)</b>	<b>1,798,898</b>	<b>372,016</b>	<b>2,350,685</b>	<b>1,080,863</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	1,836,603	-	39,509	-
Transfers Out	-	-	-	(67,700)	(5,241,680)
Proceeds on Disposition of Capital Assets	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>1,836,603</u>	<u>-</u>	<u>(28,191)</u>	<u>(5,241,680)</u>
<b>Net Change in Fund Balances</b>	<b>(1)</b>	<b>3,635,501</b>	<b>372,016</b>	<b>2,322,494</b>	<b>(4,160,817)</b>
<b>FUND BALANCES:</b>					
Beginning of Year	<u>372</u>	<u>7,827,722</u>	<u>3,395,187</u>	<u>5,406,621</u>	<u>8,402,515</u>
End of Year	<u>\$ 371</u>	<u>\$ 11,463,223</u>	<u>\$ 3,767,203</u>	<u>\$ 7,729,115</u>	<u>\$ 4,241,698</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances -  
Nonmajor Governmental Funds (Continued)  
For the Year Ended December 31, 2021

	Capital Projects (Continued)			Total Capital Projects Funds	Total Nonmajor Governmental Funds
	Ridgedale Tax Abatement	Special Assessment Construction	Forestry Fund		
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ 70,000	\$ -	\$ 118,000	\$ 3,144,000	\$ 4,844,310
Franchise	-	-	-	1,948,240	3,976,986
Tax Increments	-	-	-	3,840,427	3,840,427
Special Assessments	-	255,181	-	305,127	492,686
<b>Intergovernmental:</b>					
Federal Grants	-	-	-	-	89,493
State Grants	-	-	-	-	676,333
Local Grants	-	-	-	2,505,925	2,638,791
Fines and Forfeitures	-	-	25,000	25,000	65,006
<b>Miscellaneous:</b>					
Investment Income (Loss)	(3,803)	(20,267)	(4,070)	(137,076)	(174,457)
Other	-	-	-	6,122,529	6,177,084
<b>Total Revenues</b>	<b>66,197</b>	<b>234,914</b>	<b>138,930</b>	<b>17,754,172</b>	<b>22,626,659</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General Government	-	-	-	-	760,601
Public Safety	-	-	-	-	133,542
Public Works	-	-	80,072	80,072	80,072
Park and Recreation	-	-	-	-	145,043
Development Services	224,731	72,427	-	5,376,021	5,820,827
<b>Debt Service:</b>					
Principal	-	-	-	-	1,530,000
Interest and Fiscal Charges	-	-	-	-	788,135
Capital Outlay	-	-	-	7,814,548	8,377,920
<b>Total Expenditures</b>	<b>224,731</b>	<b>72,427</b>	<b>80,072</b>	<b>13,270,641</b>	<b>17,636,140</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(158,534)</b>	<b>162,487</b>	<b>58,858</b>	<b>4,483,531</b>	<b>4,990,519</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	-	600,000	-	3,331,112	8,622,792
Transfers Out	-	(42,400)	(58,000)	(5,449,289)	(5,791,451)
Proceeds on Disposition of Capital Assets	-	-	-	206,633	206,633
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>557,600</b>	<b>(58,000)</b>	<b>(1,911,544)</b>	<b>3,037,974</b>
<b>Net Change in Fund Balances</b>	<b>(158,534)</b>	<b>720,087</b>	<b>858</b>	<b>2,571,987</b>	<b>8,028,493</b>
<b>FUND BALANCES:</b>					
Beginning of Year	313,417	7,965,609	1,066,594	40,251,201	49,448,217
End of Year	\$ 154,883	\$ 8,685,696	\$ 1,067,452	\$ 42,823,188	\$ 57,476,710

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Cable Television  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
Franchise Taxes	\$ 812,300	\$ 874,300	\$ 871,514	\$ (2,786)	\$ 851,225
Intergovernmental:					
Local Grants	-	-	-	-	137
Miscellaneous:					
Investment Income	20,000	20,000	(8,012)	(28,012)	41,602
Other Income	15,000	45,700	32,737	(12,963)	24,512
Total Revenues	<u>847,300</u>	<u>940,000</u>	<u>896,239</u>	<u>(43,761)</u>	<u>917,476</u>
Expenditures:					
General Government					
Personnel Services	169,800	169,800	184,474	(14,674)	187,498
Materials and Supplies	1,000	61,200	55,894	5,306	834
Other Services and Charges	559,000	575,350	520,233	55,117	406,507
Total General Government	<u>729,800</u>	<u>806,350</u>	<u>760,601</u>	<u>45,749</u>	<u>594,839</u>
Capital Outlay - General Government	<u>319,500</u>	<u>295,200</u>	<u>161,327</u>	<u>133,873</u>	<u>301,953</u>
Total Expenditures	<u>1,049,300</u>	<u>1,101,550</u>	<u>921,928</u>	<u>179,622</u>	<u>896,792</u>
Excess of Revenues Over (Under) Expenditures	<u>(202,000)</u>	<u>(161,550)</u>	<u>(25,689)</u>	<u>135,861</u>	<u>20,684</u>
Other Financing Sources (Uses):					
Transfers from Other Funds	-	-	-	-	47,300
Transfers to Other Funds	<u>(34,900)</u>	<u>(34,900)</u>	<u>(34,900)</u>	-	<u>(734,300)</u>
Total Other Financing Sources (Uses)	<u>(34,900)</u>	<u>(34,900)</u>	<u>(34,900)</u>	-	<u>(687,000)</u>
Change in Fund Balance	<u>\$ (236,900)</u>	<u>\$ (196,450)</u>	(60,589)	<u>\$ 135,861</u>	(666,316)
Fund Balance:					
Beginning of Year			<u>1,804,120</u>		<u>2,470,436</u>
End of Year			<u>\$ 1,743,531</u>		<u>\$ 1,804,120</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Community Development Block Grant  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
Intergovernmental:					
Federal Grant	\$ 215,000	\$ 80,000	\$ 44,544	\$ (35,456)	\$ -
Miscellaneous:					
Investment Income (Loss)	1,000	-	(512)	(512)	2,149
Other Income	40,000	40,000	9,100	(30,900)	24,252
Total Revenues	<u>256,000</u>	<u>120,000</u>	<u>53,132</u>	<u>(66,868)</u>	<u>26,401</u>
Expenditures:					
Development Services:					
Other Services and Charges	<u>255,000</u>	<u>120,000</u>	<u>63,966</u>	<u>56,034</u>	<u>14,300</u>
Change in Fund Balance	<u>\$ 1,000</u>	<u>\$ -</u>	(10,834)	<u>\$ (10,834)</u>	12,101
Fund Balance:					
Beginning of Year			<u>98,681</u>		<u>86,580</u>
End of Year			<u>\$ 87,847</u>		<u>\$ 98,681</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Electric Franchise Fees  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
Franchise Taxes	\$ 1,145,000	\$ 1,145,000	\$ 1,157,232	\$ 12,232	\$ 1,148,037
Intergovernmental:					
Local Cost-Share	-	-	-	-	470,930
Miscellaneous:					
Investment Income	50,000	50,000	(7,728)	(57,728)	91,700
Total Revenues	<u>1,195,000</u>	<u>1,195,000</u>	<u>1,149,504</u>	<u>(45,496)</u>	<u>1,710,667</u>
Expenditures:					
Capital Outlay:					
Other Services and Charges	<u>1,100,000</u>	<u>1,110,000</u>	<u>377,126</u>	<u>732,874</u>	<u>1,075,674</u>
Excess of Revenues Over (Under) Expenditures	95,000	85,000	772,378	687,378	634,993
Other Financing Sources (Uses):					
Transfers to Other Funds	-	-	-	-	(117,994)
Change in Fund Balance	<u>\$ 95,000</u>	<u>\$ 85,000</u>	772,378	<u>\$ 687,378</u>	516,999
Fund Balance:					
Beginning of Year			<u>4,050,184</u>		<u>3,533,185</u>
End of Year			<u>\$ 4,822,562</u>		<u>\$ 4,050,184</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Grants  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
Intergovernmental:					
Federal Grants	\$ 45,000	\$ 33,000	\$ 44,949	\$ 11,949	\$ 93,131
Local Grants	-	132,866	132,866	-	-
Miscellaneous:					
Investment Income	-	-	(774)	(774)	(320)
Total Revenues	<u>45,000</u>	<u>165,866</u>	<u>177,041</u>	<u>11,175</u>	<u>92,811</u>
Expenditures:					
Public Safety:					
Police:					
Personnel Services	40,000	41,000	37,329	3,671	50,250
Materials and Supplies	-	-	82,342	(82,342)	4,602
Other Services and Charges	-	-	-	-	51,259
Total Public Safety	<u>40,000</u>	<u>41,000</u>	<u>119,671</u>	<u>(78,671)</u>	<u>106,111</u>
Parks and Recreation:					
Community Facility:					
Other Services and Charges	-	132,866	132,866	-	-
Total Expenditures	<u>40,000</u>	<u>173,866</u>	<u>252,537</u>	<u>(78,671)</u>	<u>106,111</u>
Change in Fund Balance	<u>\$ 5,000</u>	<u>\$ (8,000)</u>	(75,496)	<u>\$ (67,496)</u>	(13,300)
Fund Balance:					
Beginning of Year			<u>(55,567)</u>		<u>(42,267)</u>
End of Year			<u>\$ (131,063)</u>		<u>\$ (55,567)</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Housing & Redevelopment Authority  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
General Property Taxes	\$ 300,000	\$ 300,000	\$ 299,512	\$ (488)	\$ 225,170
Miscellaneous:					
Investment Income	15,000	15,000	(1,296)	(16,296)	13,968
Other Income	40,000	40,000	12,718	(27,282)	2,932
Total Revenues	<u>355,000</u>	<u>355,000</u>	310,934	(44,066)	242,070
Expenditures:					
Development Services:					
Other Services and Charges	<u>155,000</u>	<u>215,000</u>	<u>50,348</u>	<u>164,652</u>	<u>485,890</u>
Excess of Revenues Over (Under) Expenditures	<u>200,000</u>	<u>140,000</u>	<u>260,586</u>	<u>120,586</u>	<u>(243,820)</u>
Other Financing Sources (Uses):					
Transfers from Other Funds	-	-	-	-	225,000
Transfers to Other Funds	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(150,000)</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>75,000</u>
Change in Fund Balance	<u>\$ 150,000</u>	<u>\$ 90,000</u>	210,586	<u>\$ 120,586</u>	(168,820)
Fund Balance:					
Beginning of Year			<u>891,363</u>		<u>1,060,183</u>
End of Year			<u>\$ 1,101,949</u>		<u>\$ 891,363</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Police Forfeiture/Seizure Fund  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
Fines and Forfeitures	\$ -	\$ -	\$ 40,006	\$ 40,006	\$ 14,632
Miscellaneous:					
Investment Income	-	-	(1,317)	(1,317)	5,788
Total Revenues	<u>-</u>	<u>-</u>	<u>38,689</u>	<u>38,689</u>	<u>20,420</u>
Expenditures:					
Public Safety:					
Other Services and Charges	-	-	13,871	(13,871)	25,260
Capital Outlay	-	-	24,919	(24,919)	66,535
Total Public Safety	<u>-</u>	<u>-</u>	<u>38,790</u>	<u>(38,790)</u>	<u>91,795</u>
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(101)	<u>\$ (101)</u>	(71,375)
Fund Balance:					
Beginning of Year			<u>236,109</u>		<u>307,484</u>
End of Year			<u>\$ 236,008</u>		<u>\$ 236,109</u>



**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Shady Oak Lane Cemetery  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
Miscellaneous:					
Investment Income	\$ -	\$ -	\$ (521)	\$ (521)	\$ 3,306
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(521)	<u>\$ (521)</u>	3,306
Fund Balance:					
Beginning of Year			146,292		142,986
End of Year			<u>\$ 145,771</u>		<u>\$ 146,292</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Affordable Housing Trust Fund  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021				2020
	Budgeted Amounts		Actual Amounts	Variance - Positive (Negative)	Actual
	Original	Final			
Revenues:					
Miscellaneous:					
Investment Income	\$ -	\$ -	\$ 962	\$ 962	\$ (1,108)
Expenditures:					
Development Services:					
Other Services and Charges	50,000	50,000	330,492	(280,492)	-
Excess of Revenues Over (Under) Expenditures	(50,000)	(50,000)	(329,530)	(379,530)	(1,108)
Other Financing Sources (Uses):					
Transfers from Other Funds	50,000	5,011,680	5,291,680	(280,000)	150,000
Transfers to Other Funds	-	(833,000)	-	(833,000)	-
Total Other Financing Sources (Uses)	50,000	4,178,680	5,291,680	(1,113,000)	150,000
Change in Fund Balance	<u>\$ -</u>	<u>\$ 4,128,680</u>	4,962,150	<u>\$(1,492,530)</u>	148,892
Fund Balance:					
Beginning of Year			(1,108)		-
End of Year			<u>\$ 4,961,042</u>		<u>\$ 148,892</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues, Expenditures and Change in  
Fund Balance - Budget to Actual -  
Special Revenue Fund - Ice Arena Fund  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Expenditures:					
Park and Recreation:					
Personnel Services	\$ -	\$ -	\$ 12,177	\$ (12,177)	\$ -
Other Financing Sources (Uses):					
Transfers to Other Funds	-	-	(252,813)	252,813	-
Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(264,990)	<u>\$ 240,636</u>	-
Fund Balance:					
Beginning of Year			-		-
End of Year			<u>\$ (264,990)</u>		<u>\$ -</u>



CITY OF  
**MINNETONKA**

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Net Position - Internal Service Funds  
December 31, 2021

	Self Insurance	Fleet Maintenance	Total
<b>Assets and Deferred Outflows of Resources:</b>			
<b>Current Assets:</b>			
Cash and Investments	\$ 2,825,511	\$ 605,865	\$ 3,431,376
Interest Receivable	9,015	1,864	10,879
Due From Other Governments	-	8,103	8,103
Prepaid Items	104,185	-	104,185
Inventories	-	52,836	52,836
Total Assets	<u>2,938,711</u>	<u>668,668</u>	<u>3,607,379</u>
<b>Deferred Outflows of Resources:</b>			
Other Postemployment Benefits	-	7,008	7,008
MNPERA Pension	-	183,918	183,918
Total Deferred Outflows of Resources	<u>-</u>	<u>190,926</u>	<u>190,926</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position:</b>			
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Salaries and Wages Payable	-	13,557	13,557
Accounts Payable	19,964	32,709	52,673
Incurred but Not Reported Claims	48,868	-	48,868
Due to Other Governments	-	3,876	3,876
Current Portion of Compensated Absences	-	22,987	22,987
Total Current Liabilities	<u>68,832</u>	<u>73,129</u>	<u>141,961</u>
<b>Long-Term Liabilities:</b>			
Compensated Absences	-	68,134	68,134
Total OPEB Liability	-	42,505	42,505
MNPERA-Net Pension Liability	-	238,904	238,904
Total Noncurrent Liabilities	<u>-</u>	<u>349,543</u>	<u>349,543</u>
Total Liabilities	<u>68,832</u>	<u>422,672</u>	<u>491,504</u>
<b>Deferred Inflows of Resources:</b>			
Other Postemployment Benefits	-	11,381	11,381
MNPERA Pension	-	223,453	223,453
Total Deferred Inflows of Resources	<u>-</u>	<u>234,834</u>	<u>234,834</u>
<b>Net Position:</b>			
Unrestricted	<u>2,869,879</u>	<u>202,088</u>	<u>3,071,967</u>
Total Net Position	<u>\$ 2,869,879</u>	<u>\$ 202,088</u>	<u>\$ 3,071,967</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Revenues, Expenses and  
Changes in Fund Net Position -  
Internal Service Funds  
For the Year Ended December 31, 2021

	Self Insurance	Fleet Maintenance	Total
Operating Revenues:			
Charges to City Departments	\$ 673,100	\$ 1,520,113	\$ 2,193,213
Other Revenue	104,691	26,830	131,521
Total Operating Revenues	<u>777,791</u>	<u>1,546,943</u>	<u>2,324,734</u>
Operating Expenses:			
Personnel Services	-	558,710	558,710
Supplies, Repairs and Maintenance	-	787,157	787,157
Other Services and Charges	521,860	210,085	731,945
Total Operating Expenses	<u>521,860</u>	<u>1,555,952</u>	<u>2,077,812</u>
Operating Income (Loss)	255,931	(9,009)	246,922
Nonoperating Revenues (Expenses):			
Investment Income	<u>(10,572)</u>	<u>(3,268)</u>	<u>(13,840)</u>
Change in Net Position	245,359	(12,277)	233,082
Net Position:			
Net Position - Beginning	<u>2,624,520</u>	<u>214,365</u>	<u>2,838,885</u>
Net Position - Ending	<u>\$ 2,869,879</u>	<u>\$ 202,088</u>	<u>\$ 3,071,967</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Cash Flows - Internal Service Funds  
For the Year Ended December 31, 2021

	Self Insurance	Fleet Maintenance	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from Interfund Services Provided	\$ 673,100	\$ 1,520,160	\$ 2,193,260
Other Revenue	104,691	26,830	131,521
Payments to Suppliers	-	(991,357)	(991,357)
Payments to Employees	-	(553,733)	(553,733)
Payments of Benefits on Behalf of Employees	(627,532)	-	(627,532)
Net Cash Provided (Used) by Operating Activities	<u>150,259</u>	<u>1,900</u>	<u>152,159</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of Investments	3,397,301	702,567	4,099,868
Sale of Investments	(3,397,301)	(702,567)	(4,099,868)
Interest and Dividends Received	(9,191)	(2,610)	(11,801)
Net Cash Provided (Used) by Investing Activities	<u>(9,191)</u>	<u>(2,610)</u>	<u>(11,801)</u>
Net Change in Cash and Cash Equivalents	141,068	(710)	140,358
Cash and Cash Equivalents, January 1	<u>2,684,443</u>	<u>606,575</u>	<u>3,291,018</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,825,511</u>	<u>\$ 605,865</u>	<u>\$ 3,431,376</u>
<b>Reconciliation of operating Income (Loss) to Net Cash Flows from Operating Activities:</b>			
Operating Income (Loss)	\$ 255,931	\$ (9,009)	\$ 246,922
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities			
Due from Other Governments	-	47	47
Prepaid Items	(104,185)	-	(104,185)
Inventories	-	(284)	(284)
OPEB (Deferred Outflow)	-	(2,189)	(2,189)
Pensions (Deferred Outflow)	-	(150,809)	(150,809)
Salaries and Wages Payable	-	3,893	3,893
Accounts Payable	(1,487)	6,169	4,682
Compensated Absences Payable	-	6,141	6,141
Net Pension	-	(64,464)	(64,464)
Pensions (Deferred Inflow)	-	204,880	204,880
OPEB (Deferred Inflow)	-	(487)	(487)
Total OPEB Liability	-	8,012	8,012
Total Adjustments	<u>(105,672)</u>	<u>10,909</u>	<u>(94,763)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 150,259</u>	<u>\$ 1,900</u>	<u>\$ 152,159</u>
<b>Noncash Investing, Capital and Financing Activities:</b>			
Increase (Decline) in Fair Value of Investments	<u>\$ (44,179)</u>	<u>\$ (9,773)</u>	<u>\$ (53,952)</u>



CITY OF  
**MINNETONKA**



**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Fiduciary Net Position  
Private-Purpose Trust Funds  
December 31, 2021

	<u>Clarion Hills Stewardship</u>	<u>Meadow Woods Stewardship</u>	<u>Stone Trace Stewardship</u>	<u>Total</u>
<b>Assets:</b>				
Cash and Investments	\$ 177,055	\$ 109,896	\$ 26,105	\$ 313,056
Interest Receivable	545	338	80	963
Total Assets	<u>177,600</u>	<u>110,234</u>	<u>26,185</u>	<u>314,019</u>
<b>Liabilities:</b>				
Accounts Payable	<u>2,100</u>	<u>5,677</u>	<u>-</u>	<u>7,777</u>
<b>Net Position:</b>				
Net Position, Held in Trust	<u>\$ 175,500</u>	<u>\$ 104,557</u>	<u>\$ 26,185</u>	<u>\$ 306,242</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Combining Statement of Changes in Fiduciary Net Position  
Private-Purpose Trust Funds  
For the Year Ended December 31, 2021

	<u>Clarion Hills Stewardship</u>	<u>Meadow Woods Stewardship</u>	<u>Stone Trace Stewardship</u>	<u>Total</u>
Additions:				
Contributions from Participants	\$ 815	\$ 5,500	\$ -	\$ 6,315
Investment Earnings Interest	(775)	(320)	(94)	(1,189)
Total Additions	<u>40</u>	<u>5,180</u>	<u>(94)</u>	<u>5,126</u>
Deductions:				
Benefits	<u>7,611</u>	<u>9,538</u>	<u>-</u>	<u>17,149</u>
Change in Net Position	(7,571)	(4,358)	(94)	(12,023)
Net Position:				
Net Position - January 1	<u>183,071</u>	<u>108,915</u>	<u>26,279</u>	<u>318,265</u>
Net Position - December 31	<u>\$ 175,500</u>	<u>\$ 104,557</u>	<u>\$ 26,185</u>	<u>\$ 306,242</u>



CITY OF  
**MINNETONKA**

## **OTHER SUPPLEMENTARY INFORMATION**

**General Fund – Schedule of Revenues and Other Financial Sources and Schedule of Expenditures and Other Financing Uses – Budget to Actual**

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Revenues and Other Financing Sources -  
Budget to Actual - General Fund  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Revenues:					
General Property Taxes	\$ 32,053,800	\$ 32,063,800	\$ 32,411,693	\$ 347,893	\$ 29,765,807
Licenses and Permits:					
Licenses:					
Liquor Licenses	192,600	223,200	214,667	(8,533)	230,745
Food Handlers Licenses	190,000	190,000	216,340	26,340	234,843
Building Permits	1,500,000	2,100,000	2,631,399	531,399	2,232,863
Plumbing Permits	225,000	210,000	389,962	179,962	315,631
Electrical Permits	300,000	310,000	408,627	98,627	496,383
HVAC Permits	380,000	390,000	534,046	144,046	591,944
Other Licenses and Permits	152,200	172,130	192,951	20,821	181,460
Total Licenses and Permits	<u>2,939,800</u>	<u>3,595,330</u>	<u>4,587,992</u>	<u>992,662</u>	<u>4,283,869</u>
Intergovernmental Revenues:					
Homestead / Market Value Credit	-	-	168	168	165
Public Safety State Aid	899,200	953,900	971,663	17,763	953,925
Federal Grants	-	4,733,320	2,379,378	(2,353,942)	4,092,116
State Grants	254,600	206,700	179,617	(27,083)	187,802
Other	-	-	47,413	47,413	11,062
Total Intergovernmental Revenues	<u>1,153,800</u>	<u>5,893,920</u>	<u>3,578,239</u>	<u>(2,315,681)</u>	<u>5,245,070</u>
Charges for Services:					
Recreation Fees	950,000	1,024,500	1,066,251	41,751	564,566
Other	207,100	406,850	440,286	33,436	363,091
Total Charges for Services	<u>1,157,100</u>	<u>1,431,350</u>	<u>1,506,537</u>	<u>75,187</u>	<u>927,657</u>
Fines and Forfeitures	<u>278,500</u>	<u>183,500</u>	<u>167,539</u>	<u>(15,961)</u>	<u>204,465</u>
Other Revenues:					
Investment Income (Loss)	550,000	550,000	(38,597)	(588,597)	665,723
Building and Equipment Rent	682,800	609,800	643,624	33,824	582,259
Other	336,500	194,400	305,439	111,039	203,130
Total Other Revenues	<u>1,569,300</u>	<u>1,354,200</u>	<u>910,466</u>	<u>(443,734)</u>	<u>1,451,112</u>
Total Revenues before Other Financing Sources	39,152,300	44,522,100	43,162,466	(1,359,634)	41,877,980
Other Financing Sources:					
Transfers from Other Funds	<u>1,457,800</u>	<u>1,457,800</u>	<u>1,457,800</u>	<u>-</u>	<u>1,447,500</u>
Total Revenues and Other Financing Sources	<u>\$ 40,610,100</u>	<u>\$ 45,979,900</u>	<u>\$ 44,620,266</u>	<u>\$ (1,359,634)</u>	<u>\$ 43,325,480</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Expenditures and Other Financing Uses  
Budget to Actual - General Fund  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
<b>Expenditures:</b>					
<b>General Government:</b>					
<b>Mayor and Council:</b>					
Personnel Services	\$ 86,900	\$ 86,900	\$ 86,783	\$ 117	\$ 85,050
Supplies, Repairs and Maintenance	100	100	37	63	15,611
Other Services and Charges	212,000	167,800	130,249	37,551	219,976
<b>Total Mayor and Council</b>	<b>299,000</b>	<b>254,800</b>	<b>217,069</b>	<b>37,731</b>	<b>320,637</b>
<b>General Administration:</b>					
Personnel Services	2,085,000	2,178,300	1,962,428	215,872	1,748,476
Supplies, Repairs and Maintenance	77,900	80,300	56,352	23,948	104,413
Other Services and Charges	633,300	691,600	632,049	59,551	544,102
<b>Total General Administration</b>	<b>2,796,200</b>	<b>2,950,200</b>	<b>2,650,829</b>	<b>299,371</b>	<b>2,396,991</b>
<b>Information Technology:</b>					
Personnel Services	628,900	628,900	651,843	(22,943)	643,693
Supplies, Repairs and Maintenance	900	900	667	233	885
Other Services and Charges	458,500	458,200	471,653	(13,453)	411,452
<b>Total Information Technology</b>	<b>1,088,300</b>	<b>1,088,000</b>	<b>1,124,163</b>	<b>(36,163)</b>	<b>1,056,030</b>
<b>Finance:</b>					
Personnel Services	908,800	908,800	945,437	(36,637)	829,173
Supplies, Repairs and Maintenance	4,800	3,650	2,856	794	3,817
Other Services and Charges	210,800	208,300	202,465	5,835	187,886
<b>Total Finance</b>	<b>1,124,400</b>	<b>1,120,750</b>	<b>1,150,758</b>	<b>(30,008)</b>	<b>1,020,876</b>
<b>Assessing:</b>					
Personnel Services	727,600	727,600	719,223	8,377	699,799
Supplies, Repairs and Maintenance	4,100	2,400	1,654	746	1,399
Other Services and Charges	155,100	146,800	134,570	12,230	122,696
<b>Total Assessing</b>	<b>886,800</b>	<b>876,800</b>	<b>855,447</b>	<b>21,353</b>	<b>823,894</b>
<b>Contingency:</b>					
Other Services and Charges	50,000	50,000	-	50,000	-
<b>Total General Government</b>	<b>6,244,700</b>	<b>6,340,550</b>	<b>5,998,266</b>	<b>342,284</b>	<b>5,618,428</b>
<b>Public Safety:</b>					
<b>Police:</b>					
Personnel Services	10,035,700	10,035,700	10,097,170	(61,470)	9,613,619
Supplies, Repairs and Maintenance	431,000	446,000	442,134	3,866	404,980
Other Services and Charges	1,126,400	1,111,400	1,098,536	12,864	1,004,371
<b>Total Police</b>	<b>11,593,100</b>	<b>11,593,100</b>	<b>11,637,840</b>	<b>(44,740)</b>	<b>11,022,970</b>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Expenditures and Other Financing Uses  
Budget to Actual - General Fund (Continued)  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Expenditures: (Continued)					
Public Safety: (Continued)					
Fire:					
Personnel Services	\$ 3,035,700	\$ 3,035,700	\$ 2,793,706	\$ 241,994	\$ 2,713,633
Supplies, Repairs and Maintenance	249,800	323,951	180,503	143,448	190,066
Other Services and Charges	955,000	919,871	997,640	(77,769)	896,782
Total Fire	<u>4,240,500</u>	<u>4,279,522</u>	<u>3,971,849</u>	<u>307,673</u>	<u>3,800,481</u>
Legal:					
Personnel Services	890,600	890,600	902,525	(11,925)	827,884
Supplies, Repairs and Maintenance	7,050	7,300	3,872	3,428	8,134
Other Services and Charges	81,350	65,050	49,314	15,736	44,342
Total Legal	<u>979,000</u>	<u>962,950</u>	<u>955,711</u>	<u>7,239</u>	<u>880,360</u>
Environmental Health:					
Personnel Services	370,600	370,600	353,377	17,223	380,902
Supplies, Repairs and Maintenance	6,500	6,650	2,402	4,248	1,818
Other Services and Charges	14,400	10,950	4,487	6,463	10,784
Total Environmental Health	<u>391,500</u>	<u>388,200</u>	<u>360,266</u>	<u>27,934</u>	<u>393,504</u>
Total Public Safety	<u>17,204,100</u>	<u>17,223,772</u>	<u>16,925,666</u>	<u>298,106</u>	<u>16,097,315</u>
Public Works:					
Street:					
Personnel Services	2,278,600	2,278,600	2,235,397	43,203	2,123,142
Supplies, Repairs and Maintenance	427,700	427,700	430,987	(3,287)	335,032
Other Services and Charges	1,248,600	1,248,600	910,262	338,338	885,182
Total Street	<u>3,954,900</u>	<u>3,954,900</u>	<u>3,576,646</u>	<u>378,254</u>	<u>3,343,356</u>
Building:					
Personnel Services	888,900	888,900	892,269	(3,369)	775,768
Supplies, Repairs and Maintenance	118,100	118,100	99,623	18,477	94,024
Other Services and Charges	453,600	453,600	628,569	(174,969)	468,229
Total Building	<u>1,460,600</u>	<u>1,460,600</u>	<u>1,620,461</u>	<u>(159,861)</u>	<u>1,338,021</u>
Engineering:					
Personnel Services	1,337,800	1,337,800	1,269,416	68,384	1,189,365
Supplies, Repairs and Maintenance	14,700	14,700	10,710	3,990	9,344
Other Services and Charges	108,100	108,100	52,082	56,018	50,433
Total Engineering	<u>1,460,600</u>	<u>1,460,600</u>	<u>1,332,208</u>	<u>128,392</u>	<u>1,249,142</u>
Total Public Works	<u>6,876,100</u>	<u>6,876,100</u>	<u>6,529,315</u>	<u>346,785</u>	<u>5,930,519</u>
Park and Recreation:					
Joint Recreation:					
Personnel Services	1,269,700	1,269,700	1,205,020	64,680	937,667
Supplies, Repairs and Maintenance	85,800	69,050	61,516	7,534	27,186
Other Services and Charges	352,500	343,400	334,146	9,254	172,122
Total Joint Recreation	<u>1,708,000</u>	<u>1,682,150</u>	<u>1,600,682</u>	<u>81,468</u>	<u>1,136,975</u>

**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Expenditures and Other Financing Uses  
Budget to Actual - General Fund (Continued)  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Expenditures: (Continued)					
Park and Recreation: (Continued)					
Minnetonka Recreation:					
Personnel Services	\$ 415,800	\$ 415,800	\$ 277,835	\$ 137,965	\$ 333,781
Supplies, Repairs and Maintenance	2,550	2,500	1,208	1,292	711
Other Services and Charges	300,250	328,700	276,032	52,668	254,111
Total Minnetonka Recreation	<u>718,600</u>	<u>747,000</u>	<u>555,075</u>	<u>191,925</u>	<u>588,603</u>
Parks and Trails:					
Personnel Services	1,318,100	1,318,100	1,394,847	(76,747)	1,189,929
Supplies, Repairs and Maintenance	201,000	201,000	174,659	26,341	165,206
Other Services and Charges	508,700	508,700	479,911	28,789	507,923
Total Parks and Trails	<u>2,027,800</u>	<u>2,027,800</u>	<u>2,049,417</u>	<u>(21,617)</u>	<u>1,863,058</u>
Natural Resources:					
Personnel Services	988,400	988,400	930,684	57,716	905,709
Supplies, Repairs and Maintenance	17,000	17,000	14,261	2,739	11,126
Other Services and Charges	593,800	593,800	676,790	(82,990)	682,499
Total Natural Resources	<u>1,599,200</u>	<u>1,599,200</u>	<u>1,621,735</u>	<u>(22,535)</u>	<u>1,599,334</u>
Community Facility:					
Personnel Services	410,900	410,900	363,699	47,201	341,422
Supplies, Repairs and Maintenance	55,500	41,800	23,691	18,109	21,702
Other Services and Charges	130,500	115,400	84,502	30,898	94,504
Total Community Facility	<u>596,900</u>	<u>568,100</u>	<u>471,892</u>	<u>96,208</u>	<u>457,628</u>
Senior Services:					
Personnel Services	275,000	275,000	279,185	(4,185)	260,722
Supplies, Repairs and Maintenance	56,400	30,800	30,915	(115)	21,309
Other Services and Charges	70,400	51,000	50,551	449	49,153
Total Senior Services	<u>401,800</u>	<u>356,800</u>	<u>360,651</u>	<u>(3,851)</u>	<u>331,184</u>
Total Park and Recreation	<u>7,052,300</u>	<u>6,981,050</u>	<u>6,659,452</u>	<u>321,598</u>	<u>5,976,782</u>
Development Services:					
Planning:					
Personnel Services	595,700	595,700	624,552	(28,852)	601,360
Supplies, Repairs and Maintenance	3,400	2,800	1,843	957	1,209
Other Services and Charges	174,000	54,200	49,042	5,158	25,125
Total Planning	<u>773,100</u>	<u>652,700</u>	<u>675,437</u>	<u>(22,737)</u>	<u>627,694</u>



**City of Minnetonka**  
Hennepin County, Minnesota  
Schedule of Expenditures and Other Financing Uses  
Budget to Actual - General Fund (Continued)  
For the Year Ended December 31, 2021  
With Summarized Financial Information for Year Ended December 31, 2020

	2021			Variance - Positive (Negative)	2020
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
Expenditures: (Continued)					
Development Services: (Continued)					
Community Development:					
Personnel Services	\$ 2,017,300	\$ 2,017,300	\$ 1,921,779	\$ 95,521	\$ 1,940,026
Supplies, Repairs and Maintenance	20,300	18,800	20,084	(1,284)	14,388
Other Services and Charges	309,200	299,000	286,754	12,246	257,369
Total Community Development	<u>2,346,800</u>	<u>2,335,100</u>	<u>2,228,617</u>	<u>106,483</u>	<u>2,211,783</u>
Total Development Services	<u>3,119,900</u>	<u>2,987,800</u>	<u>2,904,054</u>	<u>83,746</u>	<u>2,839,477</u>
Total Expenditures before Other Financing Uses	40,497,100	40,409,272	39,016,753	1,392,519	36,462,521
Other Financing Uses:					
Transfers to Other Funds	<u>2,568,000</u>	<u>3,943,000</u>	<u>3,954,603</u>	<u>(11,603)</u>	<u>4,174,608</u>
Total Expenditures and Other Financing Uses	<u>\$ 43,065,100</u>	<u>\$ 44,352,272</u>	<u>\$ 42,971,356</u>	<u>\$ 1,380,916</u>	<u>\$ 40,637,129</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 Position by Component  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities:</b>										
Net Investment in										
Capital Assets	\$ 88,422,281	\$ 92,038,719	\$ 95,221,323	\$ 100,390,155	\$ 100,378,219	\$ 102,223,500	\$ 112,360,020	\$ 118,124,855	\$ 122,472,427	\$ 145,267,595
Restricted	4,861,345	5,466,893	5,859,715	6,535,559	13,027,268	14,936,260	16,314,540	19,870,424	19,800,439	21,551,178
Unrestricted	56,993,967	57,184,342	60,037,739	50,537,717	51,254,752	57,192,458	65,666,057	72,292,832	82,027,457	88,464,579
<b>Total Governmental Activities - Net Position</b>	<b><u>\$ 150,277,593</u></b>	<b><u>\$ 154,689,954</u></b>	<b><u>\$ 161,118,777</u></b>	<b><u>\$ 157,463,431</u></b>	<b><u>\$ 164,660,239</u></b>	<b><u>\$ 174,352,218</u></b>	<b><u>\$ 194,340,617</u></b>	<b><u>\$ 210,288,111</u></b>	<b><u>\$ 224,300,323</u></b>	<b><u>\$ 255,283,352</u></b>
<b>Business-Type Activities:</b>										
Net Investment in										
Capital Assets	\$ 94,586,334	\$ 92,673,621	\$ 92,146,383	\$ 91,801,549	\$ 89,143,255	\$ 85,755,233	\$ 83,286,653	\$ 81,884,166	\$ 87,148,536	\$ 86,569,946
Unrestricted	14,743,165	14,664,046	13,147,896	12,411,335	16,783,215	23,797,419	29,396,304	31,713,015	27,919,814	30,054,363
<b>Total Business-Type Activities - Net Position</b>	<b><u>\$ 109,329,499</u></b>	<b><u>\$ 107,337,667</u></b>	<b><u>\$ 105,294,279</u></b>	<b><u>\$ 104,212,884</u></b>	<b><u>\$ 105,926,470</u></b>	<b><u>\$ 109,552,652</u></b>	<b><u>\$ 112,682,957</u></b>	<b><u>\$ 113,597,181</u></b>	<b><u>\$ 115,068,350</u></b>	<b><u>\$ 116,624,309</u></b>
<b>Primary Government:</b>										
Net Investment in										
Capital Assets	\$ 183,008,615	\$ 184,712,340	\$ 187,367,706	\$ 192,191,704	\$ 189,521,474	\$ 187,978,733	\$ 195,646,673	\$ 200,009,021	\$ 209,620,963	\$ 231,837,541
Restricted	4,861,345	5,466,893	5,859,715	6,535,559	13,027,268	14,936,260	16,314,540	19,870,424	19,800,439	21,551,178
Unrestricted	71,737,132	71,848,388	73,185,635	62,949,052	68,037,967	80,989,877	95,062,361	104,005,847	109,947,271	118,518,942
<b>Total Primary Government - Net Position</b>	<b><u>\$ 259,607,092</u></b>	<b><u>\$ 262,027,621</u></b>	<b><u>\$ 266,413,056</u></b>	<b><u>\$ 261,676,315</u></b>	<b><u>\$ 270,586,709</u></b>	<b><u>\$ 283,904,870</u></b>	<b><u>\$ 307,023,574</u></b>	<b><u>\$ 323,885,292</u></b>	<b><u>\$ 339,368,673</u></b>	<b><u>\$ 371,907,661</u></b>

Source: City of Minnetonka financial records

**City of Minnetonka**  
Hennepin County, Minnesota  
Changes in Net Position  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
General Services	\$ 4,652,864	\$ 4,702,113	\$ 4,587,302	\$ 4,422,066	\$ 4,955,580	\$ 5,300,173	\$ 5,961,700	\$ 5,631,300	\$ 7,466,285	\$ 7,167,673
Development Services	4,304,788	4,160,182	4,777,436	5,249,666	5,651,848	6,545,139	6,954,084	10,395,543	8,085,763	8,655,564
Public Works	12,563,877	12,955,778	18,494,554	15,940,119	11,333,229	12,558,277	13,069,127	13,929,489	14,873,268	15,575,105
Public Safety	12,721,528	13,220,747	13,332,150	13,289,535	16,931,334	15,681,354	13,019,341	15,255,279	16,987,512	15,066,437
Parks and Recreation	5,908,558	5,950,304	6,310,604	6,491,390	6,237,685	6,328,354	7,120,532	7,137,969	7,078,990	8,840,640
Interest on Long-Term Debt	451,720	218,800	181,439	155,506	154,234	135,221	131,457	140,277	1,086,110	719,977
<b>Total Governmental Activities Expenses</b>	<b>40,603,335</b>	<b>41,207,924</b>	<b>47,683,485</b>	<b>45,548,282</b>	<b>45,263,910</b>	<b>46,548,518</b>	<b>46,256,241</b>	<b>52,489,857</b>	<b>55,577,928</b>	<b>56,025,396</b>
<b>Business-Type Activities:</b>										
Water and Sewer Utility	13,599,327	12,466,738	13,478,374	14,326,946	12,831,213	13,987,474	14,452,285	16,551,464	15,328,705	14,827,882
Ice Arena	1,173,351	1,270,591	1,240,234	1,187,034	990,691	1,062,568	1,028,139	1,042,307	1,066,743	483,653
Environmental Operations	811,394	817,210	711,218	785,276	746,933	753,796	822,133	951,454	1,109,276	1,276,425
Williston Fitness Center	1,762,611	2,108,426	2,167,490	2,271,217	2,424,475	2,383,059	2,557,583	2,813,818	2,145,693	2,326,574
Grays Bay Marina	223,955	215,038	183,593	208,108	194,021	192,206	218,969	247,968	205,055	228,706
Storm Water Fund	1,444,796	1,367,011	1,412,203	1,297,113	1,375,187	1,622,227	1,835,461	2,093,482	1,490,260	1,932,400
<b>Total Business-Type Activities</b>	<b>19,015,434</b>	<b>18,245,014</b>	<b>19,193,112</b>	<b>20,075,694</b>	<b>18,562,520</b>	<b>20,001,330</b>	<b>20,914,570</b>	<b>23,700,493</b>	<b>21,345,732</b>	<b>21,075,640</b>
<b>Total Primary Government Expenses</b>	<b>\$ 59,618,769</b>	<b>\$ 59,452,938</b>	<b>\$ 66,876,597</b>	<b>\$ 65,623,976</b>	<b>\$ 63,826,430</b>	<b>\$ 66,549,848</b>	<b>\$ 67,170,811</b>	<b>\$ 76,190,350</b>	<b>\$ 76,923,660</b>	<b>\$ 77,101,036</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
General Services	\$ 5,230	\$ 11,653	\$ 40,402	\$ 2,297	\$ 4,282	\$ 11,372	\$ 639	\$ 490	\$ 92,569	\$ 118,027
Public Safety	1,246,718	1,610,621	1,643,036	1,753,883	1,709,195	1,652,345	1,674,249	1,544,792	4,350,818	1,338,761
Public Works	14,498	2,065	966,685	76,776	68,764	57,260	87,461	56,811	78,843	99,359
Parks and Recreation	1,674,424	1,346,268	1,271,707	2,094,611	2,188,774	3,407,341	4,664,796	2,352,949	1,199,486	5,241,022
Development Services	2,901,140	2,819,398	4,294,909	5,409,680	3,752,033	4,256,705	5,863,722	5,964,010	1,172,139	6,660,938
Operating Grants and Contributions	2,288,180	2,023,252	1,354,435	1,414,207	1,416,925	1,580,451	1,361,406	1,514,469	5,431,939	6,465,475
Capital Grants and Contributions	753,878	2,528,544	7,188,926	3,631,773	3,499,503	3,314,001	7,580,798	6,005,984	4,469,958	12,706,369
<b>Total Governmental Activities Program Revenues</b>	<b>8,884,068</b>	<b>10,341,801</b>	<b>16,760,100</b>	<b>14,383,227</b>	<b>12,639,476</b>	<b>14,279,475</b>	<b>21,233,071</b>	<b>17,439,505</b>	<b>16,795,752</b>	<b>32,629,951</b>
<b>Program Revenues (Continued):</b>										
<b>Business-Type Activities:</b>										
<b>Charges for Services:</b>										
Water and Sewer Utility	12,613,945	11,298,120	11,477,857	14,394,358	14,137,665	17,165,306	17,196,532	17,023,789	16,105,103	19,096,446
Ice Arena	898,047	832,051	923,141	845,207	871,738	893,463	866,916	864,263	562,485	929,176
Environmental Operations	668,735	599,368	745,203	758,753	815,365	840,643	829,332	883,498	967,386	1,349,490
Williston Fitness Center	2,109,149	2,460,672	2,492,730	2,395,503	2,525,460	2,728,004	2,739,842	2,774,387	1,392,339	1,953,683
Grays Bay Marina	242,522	245,034	217,819	243,303	237,720	253,784	279,947	266,327	265,459	262,648
Storm Water Fund	2,162,188	2,229,863	2,297,298	2,370,289	2,440,690	2,518,112	2,599,644	2,678,482	2,852,912	2,845,185
Operating Grants and Contributions	133,903	191,739	235,986	157,548	261,693	162,055	139,002	152,798	108,348	111,464
Capital Grants and Contributions	-	-	-	-	-	25,000	-	-	367,999	-
<b>Total Business-Type Activities Program Revenues</b>	<b>18,828,489</b>	<b>17,856,847</b>	<b>18,390,034</b>	<b>21,164,961</b>	<b>21,290,331</b>	<b>24,586,367</b>	<b>24,651,215</b>	<b>24,643,544</b>	<b>22,622,031</b>	<b>26,548,092</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 27,712,557</b>	<b>\$ 28,198,648</b>	<b>\$ 35,150,134</b>	<b>\$ 35,548,188</b>	<b>\$ 33,929,807</b>	<b>\$ 38,865,842</b>	<b>\$ 45,884,286</b>	<b>\$ 42,083,049</b>	<b>\$ 39,417,783</b>	<b>\$ 59,178,043</b>
<b>Net Expense (Revenue):</b>										
Governmental Activities	\$ (31,719,267)	\$ (30,866,123)	\$ (30,923,385)	\$ (31,165,055)	\$ (32,624,434)	\$ (32,269,043)	\$ (25,023,170)	\$ (35,050,352)	\$ (38,782,176)	\$ (23,395,445)
Business-Type Activities	(186,945)	(388,167)	(803,078)	1,089,267	2,727,811	4,585,037	3,736,645	943,051	1,276,299	5,472,452
<b>Total Primary Government Net Expense</b>	<b>\$ (31,906,212)</b>	<b>\$ (31,254,290)</b>	<b>\$ (31,726,463)</b>	<b>\$ (30,075,788)</b>	<b>\$ (29,896,623)</b>	<b>\$ (27,684,006)</b>	<b>\$ (21,286,525)</b>	<b>\$ (34,107,301)</b>	<b>\$ (37,505,877)</b>	<b>\$ (17,922,993)</b>

**City of Minnetonka**  
Hennepin County, Minnesota  
Changes in Net Position  
Last Ten Fiscal Years (Continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other										
Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 31,655,149	\$ 32,133,116	\$ 31,260,616	\$ 32,681,646	\$ 34,022,340	\$ 35,543,357	\$ 37,542,646	\$ 39,135,526	\$ 41,689,806	\$ 42,903,418
Franchise Taxes	1,599,464	1,684,671	1,715,787	1,728,394	1,772,851	1,811,774	1,752,185	3,874,060	3,928,819	3,976,986
Tax Increment	-	-	2,362,579	2,405,931	2,486,080	2,689,708	3,426,105	3,508,134	3,529,698	3,840,427
State aid - Unrestricted	44,035	42,659	-	-	-	-	-	-	-	-
Investment Earnings (Loss)	323,344	(254,522)	761,387	509,257	352,475	652,196	1,552,896	3,116,764	2,970,807	(464,575)
Sale of Capital Assets (Loss)	-	43,468	54,031	21,055	28,302	-	-	-	-	233,791
Other General Revenue	67,443	53,933	51,063	55,717	60,050	138,918	167,948	211,651	230,033	54,586
Transfers	(2,972,865)	1,575,159	1,405,203	133,190	1,099,144	1,125,069	1,033,156	1,151,711	1,238,852	1,102,150
Contributed Capital	-	-	-	-	-	-	-	-	(793,627)	2,731,691
<b>Total Governmental Activities</b>	<b>30,716,570</b>	<b>35,278,484</b>	<b>37,610,666</b>	<b>37,535,190</b>	<b>39,821,242</b>	<b>41,961,022</b>	<b>45,474,936</b>	<b>50,997,846</b>	<b>52,794,388</b>	<b>54,378,474</b>
Business-Type Activities:										
Investment Earnings (Loss)	78,757	(47,516)	164,893	82,813	84,919	166,214	504,694	1,122,884	640,095	(118,955)
Gain on Sale of Capital Assets	-	19,010	-	-	-	-	-	-	-	36,303
Transfers	2,972,865	(1,575,159)	(1,405,203)	(133,190)	(1,099,144)	(1,125,069)	(1,033,156)	(1,151,711)	(1,238,852)	(1,102,150)
Contributed Capital	-	-	-	-	-	-	-	-	793,627	(2,731,691)
<b>Total Business-Type Activities</b>	<b>3,051,622</b>	<b>(1,603,665)</b>	<b>(1,240,310)</b>	<b>(50,377)</b>	<b>(1,014,225)</b>	<b>(958,855)</b>	<b>(528,462)</b>	<b>(28,827)</b>	<b>194,870</b>	<b>(3,916,493)</b>
<b>Total Primary Government</b>	<b>\$ 33,768,192</b>	<b>\$ 33,674,819</b>	<b>\$ 36,370,356</b>	<b>\$ 37,484,813</b>	<b>\$ 38,807,017</b>	<b>\$ 41,002,167</b>	<b>\$ 44,946,474</b>	<b>\$ 50,969,019</b>	<b>\$ 52,989,258</b>	<b>\$ 50,461,981</b>
Change in Net Position:										
Governmental Activities	\$ (1,002,697)	\$ 4,412,361	\$ 6,687,281	\$ 6,370,135	\$ 7,196,808	\$ 9,691,979	\$ 20,451,766	\$ 15,947,494	\$ 14,012,212	\$ 30,983,029
Business-Type Activities	2,864,677	(1,991,832)	(2,043,388)	1,038,890	1,713,586	3,626,182	3,208,183	914,224	1,471,169	1,555,959
<b>Total Primary Government</b>	<b>\$ 1,861,980</b>	<b>\$ 2,420,529</b>	<b>\$ 4,643,893</b>	<b>\$ 7,409,025</b>	<b>\$ 8,910,394</b>	<b>\$ 13,318,161</b>	<b>\$ 23,659,949</b>	<b>\$ 16,861,718</b>	<b>\$ 15,483,381</b>	<b>\$ 32,538,988</b>

Source: City of Minnetonka financial records

**City of Minnetonka**  
Hennepin County, Minnesota  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Fund:</b>										
Nonspendable	\$ 77,086	\$ 142,565	\$ 104,766	\$ 263,171	\$ 333,243	\$ 417,090	\$ 414,126	\$ 588,242	\$ 371,290	\$ 334,436
Committed	1,010,000	1,040,000	1,050,000	1,000,000	1,020,000	1,000,000	1,000,000	1,070,000	1,070,000	1,642,473
Assigned	12,171,177	12,321,900	12,594,400	12,973,500	13,532,940	13,972,800	14,688,800	280,900	330,900	380,900
Unassigned	3,617,308	4,014,873	3,742,975	5,419,224	6,332,482	6,729,435	7,790,783	21,796,781	24,600,235	25,663,526
<b>Total General Fund</b>	<u>16,875,571</u>	<u>17,519,338</u>	<u>17,492,141</u>	<u>19,655,895</u>	<u>21,218,665</u>	<u>22,119,325</u>	<u>23,893,709</u>	<u>23,735,923</u>	<u>26,372,425</u>	<u>28,021,335</u>
<b>All Other Governmental Funds:</b>										
Nonspendable	756,000	-	125,164	195,638	-	-	-	-	-	-
Restricted	7,520,420	5,553,767	5,937,290	6,603,366	7,531,670	8,001,534	10,076,003	11,821,249	16,979,799	13,523,945
Committed	8,115,749	9,089,669	11,960,779	13,049,962	14,552,450	20,618,774	24,464,977	28,245,772	33,456,739	36,039,121
Assigned	30,876,413	31,991,790	31,554,273	31,244,273	32,473,867	33,758,362	36,150,258	38,457,843	40,921,911	37,810,433
Unassigned	(1,910,345)	(3,073,099)	(2,551,669)	(6,944,033)	(786,168)	(2,029,545)	(2,215,407)	(503,049)	(2,900,499)	(2,190,976)
<b>Total All Other Governmental Funds</b>	<u>45,358,237</u>	<u>43,562,127</u>	<u>47,025,837</u>	<u>44,149,206</u>	<u>53,771,819</u>	<u>60,349,125</u>	<u>68,475,831</u>	<u>78,021,815</u>	<u>88,457,950</u>	<u>85,182,523</u>
<b>Total Governmental Funds</b>	<u>\$ 62,233,808</u>	<u>\$ 61,081,465</u>	<u>\$ 64,517,978</u>	<u>\$ 63,805,101</u>	<u>\$ 74,990,484</u>	<u>\$ 82,468,450</u>	<u>\$ 92,369,540</u>	<u>\$ 101,757,738</u>	<u>\$ 114,830,375</u>	<u>\$ 113,203,858</u>

Source: City of Minnetonka financial records

**City of Minnetonka**  
Hennepin County, Minnesota  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues:</b>										
Property Taxes	\$ 31,655,150	\$ 32,133,116	\$ 31,305,971	\$ 32,673,521	\$ 34,012,530	\$ 35,568,635	\$ 37,269,654	\$ 38,927,215	\$ 41,672,854	\$ 43,136,003
Franchise Taxes	1,599,464	1,684,671	1,715,787	1,728,394	1,772,851	1,811,774	1,752,185	3,874,061	3,928,819	3,976,986
Tax Increments	-	-	2,362,579	2,405,931	2,486,080	2,689,708	3,426,105	3,508,134	3,529,698	3,840,427
Special Assessments	592,337	785,101	525,284	429,966	327,995	336,674	290,588	281,045	458,275	492,686
Licenses and Permits	2,477,856	2,817,753	3,541,462	4,796,150	3,582,252	4,082,475	4,810,556	5,209,653	4,295,648	4,613,480
Intergovernmental	2,354,216	3,817,715	8,364,633	2,730,231	5,908,576	2,536,945	9,787,815	7,175,649	9,653,238	11,729,368
Charges for Services	1,650,995	1,589,273	1,637,836	1,606,563	1,690,330	1,538,168	1,790,771	1,461,411	927,657	1,514,914
Fines and Forfeitures	518,422	532,303	616,154	598,478	516,087	500,868	448,926	355,657	219,097	232,545
Miscellaneous	1,707,482	1,156,691	3,273,800	2,926,666	2,379,478	4,041,452	6,826,303	6,168,849	4,585,610	6,707,904
<b>Total Revenues</b>	<b>42,555,922</b>	<b>44,516,623</b>	<b>53,343,506</b>	<b>49,895,900</b>	<b>52,676,179</b>	<b>53,106,699</b>	<b>66,402,903</b>	<b>66,961,674</b>	<b>69,270,896</b>	<b>76,244,313</b>
<b>Expenditures:</b>										
General Government	4,099,224	3,879,274	4,108,370	4,191,085	4,537,134	4,904,464	5,400,246	5,491,764	6,213,267	6,758,867
Public Safety	12,026,437	12,535,326	12,891,804	12,843,759	13,380,168	14,298,493	14,004,058	15,021,606	8,057,391	17,059,208
Public Works	3,983,744	4,240,857	5,460,831	4,333,820	4,318,199	4,649,107	4,711,164	5,165,235	4,731,888	6,625,896
Park and Recreation	4,902,026	4,974,847	5,305,820	5,316,080	5,208,278	5,409,205	5,957,326	6,229,278	16,280,535	6,804,495
Development Services	4,198,128	4,049,613	4,735,215	5,148,457	5,421,767	6,400,314	6,775,083	10,326,062	5,976,782	8,724,881
<b>Debt Service:</b>										
Principal retirement on bonded debt	915,000	955,000	970,000	980,000	1,005,000	1,030,000	1,260,000	1,375,000	1,395,000	1,530,000
Interest and other expenditures	276,041	319,370	219,107	193,643	200,052	196,318	167,513	186,048	854,420	788,135
Capital Outlay	14,473,567	13,281,579	17,024,591	18,764,534	11,146,965	9,913,232	19,477,245	17,723,048	40,071,578	30,915,289
<b>Total Expenditures</b>	<b>44,874,167</b>	<b>44,235,866</b>	<b>50,715,738</b>	<b>51,771,378</b>	<b>45,217,563</b>	<b>46,801,133</b>	<b>57,752,635</b>	<b>61,518,041</b>	<b>83,580,861</b>	<b>79,206,771</b>
<b>Excess of Revenues</b>										
Over (Under) Expenditures	(2,318,245)	280,757	2,627,768	(1,875,478)	7,458,616	6,305,566	8,650,268	5,443,633	(14,309,965)	(2,962,458)
<b>Other Financing Sources (Uses):</b>										
Bond Proceeds	2,500,000	-	-	-	2,440,000	-	-	2,630,000	24,390,000	-
Premium on Bonds Issued	(60,290)	-	-	-	115,967	-	-	-	1,044,301	-
Transfers In	2,014,000	3,215,383	4,728,828	4,424,887	2,423,025	5,087,747	3,514,277	7,150,482	10,498,365	11,641,471
Transfers Out	(783,100)	(1,933,483)	(3,661,625)	(3,262,286)	(1,252,225)	(3,915,347)	(2,263,455)	(5,835,917)	(9,281,513)	(10,539,321)
Principal Payment on Refunded Bonds	-	(2,715,000)	-	-	-	-	-	-	-	-
Proceeds on Disposition of Capital Assets	-	-	-	-	-	-	-	-	731,449	233,791
<b>Total Other Financing Sources (Uses)</b>	<b>3,670,610</b>	<b>(1,433,100)</b>	<b>1,067,203</b>	<b>1,162,601</b>	<b>3,726,767</b>	<b>1,172,400</b>	<b>1,250,822</b>	<b>3,944,565</b>	<b>27,382,602</b>	<b>1,335,941</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,352,365</b>	<b>\$ (1,152,343)</b>	<b>\$ 3,694,971</b>	<b>\$ (712,877)</b>	<b>\$ 11,185,383</b>	<b>\$ 7,477,966</b>	<b>\$ 9,901,090</b>	<b>\$ 9,388,198</b>	<b>\$ 13,072,637</b>	<b>\$ (1,626,517)</b>
<b>Debt Service as a Percentage</b>										
of Noncapital Expenditures	3.3%	3.4%	2.7%	2.7%	3.2%	2.9%	3.3%	3.2%	4.2%	4.4%

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>
2012	\$60,535,861	\$33,240,685	\$ 669,280	\$ 1,657,138	\$ 9,503,039	\$ 83,285,649	35.595%	\$ 7,709,987,200	1.08%
2013	56,941,172	34,805,369	767,166	1,839,866	9,625,039	81,048,802	37.213%	7,524,678,300	1.08%
2014	58,877,909	32,469,923	775,348	1,895,625	9,146,127	81,081,428	37.651%	7,539,383,700	1.08%
2015	62,778,666	34,813,987	811,925	2,026,014	9,717,859	86,660,705	36.565%	7,796,498,758	1.11%
2016	66,167,466	37,366,035	837,902	2,156,775	9,744,736	92,469,892	35.674%	8,271,102,488	1.12%
2017	69,542,646	37,054,544	901,339	2,407,233	10,748,890	94,342,406	36.378%	8,549,418,319	1.10%
2018	75,536,028	35,729,606	970,845	3,006,273	9,800,882	99,429,324	35.710%	8,965,391,893	1.11%
2019	80,365,410	37,995,645	1,007,217	3,179,163	9,809,213	106,379,896	34.676%	9,601,668,583	1.11%
2020	85,428,426	38,641,499	975,477	3,209,805	10,319,945	111,515,652	36.574%	10,089,008,623	1.11%
2021	91,026,121	40,388,922	1,044,129	3,827,960	10,293,157	118,338,055	35.556%	10,701,114,926	1.11%

Source: City of Minnetonka financial records

**City of Minnetonka**  
Hennepin County, Minnesota  
Property Tax Rates Per \$10,000 of Tax Capacity -  
All Direct and Overlapping Governmental Units  
Years 2012 Through 2021

Year Collectible	City Direct Rate			Overlapping					Totals		
	Operating	Debt Service	Total	Hopkins	Minnetonka	Wayzata	Hennepin County	Misc.*	School	School	School
				School District No. 270	School District No. 276	School District No. 284			District No. 270	District No. 276	District No. 284
2012	35.581 %	0.014 %	35.595 %	29.270 %	23.015 %	25.325 %	48.231 %	10.911 %	124.007 %	117.752 %	120.062 %
2013	37.199	0.014	37.213	29.730	24.487	25.236	49.461	11.483	127.887	122.644	123.393
2014	37.637	0.014	37.651	32.358	24.374	24.571	49.959	10.797	130.765	122.781	122.978
2015	36.552	0.013	36.565	30.340	25.093	26.252	46.398	9.987	123.290	118.043	119.202
2016	35.661	0.013	35.674	28.514	22.887	26.106	45.356	9.719	119.263	113.636	116.855
2017	36.363	0.015	36.378	25.611	22.770	26.290	44.087	10.214	116.290	113.449	116.969
2018	35.695	0.015	35.710	29.035	23.133	25.464	42.808	9.849	117.402	111.500	113.831
2019	34.662	0.014	34.676	27.022	21.209	24.833	41.861	9.422	112.981	107.168	110.792
2020	36.571	0.003	36.574	27.190	21.167	26.681	41.084	9.066	113.914	107.891	113.405
2021	35.553	0.003	35.556	26.478	20.923	26.912	38.210	8.598	108.842	103.287	109.276

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

Source: Hennepin County Taxpayer Services Department

**City of Minnetonka**  
Hennepin County, Minnesota  
Principal Taxpayers  
Current Year and Nine Years Ago

Taxpayer	Type of Business	2021		Percentage of Total Tax Capacity Value	2012		Percentage of Total Tax Capacity Value
		Tax Capacity Value	Rank		Tax Capacity Value	Rank	
United Health Group	Office Center	\$ 2,751,180	1	2.32%	\$ 914,000	2	1.05%
Ridgedale Center, LLC.	Regional Shopping Center	2,101,290	2	1.78%	2,134,950	1	2.70%
Medica Health Plans	Commercial	1,533,850	3	1.30%			
AX 601 Tower, LP.	Office Center	1,271,110	4	1.07%	887,462	3	1.02%
WHQ, LLC.	Office Center	1,102,050	5	0.93%	834,624	4	0.96%
Cargill, Inc.	Office Center	1,023,630	6	0.87%	621,250	9	0.71%
Wells Real Estate Funds	Office Center	1,003,370	7	0.85%	817,250	5	0.94%
RREEF America REIT II Corp.	Apartments	957,975	8	0.81%			
Property Reserve, Inc.	Office Center	933,770	9	0.79%	719,250	6	0.82%
Minnetonka Acquisition, LLC.	Apartments	902,850	10	0.76%			
CSM West Ridge, Inc.	Shopping Center				689,250	7	0.79%
United Center, LLC.	Office Center				645,590	8	0.74%
HQ, LLC.	Commercial				599,250	10	0.69%
RT Crest Ridge, LLC.	Office Center				533,250	10	0.61%
		<u>\$ 13,581,075</u>		<u>11.48%</u>	<u>\$ 9,396,126</u>		<u>11.03%</u>

Source: City of Minnetonka Assessor's Office

**City of Minnetonka**  
Hennepin County, Minnesota  
Property Tax Levies and Collections  
Last Ten Fiscal Years

<u>Year Collected</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collection within the Fiscal Year of the Levy</u>		<u>Additions/ (Abatements)</u>	<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>			<u>Amount</u>	<u>Percentage of Levy</u>
2012	\$30,725,399	\$30,340,731	98.75%	\$ (1,362,953)	\$ 28,062	\$29,005,841	94.40%
2013	31,193,800	30,911,217	99.09%	(926,414)	9,970	29,994,772	96.16%
2014	32,053,598	31,698,445	98.89%	(603,114)	14,990	31,110,321	97.06%
2015	32,987,035	32,644,959	98.96%	(1,001,978)	78,441	31,721,421	96.16%
2016	34,289,440	33,836,412	98.68%	(817,408)	18,272	33,037,276	96.35%
2017	35,832,802	35,425,426	98.86%	(518,922)	86,321	34,992,825	97.66%
2018	37,212,950	36,851,292	99.03%	(162,459)	163,816	36,852,649	99.03%
2019	38,655,431	38,361,341	99.24%	(123,698)	154,521	38,392,164	99.32%
2020	41,227,977	40,983,502	99.41%	(124,804)	81,425	40,940,122	99.30%
2021	42,743,598	42,359,371	99.10%	(238,785)	-	42,120,586	98.54%

Source: Hennepin County Tax Settlement Reports

**City of Minnetonka**  
Hennepin County, Minnesota  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities General Obligation Bonds	Business-type Activities Water Revenue Bonds	Total Primary Government	General Obligation as a Percentage of Personal Income	Total Debt as a Percentage of Personal Income	General Obligation Debt Per Capita	Total Debt Per Capita
2012	\$ 9,359,110	\$ 5,201,632	\$ 14,560,742	0.32%	0.50%	\$ 103	\$ 287
2013	8,160,741	4,250,278	12,411,019	0.27%	0.41%	84	244
2014	7,162,372	3,273,923	10,436,295	0.28%	0.41%	64	204
2015	6,154,003	12,232,568	18,386,571	0.23%	0.69%	237	356
2016	7,669,627	19,145,229	26,814,856	0.27%	0.94%	363	508
2017	6,597,892	18,836,958	25,434,850	0.23%	0.89%	353	476
2018	5,307,544	28,253,673	33,561,217	0.18%	1.14%	526	625
2019	6,533,240	27,134,988	33,668,228	0.21%	1.08%	501	622
2020	30,513,997	25,990,914	56,504,911	0.95%	1.76%	483	1,051
2021	28,934,089	36,246,163	65,180,252	0.86%	1.94%	674	1,212

Source: City of Minnetonka financial records

**City of Minnetonka**  
Hennepin County, Minnesota  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less Amounts Available in Debt Service Funds	Total	General Percentage of Total Estimated Taxable Market Value of Property (1)	Total Debt as a Percentage Per Capita (2)
2011	\$ 10,188,099	\$ 1,301,371	\$ 8,886,728	0.11%	178%
2012	9,359,110	3,890,389	5,468,721	0.07%	108%
2013	8,160,741	1,150,271	7,010,470	0.09%	138%
2014	7,162,372	1,209,111	5,953,261	0.08%	116%
2015	6,154,003	1,281,887	4,872,116	0.06%	94%
2016	7,669,627	1,345,268	6,324,359	0.08%	120%
2017	6,597,892	1,672,330	4,925,562	0.06%	92%
2018	5,307,544	1,828,672	3,478,872	0.04%	65%
2019	6,533,240	1,946,614	4,586,626	0.05%	85%
2020	30,513,997	2,026,942	28,487,055	0.28%	530%
2021	28,934,089	1,950,865	26,983,224	0.25%	502%

Source: City of Minnetonka financial records

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

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

**City of Minnetonka**  
Hennepin County, Minnesota  
Direct and Overlapping Governmental Activities Debt  
December 31, 2021

Governmental Units	Net Debt Outstanding	(1) Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Direct Debt:			
City of Minnetonka	\$ 28,934,089	100.00 %	\$ 28,934,089
Overlapping Debt:			
School Districts			
I.S.D. 270 - Hopkins	155,731,784	44.49	69,285,071
I.S.D. 276 - Minnetonka	113,460,023	29.75	33,754,357
I.S.D. 283 - St. Louis Park	124,472,934	0.02	24,895
I.S.D. 284 - Wayzata	204,292,769	14.84	30,317,047
Hennepin County	1,037,033,516	5.39	55,896,107
Hennepin County Parks	45,542,541	7.67	3,493,113
Hennepin County RR Authority	89,332,530	5.39	4,815,023
Regional:			
Metropolitan Council	73,049,600	2.63	1,921,204
Total Overlapping Debt			<u>199,506,816</u>
Total Direct and Overlapping Debt			<u>\$ 228,440,905</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Market Value (Taxable)	\$ 7,489,072,211	\$ 7,295,340,723	\$ 7,311,630,277	\$ 7,796,498,758	\$ 8,271,102,488	\$ 8,549,418,319	\$ 8,965,391,893	\$ 9,601,668,583	\$ 10,089,008,623	\$ 10,701,114,926
* Debt Limit 3% of Market Value (Note A)	224,672,166	218,860,222	219,348,908	233,894,963	248,133,075	256,482,550	268,961,757	288,050,057	302,670,259	321,033,448
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	9,160,000	7,990,000	7,020,000	6,040,000	7,475,000	6,445,000	5,185,000	6,440,000	29,435,000	27,905,000
Available in Debt Service Funds	(3,890,389)	(1,150,271)	(1,209,111)	(1,281,887)	(1,345,268)	(1,672,330)	(1,828,672)	(1,946,614)	(2,026,942)	(1,950,865)
Total Debt Applicable to Debt Limit	5,269,611	6,839,729	5,810,889	4,758,113	6,129,732	4,772,670	3,356,328	4,493,386	27,408,058	25,954,135
Legal Debt Margin	\$ 219,402,555	\$ 212,020,493	\$ 213,538,019	\$ 229,136,850	\$ 242,003,343	\$ 251,709,880	\$ 265,605,429	\$ 283,556,671	\$ 275,262,201	\$ 295,079,313
Total net debt applicable to the limit as a percentage of debt limit	2.35%	3.13%	2.65%	2.03%	2.47%	1.86%	1.25%	1.56%	9.06%	8.08%

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						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2011	\$ 11,030,795	\$ 9,547,062	\$ 1,483,733	\$ 870,000	\$ 212,468	1.37	
2012	12,613,585	10,001,598	2,611,987	870,000	140,527	2.58	
2013	11,347,952	8,940,150	2,407,802	2,835,000 *	105,712	0.82	
2014	11,477,857	9,839,913	1,637,944	945,000	64,274	1.62	
2015	14,394,358	10,675,704	3,718,654	1,010,000	28,883	3.58	
2016	14,137,665	9,150,361	4,987,304	11,060,000	164,698	0.44	
2017	17,165,306	10,381,786	6,783,520	275,000	124,348	16.99	
2018	17,196,532	10,036,771	7,159,761	875,000	320,517	5.99	
2019	17,023,789	11,748,589	5,275,200	1,070,000	757,828	2.89	
2020	17,023,789	11,748,589	5,275,200	1,070,000	757,828	2.89	
2021	19,096,446	10,017,600	9,078,846	1,160,000	600,421	5.16	

Note: Operating expenses do not include depreciation.

\* This amount includes \$1,940,000 retired by the GO Water Revenue Refunding Bonds, Series 2012A.  
Normal debt service for the current year would have been \$895,000 for a coverage percentage of 2.41.

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	(1) Per Capita Income	Total Personal Income	(1) Total Employment
2012	50,747	26,745	4.5%	\$ 57,952	\$ 2,940,890,144	45,105
2013	50,841	27,845	3.8%	59,126	3,006,024,966	47,191
2014	51,144	28,067	3.3%	50,317	2,573,412,648	46,842
2015	51,647	28,184	2.9%	51,498	2,659,717,206	46,280
2016	52,741	28,669	3.3%	53,849	2,840,050,109	45,083
2017	53,394	29,354	2.6%	53,467	2,854,816,998	46,179
2018	53,713	29,646	2.3%	54,790	2,942,935,270	49,366
2019	54,141	29,660	2.6%	57,607	3,118,900,587	50,197
2020	53,776	30,160	4.9%	59,755	3,213,384,880	43,624
2021	53,776 *	29,820	3.0%	62,612	3,367,022,912	43,624 *

Sources:

(1) All years are best available estimates provided by the Metropolitan Council.

\*For 2021, an updated population and employment estimate for 2021 was not available at publication.

(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.

**City of Minnetonka**  
Hennepin County, Minnesota  
Principal Employers  
Prior Year and Nine Years Ago

Taxpayer	2021			2011*		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
United Health Group	4,400	1	10.09%	4,678	1	10.13%
Cargill, Inc.	3,400	2	7.79%	2,350	2	5.09%
Independent School District (No. 276)	1,883	3	4.32%	1,050	9	2.27%
Starkey Laboratories	1,700	4	3.90%	1,325	4	2.87%
Emerson Process Mgmt / Rosemount Inc.	1,600	5	3.67%	1,600	3	3.47%
Abbott / St Jude Medical	1,300	6	2.98%	1,100	7	2.38%
Medica Health Plans	1,300	7	2.98%	1,200	6	2.60%
Super Value Stores, Inc.	1,265	8	2.90%	1,265	5	2.74%
MTS Systems Corporation	800	9	1.83%	800	10	1.73%
Eaton Corporation	717	10	1.64%			
Carlson Companies				1,005	8	2.18%
	<u>18,365</u>		<u>42.10%</u>	<u>16,373</u>		<u>35.46%</u>

\* 2012 information is unavailable.

Source: City of Minnetonka Community Development Department

**City of Minnetonka**  
Hennepin County, Minnesota  
Full-Time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Government:</b>										
Mayor and City Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
General Administration	8.97	8.97	9.55	10.45	9.95	10.95	11.75	11.75	13.00	16.50
Information Technology	3.75	3.75	3.75	3.75	3.75	3.75	4.75	4.75	4.75	4.75
Finance	6.00	6.00	6.00	6.00	6.00	6.00	7.00	7.00	7.00	7.00
Assessing	5.25	5.25	5.60	5.60	5.60	5.60	5.70	5.70	5.70	5.70
<b>Public Safety:</b>										
Police:										
Licensed	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00	47.00
Other	18.95	18.95	19.45	19.45	20.45	20.45	22.69	22.69	22.69	22.47
Fire:										
Full-time	6.50	6.50	6.50	6.50	8.00	8.00	11.00	11.00	11.75	12.00
Paid on call	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Dispatch	9.00	9.00	9.00	9.00	9.00	9.00	-	-	-	-
Environmental Health	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.00
Legal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.50
<b>Streets and Buildings:</b>										
Buildings and Grounds	8.31	8.18	7.37	8.38	8.38	8.38	8.38	8.38	8.38	8.42
Street	20.95	21.24	21.24	21.10	21.10	21.10	21.10	21.10	21.10	21.15
<b>Parks and Recreation:</b>										
Joint Recreation	5.75	5.84	5.84	5.74	6.35	6.85	6.85	6.85	6.85	6.85
Community Center	4.15	3.37	3.37	3.37	3.37	3.37	3.60	3.60	3.60	3.60
Parks and Trails	8.91	9.21	9.97	9.98	10.08	10.08	10.08	10.08	11.08	11.12
Senior Services	2.50	2.50	2.50	2.50	2.50	2.50	2.40	2.40	2.40	2.40
Minnetonka Recreation	0.75	0.84	0.84	0.84	0.75	0.75	2.00	2.00	2.00	2.00
Natural Resources	4.58	4.71	5.57	6.58	6.48	6.48	8.18	8.18	8.18	8.22
<b>Development Services:</b>										
Planning	5.50	5.50	5.50	6.00	6.00	6.00	6.00	5.00	4.50	5.50
Engineering	9.75	9.75	9.75	9.25	9.25	9.50	9.50	9.50	9.50	9.50
Community Development	11.40	11.60	11.00	12.10	13.10	13.10	14.30	15.30	15.80	15.80
Development Fund	0.20	-	-	-	-	-	-	-	-	-
Cable Television	2.00	2.00	2.00	2.00	2.50	2.50	2.50	2.50	1.25	1.25
Water and Sewer Utility	16.22	16.04	16.39	18.40	18.40	18.40	18.20	18.40	18.40	18.45
Ice Arena	3.80	3.62	3.62	3.62	3.00	3.50	3.50	3.50	3.50	3.50
Williston Center	5.05	5.05	7.05	7.15	8.45	7.45	9.45	9.45	9.45	9.45
Environmental	1.58	1.51	0.47	0.48	0.48	0.48	0.48	0.48	0.53	0.57
Gray's Bay Marina	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Storm Water	0.50	0.50	0.50	0.50	0.50	1.50	1.50	1.50	1.50	1.50
Fleet Maintenance Internal Service	4.58	4.51	4.51	4.38	4.38	4.38	4.38	4.38	4.38	4.42
<b>Total</b>	<b>318.60</b>	<b>318.09</b>	<b>321.04</b>	<b>326.82</b>	<b>331.52</b>	<b>333.77</b>	<b>338.99</b>	<b>339.19</b>	<b>340.99</b>	<b>345.82</b>

Source: City of Minnetonka financial records

**City of Minnetonka**  
Hennepin County, Minnesota  
Operating Indicators by Function/Program  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Administrative Services:										
Number of registered voters	35,836	35,241	35,500	35,234	37,040	36,783	37,571	37,666	39,892	39,613
Public Safety:										
Police:										
Calls for service	42,883	45,139	42,644	43,651	38,321	43,504	41,213	41,946	40,509	39,000
Criminal offenses	2,256	2,269	2,150	2,392	1,946	2,228	1,886	1,697	1,089	1,300
Fire:										
Number of calls	750	996	750	1,036	1,213	1,343	1,406	1,113	1,075	1,060
Legal:										
Cases opened and processed by staff	863	895	700	594	768	812	801	655	632	750
Environmental Health:										
Number of licensed establishments	711	720	735	720	750	839	775	775	610	620
Number of nuisance complaints	648	512	500	545	609	637	459	578	522	590
Public Works:										
Street Maintenance:										
Miles of city maintained	254.9	254.9	254.9	254.9	254.9	254.9	256.9	256.9	256.9	256.9
Street Improvement:										
Miles of street rehabilitated	4.9	4.5	4.5	4.0	5.2	2.0	4.5	2.0	1.9	3.0
Average pavement condition index	82	82	82	83	83	83	81	81	81	81
Park & Recreation:										
Joint Recreation:										
Number of program participants	40,866	41,783	39,300	37,100	41,444	43,245	44,748	43,633	10,459	27,000
Senior Services:										
Number of program participants	12,881	14,305	14,500	28,513	16,861	11,230	10,695	11,874	4,293	7,000
Parks and Trails:										
Number of parks maintained	48	48	48	48	50	50	50	50	50	53.0
Park acreage:										
Active	283.9	283.9	283.9	283.9	283.9	283.9	283.9	313.5	313.5	270.8
Passive	983.5	983.5	983.5	983.5	983.5	983.5	983.5	983.5	983.5	1,025.8
Miles of trail and sidewalk maintained	96	96	99	99	100	102	105	106	108	104
Natural Resources:										
Number of diseased trees removed	1,204	752	900	645	677	678	820	755	831	658
Number of permits reviewed/inspected for natural resource compliance	550	725	650	712	696	795	775	755	705	750

**City of Minnetonka**  
Hennepin County, Minnesota  
Operating Indicators by Function/Program  
Last Ten Fiscal Years (Continued)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Development Services:										
Engineering:										
Number of construction projects underway	13	12	14	9	3	5	7	7	12	6
Number of construction projects completed	11	10	11	5	5	3	9	5	6	6
Community Development:										
Permits issued	6,301	6,761	6,800	7,924	7,800	7,200	7,358	8,139	8,024	5,325
Planning:										
Number of planning applications received	148	135	120	116	133	135	139	136	110	85
Number of building permits reviewed	1,590	1,688	1,700	1,007	1,853	1,790	1,914	2,210	618	900
Water and Sewer Utility:										
Number of utility customer accounts	16,784	16,838	16,982	16,957	16,970	16,970	17,023	17,023	17,784	17,141
Water pumped (million gallons)	2,685	2,403	2,400	2,200	2,100	2,060	2,040	1,894	2,013	2,293
Utility locate requests completed	8,352	9,675	10,000	13,289	10,087	9,523	9,154	10,380	10,458	9,547
Ice Arena:										
Ice rental hours sold	3,312	3,020	3,200	2,750	3,071	3,221	3,000	2,983	2,022	3,000
Environmental:										
Curbside recycling picked up (tons)	5,440	5,316	5,100	4,975	4,930	4,900	4,840	4,705	4,555	4,800
Willston Center:										
Total memberships sold	6,638	8,342	8,400	8,400	8,356	9,162	9,514	9,637	8,281	7,000
Gray's Bay:										
Slip lease rate	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 4,000
Storm Water:										
Number of storm sewer projects completed	8	11	7	7	8	4	5	5	3	3

Source: Various city departments

**City of Minnetonka**  
Hennepin County, Minnesota  
Capital Asset Statistics by Function/Program  
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety:										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Number of police officers	57	57	57	57	58	58	58	58	58	58
Fire Stations	5	5	5	5	5	5	5	5	5	5
Public Works:										
Streets (miles)	255	255	255	255	255	255	255	257	254	257
Streetlights	1,670	1,670	1,670	1,670	1,670	1,670	1,907	1,907	1,700	1,925
Parks and Recreation:										
Parks acreage	1,056	1,057	1,057	1,057	1,057	1,057	1,267	1,297	1,298	1,298
Parks	50	50	50	50	50	50	50	50	51	51
Water and Sewer Utilities:										
Water mains (miles)	308	308	308	308	308	308	308	309	309	309
Fire hydrants	2,577	2,577	2,577	2,577	2,577	2,577	2,853	2,860	2,877	2,887
Water plant daily capacity	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000	18,400,000
Storage capacity (gallons)	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000	12,900,000
Sanitary sewers (miles)	256	256	256	256	256	278	279	280	280	280
Storm Water										
Storm sewers (miles)	88	88	88	88	88	88	88	88	88	88

Source: Various city departments

**City of Minnetonka  
Hennepin County, Minnesota**

**Schedule of Expenditures of Federal Awards and  
Reports on Compliance with  
*Government Auditing Standards*, Uniform Guidance, and  
Legal Compliance**

**December 31, 2021**





**City of Minnetonka  
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**City of Minnetonka**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2021**

<u>Federal Agency/Pass Through Agency/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Treasury</b>		
Passed through the State of Minnesota		
COVID - American Rescue Plan Act	21.027	\$ 4,733,320
<b>U.S. Department of Housing and Urban Development</b>		
Direct		
Community Development Block Grant (CDBG)	14.218	47,800
<b>U.S. Department of Justice</b>		
Passed through the State of Minnesota		
Bulletproof Vest Partnership Program	16.607	14,342
<b>U.S. Department of Transportation</b>		
Passed through the State of Minnesota		
State and Community Highway Safety	20.600	2,058
Towards Zero Deaths	20.608	22,069
DWI Enforcement	20.616	<u>13,201</u>
Total U.S. Department of Transportation		<u>37,328</u>
Total Federal Expenditures		<u>\$ 4,832,790</u>

**City of Minnetonka**  
**Notes to Schedule of Expenditures of Federal Awards**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minnetonka, Minnesota and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the modified accrual basis financial statements.

**NOTE 2 – PASS-THROUGH GRANT NUMBERS**

All pass-through entities listed above use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

**NOTE 3 – INDIRECT COST RATE**

The City did not elect to use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 1, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BerganKDV, Ltd.**

Minneapolis, Minnesota  
June 1, 2022

**Report on Compliance for each Major Federal Program  
and Report on Internal Control over Compliance Required by  
the Uniform Guidance**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City's compliance with the types of compliance requirements identified as subject to audit *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2021. The City's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Example Entity's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

### **Report on Internal Control over Compliance (Continued)**

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the 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, 2021, and have issued our report thereon dated June 1, 2022, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
June 1, 2022



**City of Minnetonka**  
**Schedule of Findings and Questioned Costs**

**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: We issued an unmodified opinion on the fair presentation of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal control over financial reporting:  
• Material weakness(es) identified? No  
• Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:  
• Material weakness(es) identified? No  
• Significant deficiency(ies) identified? None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

**Identification of Major Programs**

CFDA No.: 21.027  
Name of Federal Program or Cluster: Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? No

**City of Minnetonka  
Schedule of Findings and Questioned Costs**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

None

**Minnesota Legal Compliance**

**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 1, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

*BergankDV, Ltd.*

Minneapolis, Minnesota  
June 1, 2022