



Photo by Christit Bystedt

Minnetonka, MN
Comprehensive Annual Financial Report
FOR THE YEAR ENDED DECEMBER 31, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**OF THE CITY OF
MINNETONKA, MINNESOTA**

For the Year Ended December 31, 2015

Geralyn R. Barone - City Manager

Merrill S. King – 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**

TABLE OF CONTENTS
AND
SECTION I
INTRODUCTORY SECTION

CITY OF MINNETONKA
Hennepin County, Minnesota

TABLE OF CONTENTS

	Page
I. INTRODUCTORY SECTION	
Elected Officials and Administration	1
Organizational Chart	3
Letter of Transmittal from City Manager and Finance Director.....	5
Certificate of Achievement for Excellence in Financial Reporting	13
II. FINANCIAL SECTION	
Independent Auditors' Report	15
Management's Discussion and Analysis (Unaudited)	19
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	32
Statement of Activities.....	34
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	36
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balances	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Activities.....	42
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	43
Proprietary Funds:	
Statement of Fund Net Position	46
Statement of Revenues, Expenses and Changes in Fund Net Position.....	48
Statement of Cash Flows	50
Fiduciary Funds:	
Statement of Fiduciary Net Position	54
Statement of Changes in Fiduciary Net Position – Private Purpose Trust Fund ...	55
Notes to the Financial Statements	57
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability.....	103
Schedule of the City Pension Contributions	104
Minnetonka Volunteer Fire Relief Association Schedule of Changes in the Net Pension Asset and Related Ratios	105
Schedule of Funding Progress for the Retiree Health Plan.....	106

CITY OF MINNETONKA
Hennepin County, Minnesota

TABLE OF CONTENTS

Page

II. FINANCIAL SECTION (Continued)

Combining Fund Financial Statements:	
Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	112
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual - Special Revenue Funds.....	116
Proprietary Funds:	
Internal Service Funds:	
Combining Statement of Net Position	123
Combining Statement of Revenues, Expenses and Changes in Net Position	124
Combining Statement of Cash Flows	125
Fiduciary Funds:	
Private-Purpose Trust Funds:	
Combining Statement of Fiduciary Net Position	126
Combining Statement of Changes in Fiduciary Net Position	127
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	128
Other Supplementary Information:	
Schedule of Revenues and Other Financing Sources – Budget and Actual – General Fund.....	129
Schedule of Expenditures and Other Financing Uses – Budget and Actual – General Fund.....	130

III. STATISTICAL SECTION

Net Position by Component	135
Changes in Net Position	137
Fund Balances – Governmental Funds	140
Changes in Fund Balances – Governmental Funds.....	141
Tax Capacity and Estimated Actual Value of Taxable Property	142
Property Tax Rates per \$10,000 of Tax Capacity – All Direct and Overlapping Governmental Units	143
Principal Taxpayers.....	144
Property Tax Levies and Collections	145
Ratios of Outstanding Debt by Type.....	146
Ratios of Net General Bonded Debt Outstanding	147
Direct and Overlapping Governmental Activities Debt.....	148
Legal Debt Margin Information	149
Pledged-Revenue Coverage	150
Demographic and Economic Statistics.....	151
Principal Employers	152
Full-Time Equivalent City Government Employees by Function/Program.....	153
Operating Indicators by Function/Program.....	154
Capital Asset Statistics by Function/Program	156

CITY OF MINNETONKA
Hennepin County, Minnesota

ELECTED OFFICIALS AND ADMINISTRATION
As of December 31, 2015

<u>Elected Officials</u>	<u>Position</u>	<u>Term Office Expires</u>
Terry Schneider	Mayor	December 31, 2017
Dick Allendorf	Council Member at Large	December 31, 2017
Patty Acomb	Council Member at Large	December 31, 2017
Bob Ellingson	Council Member - Ward 1	December 31, 2015
Tony Wagner	Council Member - Ward 2	December 31, 2015
Brad Wiersum	Council Member - Ward 3	December 31, 2015
Tim Bergstedt	Council Member - Ward 4	December 31, 2015

<u>Administration</u>	<u>Position</u>
Geralyn R. Barone	City Manager
Perry L. Vetter	Assistant City Manager
Merrill S. King	Finance Director/Treasurer
Joel W. Merry	Assistant Finance Director



City of Minnetonka, MN

MINNETONKA CITY COUNCIL
(Economic Development Authority)

Mayor Terry Schneider

Council Members at Large: Dick Allendorf
Patty Acomb

Ward Representation:
Ward 1: Bob Ellingson
Ward 2: Tony Wagner
Ward 3: Brad Wiersum
Ward 4: Tim Bergstedt

BOARDS & COMMISSIONS

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

City Attorney
Corrine Heine

CITY MANAGER
Geralyn Barone



PUBLIC SAFETY

PUBLIC WORKS

PARKS & RECREATIONS

DEVELOPMENT SERVICES

ADMINISTRATION

POLICE
Chief Jeff Sebenaler

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

PUBLIC WORKS
Brian Wagstrom

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

RECREATION SERVICES
Dave Johnson

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

COMMUNITY DEVELOPMENT
Julie Wischnack

- Inspections
- Environmental Health
- Licensing
- Planning & Zoning

ADMINISTRATIVE SERVICES
Perry Vetter

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

FIRE
John Vance

- Emergency Management
- Inspection
- Prevention
- Response

ENGINEERING
Will Manchester

- Street & Utility
- Planning & Design

FINANCE
Merrill King

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

LEGAL
Corrine Heine

- Prosecution
- Legal advice to the city



June 13, 2016

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

Mayor and City Council Members:

The Comprehensive Annual Financial Report of the City of Minnetonka, Minnesota (the City) for the fiscal year ended December 31, 2015 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 CliftonLarsonAllen LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2015, 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, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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

THE REPORTING ENTITY AND ITS SERVICES

With a staff of around 235 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 health inspection), public works, parks and recreation, and general administrative services. It also operates six enterprises: a public water and sewer utility, a storm water utility, a municipal ice arena, a fitness center, a marina, and an environmental recycling program.

ECONOMIC CONDITION AND OUTLOOK

The City is a suburban community located eight miles west of Minneapolis in Hennepin County. The City has a land area of 28 square miles, and its 2015 population estimate of 51,647 makes it the fourteenth 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. Its reversible high-occupancy vehicle/toll lanes create a priority route for vehicles during peak traffic hours. The City is also just 15 minutes from the Minneapolis-Saint Paul International Airport.

Minnetonka serves as the corporate headquarters location for many national and international businesses, including United Health Group, Cargill, Carlson Companies, American Medical Systems, GE Osmonics, Opus Northwest, Medica and others. The City has three premier business parks - Carlson Center, Opus Center, 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 employment base, which has remained relatively stable over the past ten years despite the recession. There are approximately 47,000 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 Business Park, before continuing into Eden Prairie, the suburb on the southern border of the city. Full engineering design plans are expected in 2016, and the route is expected to be operational in 2020.

In anticipation of LRT, the City has seen investment in the Opus Business Park, which is located in the extreme southeast corner of the City at the crossroads of Highways 169 and 62. Investments since 2008 have included multiple office expansions totaling nearly 850,000 square feet and adding nearly 4,000 employees. In 2010, the City created a unique funding partnership based on traffic generated by new commercial development in the Opus Business District. The partnership financed a \$17 million capital expansion of its only state highway interchange entrance in conjunction with multiple public and private resources. The interchange now provides capacity for an estimated twenty years of increased traffic and the economic development likely to be generated by the Southwest LRT. In 2016, several additional developments are in the planning stages, including redevelopment of a former office site into a 330 unit multi-family apartment project. The city is also planning for other key roadway and infrastructure improvements in the Opus Business District 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, J. C. Penney, Sears, and a new Nordstrom store, which opened in 2015. A number of other retail centers are clustered near Ridgedale, including Ridgehaven Mall (which is anchored by a Target store and Byerly's grocery store), Ridge Square North, Ridge Square South, Ridgedale Festival, and Sportmart Plaza. The Ridgedale area is also home to a Hennepin County Service Center, District Court, a Regional Library, and the Ridgedale YMCA.

In 2013, the City completed a master planning study of the Ridgedale area, which encompassed land use, design, transportation, and pedestrian connections as part of a vision for the area. Following the study, a master plan for the Ridgedale Center property, including consolidation of the two Macy's stores into one, expansion of the remaining Macy's store, a mall expansion, a new Nordstrom store, and additional high-end restaurants was proposed, and much of it has since been completed. In conjunction with all of these plans, the City worked with state and federal highway agencies to fund and approve a new entrance ramp from Ridgedale Drive onto westbound I-394, which was completed and opened in 2014. In late 2014, the Highland Bank site, also in the Ridgedale area, was approved for a mixed use redevelopment, with 16,000 square feet of retail and 115 high-end residential units. Since construction began on this last project in 2016, other area commercial parcel owners have since expressed interest in redevelopment as well.

Across Interstate 394 from the Ridgedale retail area other significant redevelopment has taken place in Minnetonka. With the assistance of tax increment financing through the City's Economic Development Authority, the West Ridge Market project includes over 250,000 square feet of retail space and more than 400 townhomes, condominiums, and apartments. Other office and housing redevelopments were completed soon after West Ridge, and include 550,000 square feet of office space and more than 160 townhomes and condominiums. In 2013, the City provided fiscal support for The Ridge, a 64-unit affordable housing project in the same proximal area. In 2015, Legacy Oaks began new construction nearby, and it is comprised of 128 units of high-valued, single family, twin homes and condominiums.

Economic development continues to expand along the Interstate 394 corridor in Minnetonka. The Crest Ridge redevelopment project completed construction in 2008 of phase one of a two-phase office complex to primarily house Syngenta, an agricultural R&D firm, in a location previously containing residential parcels. In 2010, BMW finished construction of a new large car dealership along the corridor, and a new Hampton Inn hotel was constructed on a redeveloped site and opened in 2014.

Minnetonka has worked hard to provide more affordable housing in the community and has added or preserved over 700 affordable units since its decision to actively participate in the Metropolitan Council's Livable Communities Program in 1996. Since 2001, the City has financially assisted the West Hennepin Affordable Housing Land Trust (WHAHLT) in preserving 53 scattered-site affordable homes in Minnetonka. In many new developments underway in 2016, the city has been successful in incorporating affordable housing within market rate multi-unit projects. These include the Overlook Apartments, Music Barn Apartments, At Home Apartments, Cherrywood Point and Applewood Pointe.

Minnetonka has a history of strong construction activity, including major new buildings and the expansion of existing buildings, and this experience continues today. In 2015, building permits were issued for \$320.8 million of construction work. Commercial construction included multiple projects at Ridgedale Center including the new restaurants and mall expansion, construction of the Highland Bank building, remodeling and finish of the Cargill building, and the redevelopment construction of a private school in the Opus commercial area. Residential additions and remodeling also continue to be a significant part of Minnetonka's current construction activity that currently includes plans for at least three multi-family residential developments in various stages of the process for seeking city approvals.

The City's healthy economic base and its sound financial condition have helped maintain a "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.

IMPORTANT EVENTS AND FUTURE PROSPECTS

In 2016, the City began 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.

In lockstep with the Strategic Profile process, the City is in the beginning stages of updating 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 is development and redevelopment opportunities to encourage vitality, promote identity and improve livability.

The 2008 Comprehensive Plan led the City to embark on a series of village center studies to more specifically guide development in delineated geographical focus areas. As of 2016, six have been completed, including Minnetonka Mills, the Opus area, Highway 7 and County Road 101 area, Ridgedale Mall area, Shady Oak LRT station strategy and the Glen Lake neighborhood.

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

Williston Center – The fitness center was acquired in 1995, and initial expansion and renovation projects were completed in 1998. In 2011, the City substantially upgraded the facility's infrastructure with new amenities to accommodate and retain families in the community including young children, which aligns with goals of the comprehensive plan. Since the remodeling, the center has experienced unprecedented growth in its use, quadrupling membership from around 2,100 in 2009 to a stable 8,000 members beginning in 2013 as well as its non-member daily use from around 200,000 during 2011 to over 310,000 annually now.

Shady Oak Beach – The beach has been operated jointly by the cities of Minnetonka and Hopkins for several 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.

Burwell Park – The park is designated on the National Register of Historic Places and represents the City's pride in its rich past as a community cultural site. Since historic restoration of the buildings, the City continues plans for integration of natural areas and amenities along the Minnehaha Creek corridor including Burwell Park. Begun in 2009, the plans include new trails, bridges, and the creation of a botanical garden, all of which are to lead to a gateway entrance to the city off I494 along the creek.

Neighborhood and Community Parks – In 2011, Minnetonka substantially completed a significant parks renewal effort begun a decade earlier. The program was a city-wide, neighborhood-based initiative to renovate and update all of Minnetonka's 42 neighborhood and community parks. The parks renewal program, and related open space acquisitions, were funded through a \$15 million referendum passed in 2001. Since the program's completion, the City has incorporated into its capital program a long term, annually funded, capital maintenance plan for the parks to avoid the need for future such referendums.

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.

For example, a source of great community pride, the City-wide trail system continues to be an important component of the City's capital investments. This interconnected system of trails provides safe, off-road pedestrian and bicycle transportation access throughout the City. The system also includes trailhead buildings, which have restrooms, drinking water, and trail information at each of Minnetonka's four large community parks. The trail system now includes approximately 105 miles of trail, and the most recently adopted Capital Improvement Program continues the City's commitment to the system by dedicating resources to the construction of an additional 4.9 miles over five years.

The City also devotes substantial resources to the environmental stewardship of its 310 acres of natural public land as well as educating and assisting its citizens with natural resource conservation issues. 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.

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 2014, 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. With the first in the series of bonds sold in 2016, scheduling of projects under the plan align with priority road and storm drainage projects along with systemic analytics of historical water main breaks.

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

Additionally, the City has partnered with Hennepin County and the state to substantially upgrade some of the major transportation routes through the City. The costly reconstruction projects have included: County Road 101 between State Highway 7 and Minnetonka Boulevard in 2008-09; Shady Oak Road (CR 61) from Excelsior Boulevard to County Road 62 in 2009-10; and the addition of the previously mentioned west bound on-ramp to Interstate 394 at Ridgedale. Similar major projects under current construction include: Shady Oak Road (CR 61) from Excelsior Boulevard to State Highway 7, which will be completed in 2016; County Road 101 north of Minnetonka Boulevard, begun in 2014 to be completed in 2017; and County Road 101 south of State Highway 7 to County Road 62, which began in 2015.

Minnetonka conducts several significant cooperative programs with nearby cities, school districts, and the county. One program provides building inspection services to the cities of Deephaven, Greenwood, and Woodland. Another provides for the joint exchange of specialized building inspection services between Minnetonka and the City of St. Louis Park. Similarly, Minnetonka provides health inspection services to the city of Wayzata. The cities of Hopkins and Minnetonka also share recreation programs. Facilities and registrations are handled on a joint basis, allowing more efficient use of personnel and recreational facilities. Minnetonka also collaborates with the Hopkins and Minnetonka school districts to provide school liaison officers through the Police Department. The City also has an innovative cost sharing arrangement with Hennepin County to house some of its trucks and road crew equipment at the City's 77,000 square foot public works facility.

OTHER FINANCIAL INFORMATION

Relevant Financial Policies

In 2011, the City updated its policy regarding General Fund 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 reserves and above 40 percent of the following year's operating budget may be appropriated by the City Council only for one-time costs that have no ongoing financial commitments. Over the last ten years, the City has met these targets and forecasts continuing to do so through the next five years.

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 for the systems begun in 2014.

The City Council also has established a written capital improvement policy that prioritizes funding and requires fund balance guidelines for each capital fund. Projects are ranked: first, those that are related to public health and safety and legal mandates; second, those that help maintain or make existing systems more efficient; and third, those that expand existing systems, provide new services, or for general community betterment. The policy further provides that fund balance guidelines be established to reflect subsequent-year budget needs, annual cash flow requirements, replacement reserves and potential contingencies. The guidelines are 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. Speculative investments are strictly prohibited, and the longevity of maturities is capped at ten years. Furthermore, no more than fifty percent of the dollar value of investments may mature more than two years from the date of purchase, excluding investable assets of the City's capital endowment fund.

Long-term Financial Planning

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

In 2012, the City began preparing 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 changes. The analysis led to strategic actions by the City in 2009 which resulted in

setting up a balanced budget through the recession for the longer term. The actions included some significant organizational restructuring, which in turn led to a six percent reduction in the number of full-time employees, joint service delivery with other cities, and insulation of finances from direct fiscal actions by the state which would otherwise have created a fiscal imbalance. The City does not receive any direct general purpose state financial aid and has not since 2001.

Accounting System and Reporting

During the year, the City's accounting system is maintained primarily on a modified cash basis with certain accruals to provide financial controls. Appropriations are encumbered for major purchase amounts prior to the release of 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 a Certificate of Achievement for Excellence in Financial Reporting to the City of Minnetonka for its comprehensive annual financial report for the fiscal year ended December 31, 2014. This was the 32nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

ACKNOWLEDGMENTS

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

Respectfully submitted,



Geralyn R. Barone
City Manager



Merrill S. King
Finance Director/Treasurer





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Minnetonka
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



SECTION II
FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Minnetonka (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Mayor and
Members of the City Council
City of Minnetonka

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2015, the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

During the year ended December 31, 2015, the City adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (see Note 6). In addition, beginning Governmental Activities net position was restated due to the correction of an error. Our auditors' opinion was not modified with respect to these items.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of the City's Pension Contributions, Schedule of the Minnetonka Volunteer Fire Relief Association Changes in the Net Pension Asset and Related Ratios, and the Schedule of Funding Progress for the Retiree Health Plan information on pages 19 through 29, and 103 through 106, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, individual fund budget to actual schedules and the budget to actual Schedule of Revenues and Expenditures by Department for the General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and
Members of the City Council
City of Minnetonka

Other Matters (Continued)

Other Information (Continued)

The combining and individual nonmajor fund financial statements, individual fund budget to actual schedules and the budget to actual Schedule of Revenues and Expenditures by Department for the General Fund are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements, individual fund budget to actual schedules and the budget to actual Schedule of Revenues and Expenditures by Department for the General Fund are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

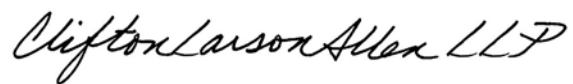
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

We have also previously audited in accordance with auditing standards generally accepted in the United States of America, the City's basic financial statements for the year ended December 31, 2014, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The 2014 actual column in the individual fund budget to actual schedules and the budget to actual Schedule of Revenues and Expenditures by Department for the General Fund 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 2014 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2014 actual columns in the individual fund budget to actual schedules and the budget to actual Schedule of Revenues and Expenditures by Department for the General Fund are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Honorable Mayor and Members
of the City Council
City of Minnetonka

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Brainerd, Minnesota
June 13, 2016

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

This section of the City of Minnetonka's (the City) comprehensive annual financial report presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2015. 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 \$261,676,315. Of this amount, \$62,949,052 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.
- Although the City's net position increased by approximately \$7.4 million from 2015 operations, there was a net decrease in total net position of \$4,736,741 due to the implementation of GASB Statement 68 for the City's Proportional share of the Public Employees Retirement Association of Minnesota's multiple-employer cost-sharing defined benefit pension plans.
- The City's governmental funds reported combined ending fund balances of \$63,805,101.

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.

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

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.

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 decreased from a year ago due to the implementation of GASB Statement 68 for the City's proportional share of the Public Employees Retirement Association of Minnesota's multiple-employer cost-sharing defined benefit pension plans. Even so, the City's overall financial position has remained stable and healthy. By far, the largest portion of the City of Minnetonka's net position, \$192,191,704 or approximately 73.4%, 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.

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

STATEMENT OF NET POSITION (CONTINUED)

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, \$6,535,559 or approximately 2.5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$62,949,052 or 24.1%, 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 \$2,249,005. This fluctuation is mainly attributed to sound fiscal control by all departments within the City's General Fund. Actual expenditures came in approximately \$1,472,000 less than budgeted.

Capital assets increased by approximately \$4.2 million. This change is mostly due to the City's implementation of a street reconstruction program implemented a number of years ago. The City is making a concerted effort to maintain and update its infrastructure investments. In 2015, in addition to the street reconstructions program, the City also completed an outstanding purchase agreement for a large parcel of land for parks and open space for approximately \$2.5 million.

Current and other liabilities decreased by approximately \$3.6 million due primarily to decreases in contracts payable in the Street Improvement, State Municipal Aid and Shady Oak Rd/Oak Drive Funds. Long-term liabilities increased by approximately \$14.4 million primarily due to the implementation of GASB Statement 68 for the City's proportional share of the Public Employees Retirement of Minnesota's multiple-employer cost sharing defined benefit pension plans.

Business-type Activities

Current and other assets of the City's business-type activities increased by approximately \$8.9 million compared to the prior year. Overall operating income increased approximately \$1.0 million from the prior year which increased overall cash. The City also issued a GO Utility Revenue Note of \$10 million to begin funding a system wide capital improvement program in the Utilities Fund.

Capital assets increased by \$2.8 million over the past year. The increase is due primarily to additions to the utility system for the new capital improvement program in the Utility Fund.

Long-term liabilities increased by approximately \$8.9 million due to the issuance of the GO Utility Revenue Note of \$10.0 million and the continual yearly reduction in other existing bonds payable.

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

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

STATEMENT OF NET POSITION

December 31, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other Assets	\$ 79,274,644	\$ 77,025,639	\$ 23,116,710	\$ 14,216,913	\$ 102,391,354	\$ 91,242,552
Capital Assets	106,535,158	102,383,695	98,248,132	95,420,308	204,783,290	197,804,003
Total Assets	<u>185,809,802</u>	<u>179,409,334</u>	<u>121,364,842</u>	<u>109,637,221</u>	<u>307,174,644</u>	<u>289,046,555</u>
Deferred Outflows of Resources	2,792,117	-	310,435	-	3,102,552	-
Long-Term Liabilities						
Outstanding	22,952,309	8,580,894	3,819,455	3,773,878	26,771,764	12,354,772
Current and Other Liabilities	6,096,601	9,709,663	13,395,649	569,064	19,492,250	10,278,727
Total Liabilities	<u>29,048,910</u>	<u>18,290,557</u>	<u>17,215,104</u>	<u>4,342,942</u>	<u>46,264,014</u>	<u>22,633,499</u>
Deferred Inflows of Resources	2,089,578	-	247,289	-	2,336,867	-
Net Position:						
Net Investment in						
Capital Assets	100,390,155	95,221,323	91,801,549	92,146,383	192,191,704	187,367,706
Restricted	6,535,559	5,859,715	-	-	6,535,559	5,859,715
Unrestricted	50,537,717	60,037,739	12,411,335	13,147,896	62,949,052	73,185,635
Total Net Position	<u>\$ 157,463,431</u>	<u>\$ 161,118,777</u>	<u>\$ 104,212,884</u>	<u>\$ 105,294,279</u>	<u>\$ 261,676,315</u>	<u>\$ 266,413,056</u>

STATEMENT OF ACTIVITIES

Governmental Activities

The net position of the City's governmental activities decreased by approximately \$3.6 million, or 2.3% after the restatement. This decrease is primarily due to the offsetting factors of the City's implementation of GASB 68 for the City's Proportional share of the Public Employees Retirement Association of Minnesota's multiple-employer cost-sharing defined benefit pension plans and the continuation of the enhanced road revitalization program started in 2006, which includes overlay or reconstruction of every local street.

Property taxes increased by \$1,421,030 due to the increased tax levy from the prior year and the related additional collections.

Investment earnings decreased from the prior year by \$252,130 due to a decrease in the market value of investments.

Business-Type Activities

Business-Type Activities net position decreased approximately \$1.1 million after the restatement. The majority of this decrease was due to the City's implementation of GASB 68 for the City's Proportional share of the Public Employees Retirement Association of Minnesota's multiple-employer cost-sharing defined benefit pension plans.

Investment income decreased by \$82,080 during 2015 due to a decrease in the market value of investments.

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

STATEMENT OF ACTIVITIES
December 31, 2015

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue						
Program Revenues:						
Charges for Services	\$ 9,337,247	\$ 8,216,739	\$ 21,007,413	\$ 18,154,048	\$ 30,344,660	\$ 26,370,787
Operating Grants and Contributions	1,414,207	1,354,435	157,548	235,986	1,571,755	1,590,421
Capital Grants and Contributions	3,631,773	7,188,926	-	-	3,631,773	7,188,926
General Revenues:						
Property Taxes	32,681,646	31,260,616	-	-	32,681,646	31,260,616
Franchise Taxes	1,728,394	1,715,787	-	-	1,728,394	1,715,787
Tax Increments	2,405,931	2,362,579	-	-	2,405,931	2,362,579
Investment Earnings (Loss)	509,257	761,387	82,813	164,893	592,070	926,280
Sale of Capital Assets	21,055	54,031	-	-	21,055	54,031
Other General Revenue	55,717	51,063	-	-	55,717	51,063
Total Revenues	51,785,227	52,965,563	21,247,774	18,554,927	73,033,001	71,520,490
Expenses						
General Government	4,422,066	4,587,302	-	-	4,422,066	4,587,302
Development Services	5,249,666	4,777,436	-	-	5,249,666	4,777,436
Public Works	15,940,119	18,494,554	-	-	15,940,119	18,494,554
Public Safety	13,289,535	13,332,150	-	-	13,289,535	13,332,150
Parks and Recreation	6,491,390	6,310,604	-	-	6,491,390	6,310,604
Unallocated Interest on Long-Term Debt	155,506	181,439	-	-	155,506	181,439
Water and Sewer Utilities	-	-	14,326,946	13,478,374	14,326,946	13,478,374
Ice Arena	-	-	1,187,034	1,240,234	1,187,034	1,240,234
Environmental	-	-	785,276	711,218	785,276	711,218
Williston Fitness Center	-	-	2,271,217	2,167,490	2,271,217	2,167,490
Grays Bay Marina	-	-	208,108	183,593	208,108	183,593
Storm Water	-	-	1,297,113	1,412,203	1,297,113	1,412,203
Total Expenses	45,548,282	47,683,485	20,075,694	19,193,112	65,623,976	66,876,597
Change in Net Position Before Transfers	6,236,945	5,282,078	1,172,080	(638,185)	7,409,025	4,643,893
Transfers	133,190	1,405,203	(133,190)	(1,405,203)	-	-
Increase (Decrease) in Net Position	6,370,135	6,687,281	1,038,890	(2,043,388)	7,409,025	4,643,893
Net Position - Beginning	161,118,777	154,689,954	105,294,279	107,337,667	266,413,056	262,027,621
Prior Period Adjustment	(10,025,481)	(258,458)	(2,120,285)	-	(12,145,766)	(258,458)
Net Position - Beginning, as Restated	151,093,296	154,431,496	103,173,994	107,337,667	254,267,290	261,769,163
Net Position - Ending	\$ 157,463,431	\$ 161,118,777	\$ 104,212,884	\$ 105,294,279	\$ 261,676,315	\$ 266,413,056

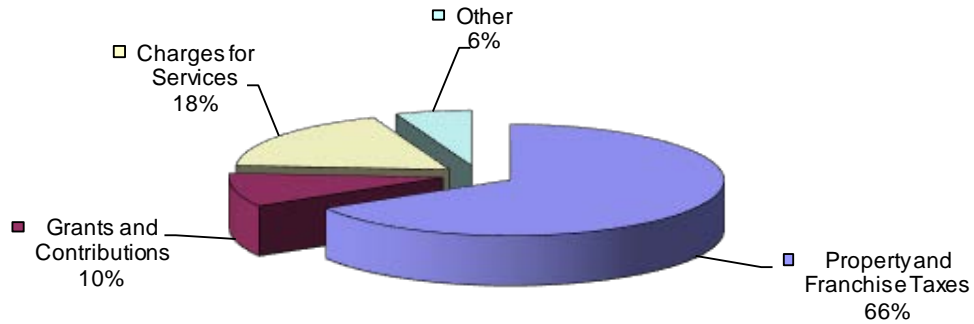


CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

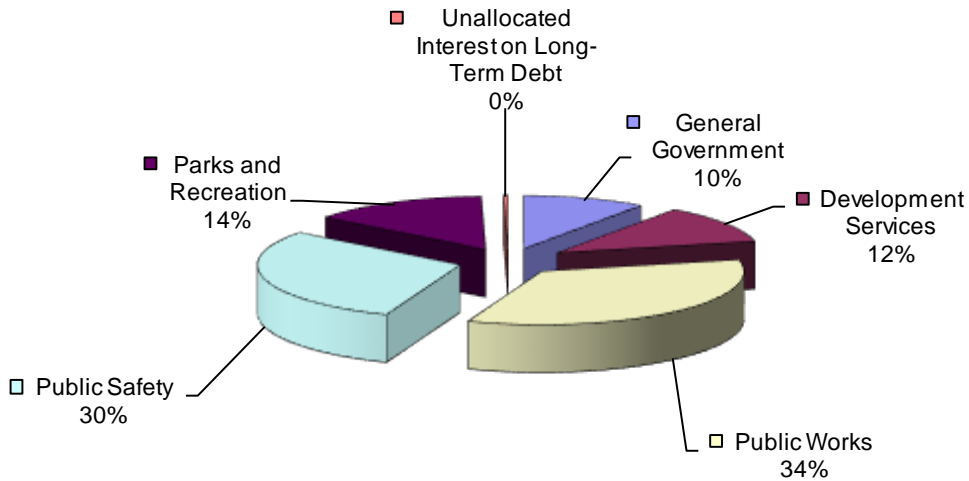
The following chart visually illustrates the City's revenue by source for its governmental activities:

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, 2015

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS

Governmental Funds

General Fund

In 2015, the City's General Fund fund balance increased by \$2,163,754, with actual expenditures \$1,471,965 or 4.8%, under the final budget.

Total actual revenues were \$846,667 more than budgeted due largely to higher than expected license and permit fees.

License and permit fees and intergovernmental revenue were \$947,841 higher than budgeted, while other revenues were lower than budgeted \$101,174.

Community Investment Fund

The increase in available fund balance of \$227,802 in the Community Investment Fund balance was due primarily to investment earnings in the current year.

Special Assessment Construction Fund

The fund balance in the Special Assessment Construction Fund decreased \$1,097,286 in 2015. This decrease was due primarily to a \$1,600,000 transfer to the Ice Arena Improvement Fund, offset somewhat by an increase in investment earnings and fair market value of investments and special assessments received.

State Municipal Aid

In 2015, the available fund balance in the State Municipal Aid Fund decreased by \$2,116,493. This decrease was due primarily to costs incurred for the County Road 101 Project. These project costs will be reimbursed in future years through Municipal State-Aid received from the State of Minnesota.

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 2015, the Street Improvement fund balance decreased \$141,497.

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS (CONTINUED)

Governmental Funds (Continued)

Park and Open Space Bonds Fund

In 2015, the Park and Open Space Bonds Capital Projects Fund qualified as a new major fund. The fund balance decreased by \$2,499,442 due to the completion of an existing purchase agreement to purchase a large tract of land within the City for parks and open space. This fund will be reimbursed for this expense by the final issuance of a voter approved levy in 2016 for \$2.5 million.

Development Fund

In 2015, the Development fund balance increased by \$135,621. This increase can be attributed to a \$200,000 tax levy, \$60,000 in special assessments received to reimburse expenditures made for a home improvement area district, \$125,000 in tax increment administration fees, other miscellaneous income and expenditures relating to economic development within the City.

Shady Oak / Oak Drive Project Fund

The increase in fund balance of \$1,130,017 to the Shady Oak/Oak Drive Project Fund is due to the reimbursement of development costs for this project from Hennepin County.

Proprietary Funds

Water and Sewer Utilities

In 2015, the net position of the Water and Sewer Utilities Fund decreased by \$914,073. This decrease was due primarily to annual transfers out for direct and indirect administrative costs and insurance costs totaling approximately \$1 million.

Ice Arena

The net position of the Ice Arena Fund increased by \$1,056,959. This increase was primarily due to capital contributions of \$1,409,411 for Ice Arena A improvements.

Environmental Fund

In 2015, the net position of the Environmental Fund decreased by \$49,032 due primarily to an increase in contracted costs for recycling services in addition to a decrease in rebated recycling fee revenue due to market conditions for recyclable materials.

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

FINANCIAL ANALYSIS OF THE CITY'S MAJOR FUNDS (CONTINUED)

Proprietary Funds (Continued)

Williston Fitness Center

The net position of the Williston Fitness Center Fund increased by \$50,792 primarily due to the yearly continuing increase in membership fees that has occurred since the facility was significantly upgraded in 2011.

Gray's Bay Marina

In 2015, the net position of the Gray's Bay Marina Fund increased by approximately \$16,000 or just 2% due to a minimal increase in revenues.

Storm Water

The net position of the Storm Water Fund increased by \$937,385, or 3.4%, as user charges exceeded operating expenses for the current year.

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 2015. In 2009, to accommodate the impact of the national recession, the City repositioned itself to meet four objectives: achieve long-term budget balance, sustain direct core services, continue infrastructure investments, and moderate property tax growth.

The strategies enacted in 2009 continue to be refined and enhanced in 2015. They include various new ways of doing business such as: cooperative services agreements with other agencies, productivity investments that help deliver core services more efficiently, and department reorganizations that reposition the City to better and more efficiently serve its constituents.

CAPITAL ASSETS

At the end of 2015, the City had \$204.7 million invested in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of approximately \$7.0 million from the prior year.

The City's fiscal year 2015 capital budget appropriates another \$25.7 million for capital projects, of which approximately \$21.8 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.

CITY OF MINNETONKA
Hennepin County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2015

LONG-TERM DEBT

At year-end, the City had \$18.4 million in bonds outstanding versus \$10.4 million last year, an increase of \$8.0 million. This increase was due to the issuance of a \$10.0 million GO Utility Revenue Note and the continual annual reduction in bonds payable.

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 2016 budget continues to reflect this long-term perspective.

The 2016 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 2016 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 mking@eminnetonka.com.



**BASIC
FINANCIAL STATEMENTS**



CITY OF MINNETONKA
Hennepin County, Minnesota

STATEMENT OF NET POSITION
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Investments (Including Cash Equivalents)	\$ 66,792,461	\$ 21,032,339	\$ 87,824,800
Receivables:			
Accounts Receivable	1,044,573	2,340,235	3,384,808
Loans Receivable	195,638	-	195,638
Interest Receivable	172,586	51,014	223,600
Taxes Receivable	191,874	-	191,874
Special Assessments Receivable	2,106,100	278,372	2,384,472
Due from Other Governments	4,451,170	-	4,451,170
Internal Balances	623,413	(623,413)	-
Prepaid Items	83,962	-	83,962
Inventories	250,274	38,163	288,437
Net Pension Asset	3,362,593	-	3,362,593
Capital Assets, Net of Related Depreciation:			
Land - Nondepreciable	21,345,870	1,186,484	22,532,354
Construction in Progress - Nondepreciable	3,448,459	4,564,626	8,013,085
Buildings	6,085,878	10,767,683	16,853,561
Improvements Other than Buildings	1,977,542	1,459,853	3,437,395
Machinery and Equipment	6,209,368	1,408,027	7,617,395
Infrastructure	67,468,041	78,861,459	146,329,500
Total Assets	\$ 185,809,802	\$ 121,364,842	\$ 307,174,644
DEFERRED OUTFLOWS OF RESOURCES:			
MNPERA - Sub Contributions	\$ 832,629	\$ 97,977	\$ 930,606
MNPERA - Actual and Projected Interest	1,959,488	212,458	2,171,946
Total Deferred Outflows of Resources	2,792,117	310,435	3,102,552

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

CITY OF MINNETONKA
Hennepin County, Minnesota

STATEMENT OF NET POSITION
December 31, 2015
(Continued)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES AND NET POSITION:			
Liabilities:			
Salaries and Wages Payable	\$ 827,370	\$ 160,873	\$ 988,243
Accounts and Contracts Payable	2,125,343	1,881,677	4,007,020
Incurred but Not Reported Claims	98,462	-	98,462
Accrued Interest Payable	67,807	23,625	91,432
Unearned Revenue	388,644	137,808	526,452
Noncurrent Liabilities:			
Unfunded OPEB Obligation	1,364,957	164,224	1,529,181
MNPERA-Net Pension Liability	15,255,424	2,244,328	17,499,752
Bonds Payable, net:			
Due Within One Year	1,005,000	11,060,000	12,065,000
Due in More than One Year	5,149,003	1,172,567	6,321,570
Compensated Absences/ Severance Payable:			
Due Within One Year	1,583,975	131,666	1,715,641
Due in More than One Year	1,182,925	238,336	1,421,261
Total Liabilities	29,048,910	17,215,104	46,264,014
DEFERRED INFLOWS OF RESOURCES:			
MNPERA - Change in Proportional Share	\$ 596,691	\$ 134,137	\$ 730,828
MNPERA - Experience	1,492,887	113,152	1,606,039
Total Deferred Inflows of Resources	2,089,578	247,289	2,336,867
Net Position:			
Net Investment in Capital Assets	100,390,155	91,801,549	192,191,704
Restricted for:			
Public Safety	392,391	-	392,391
Debt Service	1,214,080	-	1,214,080
Economic Development	4,718,254	-	4,718,254
Cemetery Operations	138,475	-	138,475
Grants	72,359	-	72,359
Unrestricted	50,537,717	12,411,335	62,949,052
Total Net Position	\$ 157,463,431	\$ 104,212,884	\$ 261,676,315

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, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General Government	\$ 4,422,066	\$ 2,297	\$ 1,005	\$ -	\$ (4,418,764)	\$ -	\$ (4,418,764)
Development Services	5,249,666	5,409,680	317,107	1,334,565	1,811,686	-	1,811,686
Public Works	15,940,119	76,776	129,821	2,287,208	(13,446,314)	-	(13,446,314)
Public Safety	13,289,535	1,753,883	952,346	10,000	(10,573,306)	-	(10,573,306)
Parks and Recreation	6,491,390	2,094,611	13,928	-	(4,382,851)	-	(4,382,851)
Unallocated Interest on Long-Term Debt	155,506	-	-	-	(155,506)	-	(155,506)
Total Governmental Activities	45,548,282	9,337,247	1,414,207	3,631,773	(31,165,055)	-	(31,165,055)
Business-Type Activities:							
Water and Sewer Utilities	14,326,946	14,394,358	-	-	-	67,412	67,412
Ice Arena	1,187,034	845,207	-	-	-	(341,827)	(341,827)
Environmental	785,276	758,753	157,548	-	-	131,025	131,025
Williston Fitness Center	2,271,217	2,395,503	-	-	-	124,286	124,286
Grays Bay Marina	208,108	243,303	-	-	-	35,195	35,195
Storm Water	1,297,113	2,370,289	-	-	-	1,073,176	1,073,176
Total Business-type Activities	20,075,694	21,007,413	157,548	-	-	1,089,267	1,089,267
Total Governmental and Business-Type Activities	\$ 65,623,976	\$ 30,344,660	\$ 1,571,755	\$ 3,631,773	(31,165,055)	1,089,267	(30,075,788)
General Revenues:							
Property Taxes					32,681,646	-	32,681,646
Franchise Taxes					1,728,394	-	1,728,394
Tax Increments					2,405,931	-	2,405,931
Investment Earnings					509,257	82,813	592,070
Gain on Sale of Capital Assets					21,055	-	21,055
Other General Revenue					55,717	-	55,717
Transfers					133,190	(133,190)	-
Total General Revenues and Transfers					37,535,190	(50,377)	37,484,813
Change in Net Position					6,370,135	1,038,890	7,409,025
Net Position - Beginning					161,118,777	105,294,279	266,413,056
Prior Period Adjustment (See Note 6)					(10,025,481)	(2,120,285)	(12,145,766)
Net Position - Beginning, as Restated					151,093,296	103,173,994	254,267,290
Net Position - Ending					\$ 157,463,431	\$ 104,212,884	\$ 261,676,315

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

MAJOR GOVERNMENTAL FUNDS

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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.



CITY OF MINNETONKA
Hennepin County, Minnesota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	Capital Projects				
	General	Community Investment	Special Assessment Construction	State Municipal Aid	Street Improvement
ASSETS:					
Cash and Investments (Including Cash Equivalents)	\$ 20,646,816	\$ 20,456,930	\$ 3,173,176	\$ -	\$ 460,381
Accounts Receivable	78,562	-	-	-	-
Loans Receivable	-	-	-	-	-
Interest Receivable	50,835	58,458	8,558	-	-
Property Taxes Receivable:					
Unremitted	134,829	-	-	-	-
Delinquent	48,640	-	-	-	-
Special Assessments Receivable:					
Unremitted	-	-	1,503	-	-
Current	-	-	181,900	-	-
Delinquent	-	-	10,943	-	-
Noncurrent	-	-	1,475,533	-	-
Due from Other Governments	41,763	-	-	4,221,053	-
Due from Other Funds	-	-	2,498,500	-	4,210,533
Advances to Other Funds	-	472,500	-	-	-
Prepays	83,962	-	-	-	-
Inventories	179,209	-	-	-	-
Total Assets	\$ 21,264,616	\$ 20,987,888	\$ 7,350,113	\$ 4,221,053	\$ 4,670,914
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Salaries and Wages Payable	\$ 801,639	\$ -	\$ -	\$ -	\$ -
Accounts and Contracts Payable	369,798	-	4,075	28,032	793,172
Unearned Revenues	388,644	-	-	-	-
Due to Other Funds	-	-	-	4,210,533	-
Total Liabilities	1,560,081	-	4,075	4,238,565	793,172
Deferred Inflows of Resources					
Unavailable Revenue - Taxes	48,640	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	1,668,376	-	-
Unavailable Revenue - MSA	-	-	-	4,221,053	-
Total Deferred Inflows of Resources	48,640	-	1,668,376	4,221,053	-
Fund Balances:					
Nonspendable	263,171	-	-	-	-
Restricted	-	-	-	-	-
Committed	1,000,000	-	-	-	-
Assigned	12,973,500	20,987,888	5,677,662	-	3,877,742
Unassigned	5,419,224	-	-	(4,238,565)	-
Total Fund Balances	19,655,895	20,987,888	5,677,662	(4,238,565)	3,877,742
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 21,264,616	\$ 20,987,888	\$ 7,350,113	\$ 4,221,053	\$ 4,670,914

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

CITY OF MINNETONKA
Hennepin County, Minnesota

BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015
(Continued)

	Capital Projects			Other Governmental Funds	Total Governmental Funds
	Park and Open Space Bonds	Development Fund	Shady Oak Rd/ Oak Drive Project		
ASSETS:					
Cash and Investments (Including Cash Equivalents)	\$ 6,162	\$ 2,663,269	\$ 555,676	\$ 16,523,033	\$ 64,485,443
Accounts Receivable	-	4,747	-	961,264	1,044,573
Loans Receivable	-	-	-	195,638	195,638
Interest Receivable	16	7,465	1,579	40,658	167,569
Property Taxes Receivable:					
Unremitted	-	-	-	7,914	142,743
Delinquent	-	-	-	491	49,131
Special Assessments Receivable:					
Unremitted	-	823	-	-	2,326
Current	-	35,345	-	-	217,245
Delinquent	-	3,021	-	-	13,964
Noncurrent	-	397,032	-	-	1,872,565
Due from Other Governments	-	-	150,000	28,285	4,441,101
Due from Other Funds	-	10,895	-	-	6,719,928
Advances to Other Funds	-	-	-	-	472,500
Prepays	-	-	-	-	83,962
Inventories	-	-	-	-	179,209
Total Assets	\$ 6,178	\$ 3,122,597	\$ 707,255	\$ 17,757,283	\$ 80,087,897
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ 8,536	\$ 810,175
Accounts and Contracts Payable	-	884	6,617	787,514	1,990,092
Unearned Revenues	-	-	-	-	388,644
Due to Other Funds	2,498,500	-	-	10,895	6,719,928
Total Liabilities	2,498,500	884	6,617	806,945	9,908,839
Deferred Inflows of Resources					
Unavailable Revenue - Taxes	-	-	-	491	49,131
Unavailable Revenue - Special Assessments	-	435,397	-	-	2,103,773
Unavailable Revenue - MSA	-	-	-	-	4,221,053
Total Deferred Inflows of Resources	-	435,397	-	491	6,373,957
Fund Balances:					
Nonspendable	-	-	-	195,638	458,809
Restricted	-	-	-	6,603,366	6,603,366
Committed	-	2,686,316	700,638	10,363,646	14,750,600
Assigned	-	-	-	343	43,517,135
Unassigned	(2,492,322)	-	-	(213,146)	(1,524,809)
Total Fund Balances	(2,492,322)	2,686,316	700,638	16,949,847	63,805,101
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 6,178	\$ 3,122,597	\$ 707,255	\$ 17,757,283	\$ 80,087,897

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



CITY OF MINNETONKA
Hennepin County, Minnesota

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES**
December 31, 2015

Total Fund Balances - Governmental Funds \$ 63,805,101

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

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

Cost of Capital Assets	177,217,640
Less Accumulated Depreciation	(70,682,482)

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

Long-term liabilities at year-end consist of:

Bond Principal Payable	(6,040,000)
Unamortized Bond Discount/(Premium)	(114,003)
Compensated Absences and Severance Payable, excluding Internal Service Funds	(2,686,937)
Other Postemployment Benefits Payable	(1,337,585)

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

MNPERA Net Pension Liability (from pension schedules)	(14,989,764)
---	--------------

Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources related to MNPERA pensions (from pension schedules)	2,755,371
Deferred Inflows of Resources related to MNPERA pensions (from pension schedules)	(2,060,306)

Governmental funds do not report the net pension asset.

MFRA Net Pension Asset	3,362,593
------------------------	-----------

Delinquent property taxes, delinquent and noncurrent special assessments receivable and municipal state aid are reported as deferred inflows of resources in the fund statements as these amounts are not available in the current year.

6,373,957

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

(67,807)

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).

1,927,653

Total Net Position - Governmental Activities \$ 157,463,431

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, 2015

	Capital Projects				
	General	Community Investment	Special Assessment Construction	State Municipal Aid	Street Improvement
REVENUES:					
Taxes:					
Property	\$ 22,466,415	\$ -	\$ -	\$ -	\$ 6,000,000
Franchise	-	-	-	-	-
Tax Increments	-	-	-	-	-
Special Assessments	-	-	373,770	-	-
Licenses and Permits	4,783,140	-	-	-	13,010
Intergovernmental	1,029,001	-	-	-	-
Charges for Services	1,564,917	-	26,670	-	14,976
Fines and Forfeitures	524,866	-	-	-	-
Miscellaneous	918,773	166,802	29,159	449	417,613
Total Revenues	<u>31,287,112</u>	<u>166,802</u>	<u>429,599</u>	<u>449</u>	<u>6,445,599</u>
EXPENDITURES:					
Current:					
General Government	3,698,159	-	-	-	-
Development Services	3,331,134	-	86,951	-	-
Public Works	4,251,001	-	-	-	50,888
Public Safety	12,731,786	-	-	-	-
Park and Recreation	5,316,080	-	-	-	-
Debt Service	-	-	-	-	-
Capital Outlay:					
General Government	-	-	-	-	-
Development Services	-	-	-	-	-
Public Works	-	-	-	1,931,444	6,721,706
Public Safety	7,675	-	-	-	-
Park and Recreation	-	2,000	-	-	-
Total Expenditures	<u>29,335,835</u>	<u>2,000</u>	<u>86,951</u>	<u>1,931,444</u>	<u>6,772,594</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,951,277</u>	<u>164,802</u>	<u>342,648</u>	<u>(1,930,995)</u>	<u>(326,995)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	1,339,800	63,000	197,266	-	185,498
Transfers Out	(1,127,323)	-	(1,637,200)	(185,498)	-
Total Other Financing Sources (Uses)	<u>212,477</u>	<u>63,000</u>	<u>(1,439,934)</u>	<u>(185,498)</u>	<u>185,498</u>
Net Change in Fund Balances	2,163,754	227,802	(1,097,286)	(2,116,493)	(141,497)
FUND BALANCES:					
Beginning of Year	<u>17,492,141</u>	<u>20,760,086</u>	<u>6,774,948</u>	<u>(2,122,072)</u>	<u>4,019,239</u>
End of Year	<u>\$ 19,655,895</u>	<u>\$ 20,987,888</u>	<u>\$ 5,677,662</u>	<u>\$ (4,238,565)</u>	<u>\$ 3,877,742</u>

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

CITY OF MINNETONKA
Hennepin County, Minnesota

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2015
(Continued)

	Capital Projects			Other Governmental Funds	Total Governmental Funds
	Park and Open Space Bonds	Development Fund	Shady Oak Rd/ Oak Drive Project		
REVENUES:					
Taxes:					
Property	\$ -	\$ 200,000	\$ -	\$ 4,007,106	\$ 32,673,521
Franchise	-	-	-	1,728,394	1,728,394
Tax Increments	-	-	-	2,405,931	2,405,931
Special Assessments	-	56,196	-	-	429,966
Licenses and Permits	-	-	-	-	4,796,150
Intergovernmental	-	-	1,100,000	601,230	2,730,231
Charges for Services	-	-	-	-	1,606,563
Fines and Forfeitures	-	-	-	73,612	598,478
Miscellaneous	49	195,476	94,861	1,103,484	2,926,666
Total Revenues	<u>49</u>	<u>451,672</u>	<u>1,194,861</u>	<u>9,919,757</u>	<u>49,895,900</u>
EXPENDITURES:					
Current:					
General Government	-	-	-	492,926	4,191,085
Development Services	-	59,386	-	1,670,986	5,148,457
Public Works	-	-	-	31,931	4,333,820
Public Safety	-	-	-	111,973	12,843,759
Park and Recreation	-	-	-	-	5,316,080
Debt Service	-	-	-	1,173,643	1,173,643
Capital Outlay:					
General Government	-	-	-	1,555,452	1,555,452
Development Services	-	-	-	524,912	524,912
Public Works	-	-	64,844	99,442	8,817,436
Public Safety	-	-	-	3,563,513	3,571,188
Park and Recreation	2,524,491	-	-	1,769,055	4,295,546
Total Expenditures	<u>2,524,491</u>	<u>59,386</u>	<u>64,844</u>	<u>10,993,833</u>	<u>51,771,378</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,524,442)</u>	<u>392,286</u>	<u>1,130,017</u>	<u>(1,074,076)</u>	<u>(1,875,478)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	25,000	-	-	2,614,323	4,424,887
Transfers Out	-	(256,665)	-	(55,600)	(3,262,286)
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>(256,665)</u>	<u>-</u>	<u>2,558,723</u>	<u>1,162,601</u>
Net Change in Fund Balances	<u>(2,499,442)</u>	<u>135,621</u>	<u>1,130,017</u>	<u>1,484,647</u>	<u>(712,877)</u>
FUND BALANCES:					
Beginning of Year	<u>7,120</u>	<u>2,550,695</u>	<u>(429,379)</u>	<u>15,465,200</u>	<u>64,517,978</u>
End of Year	<u>\$ (2,492,322)</u>	<u>\$ 2,686,316</u>	<u>\$ 700,638</u>	<u>\$ 16,949,847</u>	<u>\$ 63,805,101</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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ (712,877)

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

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

Capital Outlay	8,993,985
Depreciation Expense	(4,802,053)
Loss on Disposed Assets	(40,469)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,878,974

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. 1,008,369

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	783
Changes in Other Postemployment Benefits Payable	(132,988)
Changes in Accrued Interest Payable	9,768

Investment in Joint Venture activity is not recognized in the Governmental Funds but recognized as the expense/revenue is incurred in the Statement of Activities. (348,572)

Net pension obligation asset is not recognized in the Governmental Funds but recognized as the expense/revenue is incurred in the Statement of Activities. 133,135

Internal Service Funds are used by management to charge the costs of providing insurance for the City (See Note 2.B). 382,080

Change in Net Position of Governmental Activities \$ 6,370,135

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

CITY OF MINNETONKA
Hennepin County, Minnesota

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

For The Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES:				
Property Taxes	\$ 22,725,045	\$ 22,561,545	\$ 22,466,415	\$ (95,130)
Licenses and Permits	3,095,000	3,960,500	4,783,140	822,640
Intergovernmental Revenues	879,800	903,800	1,029,001	125,201
Charges for Services	1,625,700	1,615,300	1,564,917	(50,383)
Fines and Forfeitures	500,000	533,500	524,866	(8,634)
Other Revenues	868,355	865,800	918,773	52,973
Total Revenues	<u>29,693,900</u>	<u>30,440,445</u>	<u>31,287,112</u>	<u>846,667</u>
EXPENDITURES:				
General Government	4,095,300	4,094,900	3,698,159	396,741
Development Services	3,355,400	3,360,500	3,331,134	29,366
Public Works	4,635,400	4,583,100	4,251,001	332,099
Public Safety	13,175,400	13,110,000	12,731,786	378,214
Park and Recreation	5,652,700	5,649,300	5,316,080	333,220
Capital Outlay:				
Public Safety	2,500	8,000	7,675	325
Park and Recreation	4,000	2,000	-	2,000
Total Expenditures	<u>30,920,700</u>	<u>30,807,800</u>	<u>29,335,835</u>	<u>1,471,965</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(1,226,800)</u>	<u>(367,355)</u>	<u>1,951,277</u>	<u>2,318,632</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	1,339,800	1,339,800	1,339,800	-
Transfers Out	<u>(1,113,000)</u>	<u>(1,113,000)</u>	<u>(1,127,323)</u>	<u>(14,323)</u>
Total Other Financing Sources (Uses)	<u>226,800</u>	<u>226,800</u>	<u>212,477</u>	<u>(14,323)</u>
Net Change in Fund Balance	(1,000,000)	(140,555)	2,163,754	2,304,309
FUND BALANCES:				
Beginning of Year	<u>17,492,142</u>	<u>17,492,142</u>	<u>17,492,141</u>	<u>-</u>
End of Year	<u>\$ 16,492,142</u>	<u>\$ 17,351,587</u>	<u>\$ 19,655,895</u>	<u>\$ 2,304,309</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, 2015

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
Current Assets:								
Cash and Investments	\$ 16,179,639	\$ -	\$ 694,529	\$ 1,025,380	\$ 498,541	\$ 2,634,250	\$ 21,032,339	\$ 2,307,018
Accounts Receivable	1,812,666	103,285	72,077	-	-	352,207	2,340,235	-
Interest Receivable	34,894	-	2,319	1,953	1,411	10,437	51,014	5,017
Special Assessments Receivable	278,372	-	-	-	-	-	278,372	-
Due from Other Funds	462,480	-	-	-	-	-	462,480	-
Due from Other Governments	-	-	-	-	-	-	-	10,069
Inventories	38,013	150	-	-	-	-	38,163	71,065
Total Current Assets	<u>18,806,064</u>	<u>103,435</u>	<u>768,925</u>	<u>1,027,333</u>	<u>499,952</u>	<u>2,996,894</u>	<u>24,202,603</u>	<u>2,393,169</u>
Noncurrent Assets:								
Capital Assets:								
Land - Nondepreciable	247,650	-	-	484,381	-	454,453	1,186,484	-
Construction in Progress - Nondepreciable	4,193,387	-	-	371,239	-	-	4,564,626	-
Buildings and Structures	6,675,368	7,552,559	-	7,434,912	-	352,240	22,015,079	-
Water Facilities	4,700,591	-	-	-	-	-	4,700,591	-
Water Mains and Lines	130,100,765	-	-	-	-	-	130,100,765	-
Sewer Lift Stations	3,146,681	-	-	-	-	-	3,146,681	-
Storm Drainage System	-	-	-	-	-	40,096,205	40,096,205	-
Improvements Other than Buildings	1,746,333	30,000	-	224,464	740,000	-	2,740,797	-
Machinery and Equipment	4,946,474	533,605	-	182,226	13,334	929,084	6,604,723	-
Total Cost	<u>155,757,249</u>	<u>8,116,164</u>	<u>-</u>	<u>8,697,222</u>	<u>753,334</u>	<u>41,831,982</u>	<u>215,155,951</u>	<u>-</u>
Less Accumulated Depreciation	<u>(90,839,319)</u>	<u>(5,708,218)</u>	<u>-</u>	<u>(3,483,948)</u>	<u>(358,650)</u>	<u>(16,517,685)</u>	<u>(116,907,820)</u>	<u>-</u>
Net Capital Assets	<u>64,917,930</u>	<u>2,407,946</u>	<u>-</u>	<u>5,213,274</u>	<u>394,684</u>	<u>25,314,297</u>	<u>98,248,131</u>	<u>-</u>
Total Noncurrent Assets	<u>64,917,930</u>	<u>2,407,946</u>	<u>-</u>	<u>5,213,274</u>	<u>394,684</u>	<u>25,314,297</u>	<u>98,248,131</u>	<u>-</u>
Total Assets	<u>\$ 83,723,994</u>	<u>\$ 2,511,381</u>	<u>\$ 768,925</u>	<u>\$ 6,240,607</u>	<u>\$ 894,636</u>	<u>\$ 28,311,191</u>	<u>\$ 122,450,734</u>	<u>\$ 2,393,169</u>
Deferred Outflows of Resources:								
MNPERA - Sub Contributions	\$ 44,465	\$ 14,004	\$ 2,117	\$ 35,370	\$ 1,155	\$ 866	\$ 97,977	\$ 11,597
MNPERA - Actual & Projected Interest	96,421	30,366	4,591	76,698	2,504	1,878	212,458	25,149
Total Deferred Outflows of Resources	<u>140,886</u>	<u>44,370</u>	<u>6,708</u>	<u>112,068</u>	<u>3,659</u>	<u>2,744</u>	<u>310,435</u>	<u>36,746</u>

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
December 31, 2015
(Continued)

Business-Type Activities - Enterprise Funds

	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:								
Liabilities:								
Current Liabilities:								
Salaries and Wages Payable	\$ 95,324	\$ 17,063	\$ 1,916	\$ 43,714	\$ 710	\$ 2,146	\$ 160,873	\$ 17,195
Accounts Payable	1,714,627	14,950	41,897	100,150	627	9,427	1,881,678	135,251
Incurred but Not Reported Claims	-	-	-	-	-	-	-	98,462
Accrued Interest Payable	23,625	-	-	-	-	-	23,625	-
Due to Other Funds	-	462,480	-	-	-	-	462,480	-
Unearned Revenue	-	47,308	-	12,500	78,000	-	137,808	-
Current Portion of								
Compensated Absences	77,991	22,116	-	31,559	-	-	131,666	16,841
Bonds Payable	11,060,000	-	-	-	-	-	11,060,000	-
Total Current Liabilities	<u>12,971,567</u>	<u>563,917</u>	<u>43,813</u>	<u>187,923</u>	<u>79,337</u>	<u>11,573</u>	<u>13,858,130</u>	<u>267,749</u>
Long-Term Liabilities:								
Compensated Absences	152,731	56,043	-	29,562	-	-	238,336	63,122
Advances from Other Funds	-	-	-	472,500	-	-	472,500	-
Unfunded OPEB Obligation	91,158	22,589	8,852	36,605	1,138	3,882	164,224	27,372
MNPERA-Net Pension Liability	1,018,545	320,776	48,502	810,207	26,456	19,842	2,244,328	265,660
Revenue Bonds Payable, Net	1,172,567	-	-	-	-	-	1,172,567	-
Total Noncurrent Liabilities	<u>2,435,001</u>	<u>399,408</u>	<u>57,354</u>	<u>1,348,874</u>	<u>27,594</u>	<u>23,724</u>	<u>4,291,955</u>	<u>356,154</u>
Total Liabilities	<u>15,406,568</u>	<u>963,325</u>	<u>101,167</u>	<u>1,536,797</u>	<u>106,931</u>	<u>35,297</u>	<u>18,150,085</u>	<u>623,903</u>
Deferred Inflows of Resources:								
MNPERA-Change in Proportional Share	60,875	19,172	2,899	48,424	1,581	1,186	134,137	15,878
MNPERA-Experience	51,353	16,173	2,445	40,847	1,334	1,000	113,152	13,394
Total Deferred Inflows of Resources	<u>112,228</u>	<u>35,345</u>	<u>5,344</u>	<u>89,271</u>	<u>2,915</u>	<u>2,186</u>	<u>247,289</u>	<u>29,272</u>
Net Position:								
Net Investment in Capital Assets	58,471,348	2,407,946	-	5,213,274	394,684	25,314,297	91,801,549	-
Unrestricted	9,874,738	(850,865)	669,122	(486,667)	393,765	2,962,155	12,562,248	1,776,740
Total Net Position	<u>68,346,086</u>	<u>1,557,081</u>	<u>669,122</u>	<u>4,726,607</u>	<u>788,449</u>	<u>28,276,452</u>	<u>104,363,797</u>	<u>1,776,740</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 83,864,882</u>	<u>\$ 2,555,751</u>	<u>\$ 775,633</u>	<u>\$ 6,352,675</u>	<u>\$ 898,295</u>	<u>\$ 28,313,935</u>		<u>\$ 2,429,915</u>

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds (See Note 2.C)

(150,913)

Total Business-Type Activities Net Position

\$ 104,212,884

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, 2015

	Business-Type Activities - Enterprise Funds			
	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
OPERATING REVENUES:				
Water Sales and Sewer Charges	\$ 12,468,548	\$ -	\$ -	\$ -
Storm Water Charges	-	-	-	-
Ice Rental Charges	-	549,188	-	-
Memberships and Fees	-	-	-	2,329,388
Recycling Charges	-	-	747,436	-
Charges to City Departments	-	-	-	-
Other Revenue	1,925,810	296,019	11,317	66,115
Total Operating Revenues	<u>14,394,358</u>	<u>845,207</u>	<u>758,753</u>	<u>2,395,503</u>
OPERATING EXPENSES:				
Personal Services	1,708,623	532,834	74,406	1,333,826
Supplies, Repairs and Maintenance	966,107	63,002	1,179	131,643
Other Services and Charges	8,000,974	286,656	709,691	515,713
Total Operating Expenses	<u>10,675,704</u>	<u>882,492</u>	<u>785,276</u>	<u>1,981,182</u>
Operating Income (Loss) before Depreciation	3,718,654	(37,285)	(26,523)	414,321
Depreciation Expense	<u>3,579,295</u>	<u>299,769</u>	<u>-</u>	<u>283,265</u>
Operating Income (Loss)	<u>139,359</u>	<u>(337,054)</u>	<u>(26,523)</u>	<u>131,056</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income (Loss)	43,851	(2,998)	6,843	3,136
Intergovernmental	-	-	157,548	-
Interest Expense	<u>(28,883)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>14,968</u>	<u>(2,998)</u>	<u>164,391</u>	<u>3,136</u>
Income (Loss) before Contributions and Transfers	154,327	(340,052)	137,868	134,192
Capital Contributions	-	1,409,411	-	-
Transfers In	-	50,000	-	-
Transfers Out	<u>(1,068,400)</u>	<u>(62,400)</u>	<u>(186,900)</u>	<u>(83,400)</u>
Changes in Net Position	<u>(914,073)</u>	<u>1,056,959</u>	<u>(49,032)</u>	<u>50,792</u>
NET POSITION:				
Net Position, Beginning, as Previously Reported	70,222,410	803,169	763,975	5,441,242
Prior Period Adjustment (See Note 6)	<u>(962,251)</u>	<u>(303,047)</u>	<u>(45,821)</u>	<u>(765,427)</u>
Net Position - Beginning, as Restated	<u>69,260,159</u>	<u>500,122</u>	<u>718,154</u>	<u>4,675,815</u>
Net Position - Ending	<u>\$ 68,346,086</u>	<u>\$ 1,557,081</u>	<u>\$ 669,122</u>	<u>\$ 4,726,607</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, 2015
(Continued)

	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	\$ -	\$ -	\$ 12,468,548	\$ -
Storm Water Charges	-	2,370,289	2,370,289	-
Ice Rental Charges	-	-	549,188	-
Memberships and Fees	112,050	-	2,441,438	-
Recycling Charges	-	-	747,436	-
Charges to City Departments	-	-	-	1,893,288
Other Revenue	131,253	-	2,430,514	135,089
Total Operating Revenues	<u>243,303</u>	<u>2,370,289</u>	<u>21,007,413</u>	<u>2,028,377</u>
OPERATING EXPENSES:				
Personal Services	47,811	44,998	3,742,498	416,819
Supplies, Repairs and Maintenance	96,102	107,917	1,365,950	841,509
Other Services and Charges	36,956	262,362	9,812,352	837,848
Total Operating Expenses	<u>180,869</u>	<u>415,277</u>	<u>14,920,800</u>	<u>2,096,176</u>
Operating Income (Loss) before Depreciation	62,434	1,955,012	6,086,613	(67,799)
Depreciation Expense	24,651	879,506	5,066,486	-
Operating Income (Loss)	<u>37,783</u>	<u>1,075,506</u>	<u>1,020,127</u>	<u>(67,799)</u>
NONOPERATING REVENUES (EXPENSES):				
Investment Income (Loss)	3,702	28,279	82,813	10,353
Intergovernmental	-	-	157,548	-
Interest Expense	-	-	(28,883)	-
Total Nonoperating Revenues (Expenses)	<u>3,702</u>	<u>28,279</u>	<u>211,478</u>	<u>10,353</u>
Income (Loss) before Contributions and Transfers	41,485	1,103,785	1,231,605	(57,446)
Capital Contributions	-	-	1,409,411	-
Transfers In	-	-	50,000	380,000
Transfers Out	(25,100)	(166,400)	(1,592,600)	-
Changes in Net Position	<u>16,385</u>	<u>937,385</u>	<u>1,098,416</u>	<u>322,554</u>
NET POSITION:				
Net Position, Beginning, as Previously Reported	797,058	27,357,812		1,705,163
Prior Period Adjustment (See Note 6)	<u>(24,994)</u>	<u>(18,745)</u>		<u>(250,977)</u>
Net Position - Beginning, as Restated	<u>772,064</u>	<u>27,339,067</u>		<u>1,454,186</u>
Net Position - Ending	<u>\$ 788,449</u>	<u>\$ 28,276,452</u>		<u>\$ 1,776,740</u>
Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds (See Note 2.D.)			<u>(59,526)</u>	
Change in Net Position - Business-Type Activities			<u>\$ 1,038,890</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, 2015

	Business-Type Activities - Enterprise Funds			
	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
CASH FLOWS - OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 12,328,590	\$ 502,038	\$ 753,005	\$ 2,374,452
Receipts from Interfund Services Provided	-	-	-	-
Other Revenues	1,925,810	296,019	11,317	66,115
Payments to Suppliers	(8,173,897)	(343,554)	(676,975)	(579,794)
Payments to Employees	(1,593,739)	(518,533)	(92,520)	(1,301,908)
Payments of Benefits on Behalf of Employees	-	-	-	-
Net Cash Flows - Operating Activities	<u>4,486,764</u>	<u>(64,030)</u>	<u>(5,173)</u>	<u>558,865</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental	-	-	157,548	-
Due to/from Other Funds	(79,429)	79,429	-	-
Transfers to Other Funds	(1,068,400)	(62,400)	(186,900)	(83,400)
Transfers from Other Funds	-	50,000	-	-
Net Cash Flows - Noncapital Financing Activities	<u>(1,147,829)</u>	<u>67,029</u>	<u>(29,352)</u>	<u>(83,400)</u>
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	(3,876,613)	-	-	(241,921)
Advances from Other Funds	-	-	-	(94,500)
Proceeds from Bonds Issued	10,000,000	-	-	-
Principal Paid on Capital Debt	(1,010,000)	-	-	-
Interest and Fiscal Charges Paid on Capital Debt	(74,863)	-	-	-
Net Cash Flows - Capital and Related Financing Activities	<u>5,038,524</u>	<u>-</u>	<u>-</u>	<u>(336,421)</u>
CASH FLOWS - INVESTING ACTIVITIES:				
Purchase of Investments	19,503,850	-	1,123,397	1,523,845
Sale of Investments	(27,417,692)	-	(1,175,067)	(1,733,306)
Interest and Dividends Received	67,609	(2,999)	6,627	3,195
Net Cash Flows - Investing Activities	<u>(7,846,233)</u>	<u>(2,999)</u>	<u>(45,043)</u>	<u>(206,266)</u>
Net Change in Cash and Cash Equivalents	531,226	-	(79,568)	(67,222)
Cash and Cash Equivalents, January 1	<u>2,230,386</u>	<u>-</u>	<u>198,315</u>	<u>242,382</u>
Cash and Cash Equivalents, December 31	<u>\$ 2,761,612</u>	<u>\$ -</u>	<u>\$ 118,747</u>	<u>\$ 175,160</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, 2015
(Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water	Total Enterprise Funds	Total Internal Service Funds
CASH FLOWS - OPERATING ACTIVITIES:				
Receipts from Customers and Users	\$ 137,300	\$ 2,366,512	\$ 18,461,897	\$ -
Receipts from Interfund Services Provided	-	-	-	1,891,803
Other Revenues	131,253	-	2,430,514	135,089
Payments to Suppliers	(132,563)	(376,792)	(10,283,575)	(1,136,930)
Payments to Employees	(46,886)	(44,286)	(3,597,872)	(403,335)
Payments of Benefits on Behalf of Employees	-	-	-	(289,964)
Net Cash Flows - Operating Activities	<u>89,104</u>	<u>1,945,434</u>	<u>7,010,964</u>	<u>196,663</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental	-	-	157,548	-
Due to/from Other Funds	-	-	-	-
Transfers to Other Funds	(25,100)	(166,400)	(1,592,600)	-
Transfers from Other Funds	-	-	50,000	380,000
Net Cash Flows - Noncapital Financing Activities	<u>(25,100)</u>	<u>(166,400)</u>	<u>(1,385,052)</u>	<u>380,000</u>
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition and Construction of Capital Assets	-	(1,729,899)	(5,848,433)	-
Advances from Other Funds	-	-	(94,500)	-
Proceeds from Bonds Issued	-	-	10,000,000	-
Principal Paid on Capital Debt	-	-	(1,010,000)	-
Interest and Fiscal Charges Paid on Capital Debt	-	-	(74,863)	-
Net Cash Flows - Capital and Related Financing Activities	<u>-</u>	<u>(1,729,899)</u>	<u>2,972,204</u>	<u>-</u>
CASH FLOWS - INVESTING ACTIVITIES:				
Purchase of Investments	742,628	4,153,696	27,047,416	3,236,293
Sale of Investments	(843,476)	(4,502,540)	(35,672,081)	(3,903,219)
Interest and Dividends Received	3,725	27,354	105,511	12,370
Net Cash Flows - Investing Activities	<u>(97,123)</u>	<u>(321,490)</u>	<u>(8,519,154)</u>	<u>(654,556)</u>
Net Change in Cash and Cash Equivalents	(33,119)	(272,355)	78,962	(77,893)
Cash and Cash Equivalents, January 1	<u>118,357</u>	<u>727,362</u>	<u>3,516,802</u>	<u>472,336</u>
Cash and Cash Equivalents, December 31	<u>\$ 85,238</u>	<u>\$ 455,007</u>	<u>\$ 3,595,764</u>	<u>\$ 394,443</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, 2015
(Continued)

	Business-Type Activities - Enterprise Funds			
	Water and Sewer Utilities	Ice Arena	Environmental	Williston Fitness Center
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH FLOWS - OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 139,359	\$ (337,054)	\$ (26,523)	\$ 131,056
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	3,579,295	299,769	-	283,265
Pension Adjustment	27,636	8,704	1,317	21,983
Accounts Receivable	(150,030)	(83,633)	5,569	47,680
Prepaid Items	-	-	-	-
Due from Other Governments	-	-	-	-
Special Assessments Receivable	10,072	-	-	-
Inventories	(9,775)	-	-	-
Accounts Payable	802,959	6,104	33,895	67,562
Salaries and Wages Payable	43,131	317	195	5,767
Compensated Absences Payable	34,117	3,316	(20,120)	(77)
Unfunded OPEB Obligation	10,000	1,964	494	4,245
Unearned Revenue	-	36,483	-	(2,616)
Total Adjustments	4,347,405	273,024	21,350	427,809
Net Cash Flows - Operating Activities	<u>\$ 4,486,764</u>	<u>\$ (64,030)</u>	<u>\$ (5,173)</u>	<u>\$ 558,865</u>
NONCASH INVESTING, CAPITAL, AND FINANCING				
ACTIVITIES				
Increase (Decline) in Fair Value of Investments	\$ (34,188)	\$ 315	\$ 126	\$ (558)
Amortization of Bond Premium	31,355	-	-	-
Capital Contributions	-	1,409,411	-	-
Total Noncash Transactions	<u>\$ (2,833)</u>	<u>\$ 1,409,726</u>	<u>\$ 126</u>	<u>\$ (558)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 16,179,639	\$ -	\$ 694,529	\$ 1,025,380
Less: Investments not Meeting the Definition of Cash Equivalents	(12,781,560)	-	(575,782)	(850,220)
Total Cash and Cash Equivalents	<u>\$ 3,398,079</u>	<u>\$ -</u>	<u>\$ 118,747</u>	<u>\$ 175,160</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, 2015
(Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Grays Bay Marina	Storm Water Fund	Total Enterprise Funds	Total Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH FLOWS - OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ 37,783	\$ 1,075,506	\$ 1,020,127	\$ (67,799)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities				
Depreciation Expense	24,651	879,506	5,066,486	-
Pension Adjustment	718	539	60,897	7,209
Accounts Receivable	-	(3,777)	(184,191)	-
Prepaid Items	-	-	-	99,131
Due from Other Governments	-	-	-	(1,485)
Special Assessments Receivable	-	-	10,072	-
Inventories	-	-	(9,775)	12,826
Accounts Payable	495	(6,513)	904,502	140,506
Salaries and Wages Payable	80	(32)	49,458	2,307
Compensated Absences Payable	-	-	17,236	1,430
Unfunded OPEB Obligation	127	205	17,035	2,538
Unearned Revenue	25,250	-	59,117	-
Total Adjustments	51,321	869,928	5,990,837	264,462
Net Cash Flows - Operating Activities	\$ 89,104	\$ 1,945,434	\$ 7,010,964	\$ 196,663
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decline) in Fair Value of Investments	\$ (266)	\$ (370)	\$ (34,941)	\$ (2,348)
Amortization of Bond Premium	-	-	31,355	-
Capital Contributions	-	-	1,409,411	-
Total Noncash Transactions	\$ (266)	\$ (370)	\$ 1,405,825	\$ (2,348)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Cash and Investments	\$ 498,541	\$ 2,634,250	\$ 21,032,339	\$ 2,307,018
Less: Investments not Meeting the Definition of Cash Equivalents	(413,303)	(2,179,243)	(17,436,575)	(1,912,575)
Total Cash and Cash Equivalents	\$ 85,238	\$ 455,007	\$ 3,595,764	\$ 394,443

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, 2015

	Private-Purpose Trust	Agency
ASSETS:		
Cash and Investments	\$ 265,181	\$ 1,997,472
Interest Receivable	766	-
Total Assets	265,947	\$ 1,997,472
LIABILITIES:		
Accounts Payable	574	\$ 1,997,472
Total Liabilities	574	\$ 1,997,472
NET POSITION:		
Net Position, Held in Trust for Other Purposes	\$ 265,373	

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, 2015

ADDITIONS:	
Contributions from Participants	\$ 13,151
Investment Earnings	
Interest	<u>2,222</u>
Total Additions	15,373
DEDUCTIONS:	
Benefits	<u>10,088</u>
Change in Net Position	5,285
Net Position - January 1	<u>260,088</u>
Net Position - December 31	<u><u>\$ 265,373</u></u>

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



**NOTES TO BASIC
FINANCIAL STATEMENTS**

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Ventures and Jointly Governed Organizations

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

1. Southwest Suburban Cable Commission (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 2015, the City contributed approximately \$12,500 to the Commission, which is included as an expenditure in the Special Revenue – Cable TV Fund, a nonmajor fund included with the City's other nonmajor governmental funds. Financial information can be obtained at 1010 First Street South, Hopkins, Minnesota 55343.

2. LOGIS (a Jointly Governed Organization)

This consortium of approximately 20 governmental entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of the Board; and the consortium is fiscally independent of the City. During 2015, the City paid \$753,616 to this organization for services provided, which is included as expenditures/expenses of the General, Water and Sewer Utility, Capital Replacement and Technology Development Funds. Financial information can be obtained at 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

3. LOGIS Insurance Group (a Jointly Governed Organization)

This group provides cooperative purchasing of health and life insurance benefits for approximately 44 governmental entities. The total amount paid in 2015 was approximately \$2,039,800 for services provided, which includes the employee's contribution as well as the City's contribution. Financial information can be obtained at 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

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

The City and Hopkins Schools entered into an agreement to jointly fund the Lindbergh Activity Center that was completed in 1996 at Hopkins High School. The facility is owned jointly by Hopkins Schools and the City as tenants-in-common, 71% and 29%, respectively. The City is responsible for 29% of the operating costs. The City has included \$1,421,000 in capital assets as its share of the Lindbergh Activity Center. The City's share of the operating costs of the Lindbergh Activity Center for 2015 was \$109,000, which is included in parks and recreation expenditures of the General Fund. Financial information can be obtained at 1001 West Highway 7, Hopkins, Minnesota 55305.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Ventures and Jointly Governed Organizations (Continued)

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

The City and Minnetonka Schools entered into an agreement to jointly fund a cultural arts center in 2000 at Minnetonka High School. 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 2015 was \$ 51,000.

The City accounts for this investment as a joint venture in the government-wide financial statements. The joint venture does not represent current financial resources and is therefore not reported in the governmental funds. 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 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, 2015

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, which include the Fiduciary Funds which utilize accrual basis but do not have a measurement focus.

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

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

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

Description of Funds:

Major Governmental Funds:

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

Capital Project Funds

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

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

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Major Governmental Funds: (Continued)

Capital Project Funds (Continued)

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

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

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

Development Fund – This Fund accounts for the revenues and expenditures related to housing, redevelopment, and economic development project areas.

Shady Oak Road / Oak Drive Project – This Fund accounts for the purchase and improvements to land associated with the Shady Oak Road reconstruction project.

Major Proprietary Funds:

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

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

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

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

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

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

Additionally, the City reports the following fund types:

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

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

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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: (Continued)

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

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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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)

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

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

No more than 50% of the dollar value of the City's investments will mature more than two years from the date of purchase, excluding investable funds from the Community Investment Fund. The City will also not purchase investments that, at the time of the investment, cannot be held to maturity. In addition, the policy states the City will handle its investment transactions with several legal, competing, reputable investment security dealers. The City's policy addresses credit risk by stating investments in commercial paper must have a security rating of A-1 (Moody's), P-1 (Standard & 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 external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under Rule 2.a.7. The fair value of the position in the pool is the same as the value of the pool shares.

2. Receivables and Payables

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

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

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

2. Receivables and Payables (Continued)

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

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

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

3. Inventory and Other Assets

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

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

4. Use of Estimates

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

5. Capital Assets

Capital assets, which include; property, plant, equipment and infrastructure assets (i.e., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise funds in the proprietary fund statements. Capital assets are defined as assets with an initial cost of more than \$10,000 or \$100,000 depending on the asset type and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

5. Capital Assets (Continued)

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

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

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

Assets	Years
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 position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until a future event occurs.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

6. Deferred Outflows/Inflows of Resources (Continued)

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 position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until a future event occurs.

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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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 \$1,927,653 difference are as follows:

Net Position of the Internal Service Fund	\$ 1,776,740
Add: Net Position Attributed to the Business-Type Activities	<u>150,913</u>
Net Adjustment to Increase <i>Fund Balance - Total Governmental Funds</i> to Arrive at <i>Net Position - Governmental Activities</i>	<u><u>\$ 1,927,653</u></u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance – total governmental funds and changes in net 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 \$1,008,369 difference are as follows:

Principal Repayments:	
General Obligation Debt	\$ 980,000
Amortization of Bond Discounts and Premiums:	
General Obligation Debt - Net	<u>28,369</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><u>\$ 1,008,369</u></u>

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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 \$382,080 difference are as follows:

Change in Net Position of the Internal Service Fund	\$ 322,554
Add: Loss from Charges to Business-Type Activities	<u>59,526</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><u>\$ 382,080</u></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 \$150,913 are as follows:

Internal Payable Representing Charges in Excess of Costs to Business-Type Activities - Prior Year	\$ (91,387)
Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Current Year	<u>(59,526)</u>
Net Adjustment to Decrease <i>Net Position - Total Enterprise Funds</i> to Arrive at <i>Net Position - Business-Type Activities</i>	<u><u>\$ (150,913)</u></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 \$59,526 are as follows:

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

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 (Continued)

Loss from Charges to Business-Type Activities	<u>\$ (59,526)</u>
Net Adjustment to Decrease <i>Net Change in Net Position - Total Enterprise Funds</i> to Arrive at <i>Changes in Net Position of Business-Type Activities</i>	<u>\$ (59,526)</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

Budget amounts for the originally adopted budget and the final amended budget are approved by the City Council. Encumbrance accounting is employed in the governmental funds. Encumbrances outstanding at year end are reported as 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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

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

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2015, expenditures exceeded appropriations in the following funds:

Community Development Block Grant Fund	\$ 91,838
Grants Fund	24,266
Housing and Redevelopment Authority	39,258
Police Forfeiture Fund	45,910
Shady Oak Lane Cemetery	249

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

C. Deficit Fund Equity

The State Municipal Aid Capital Projects Fund had a deficit fund balance of \$4,238,565 as of December 31, 2015. This fund incurred expenditures in excess of revenues and other financing sources due mostly to the reconstruction of County State-Aid Road 61 (Shady Oak Road), which is a joint project with Hennepin County. Future years Municipal State-Aid allocations are scheduled to cover the deficit fund balance.

The Park and Open Space Bonds Capital Project Fund had a deficit fund balance of \$2,492,322 as of December 31, 2015. This fund incurred expenditures in excess of revenues and other financing sources due to the purchase of land under an August 28, 2004 purchase agreement, the terms of which settled in 2015. The city will issue the remaining \$2,500,000 of a voter approved levy referendum for such purposes in 2016 to cover the deficit fund balance.

The Public Safety Fund had a deficit fund balance of \$213,146 as of December 31, 2015. This fund incurred expenditures in excess of revenues and other financing sources due to the City taking advantage of more favorable pricing for the early purchase of new 800 MHz radios that were approved in the 2016-2020 Capital Improvement Plan and in the adopted 2016 budget.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015, 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, 2015, the City had deposits as follows:

Checking	\$ 716,931
Savings	1,754,976
Certificates of Deposit	<u>1,500,000</u>
Total Deposits	<u><u>\$ 3,971,907</u></u>

B. Investments

As of December 31, 2015, the City had the following investments:

<u>Investment Type</u>	<u>Investment Maturities (In Years)</u>			<u>Ratings</u>
	<u>Fair Value</u>	<u>2 Years or Less</u>	<u>2-10</u>	
FHLB	\$ 17,745,125	\$ 4,003,350	\$ 13,741,775	AAA
FHLMC	13,168,060	7,785,467	5,382,593	AAA
FNMA	10,025,454	2,011,240	8,014,214	AAA
FAMC	881,248	881,248	-	AAA
FFCB	357,679	-	357,679	AAA
FICO Strips	3,140,540	976,450	2,164,090	N/A
Broker CD's	9,512,525	7,447,412	2,065,113	Not Rated
4-M	31,266,591	31,266,591	-	Not Rated
Money Market	24	24	-	Not Rated
	<u><u>\$ 86,097,246</u></u>	<u><u>\$ 54,371,782</u></u>	<u><u>\$ 31,725,464</u></u>	

Interest Rate Risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturities of its portfolio. No more than 50% of its portfolio, excluding investable funds from the Community Investment Fund, may mature at more than two years from the date of purchase. The \$31,725,464 of investments with maturities from 2 to 10 years includes \$20,454,866 of investable funds from the Community Investment Fund.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (Continued)

Interest Rate Risk (Continued): The remaining amount of \$11,270,598 equates to 17% of total investments and is within the City’s investment policy limit of no more than 50% of total investments maturing over 2 years from the date of purchase. Also, no investments have maturities of more than 10 years.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City invests with 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 2a7-like pool and the fair value of the position in the pool is the same as the value of the pool shares. The City also invests in brokered CD’s and money market which are both unrated. As of December 31, 2015, the City’s investments are rated in the above table.

Concentration of Credit Risk: The risk of loss attributed to the magnitude of the City’s investments in a single issuer. The City places no limit on the amount that may be invested in any one issuer. As of December 31, 2015, more than 5 percent of the City’s investments are in FHLMC, FHLB and FNMA. These investments are 15%, 21% and 12%, respectively, of the City’s total investments.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City’s investments are insured by SIPC or other supplemental insurance, held in the City’s name by the counter party as of December 31, 2015. 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, 2015:

Petty Cash	\$ 18,300
Deposits	3,971,907
Investments	<u>86,097,246</u>
Total	<u><u>\$ 90,087,453</u></u>

Cash, deposits and investments are presented in the December 31, 2015 basic financial statements as follows:

Statement of Net Position:

Cash and Investments (Including Cash Equivalents) \$ 87,824,800

Statement of Fiduciary Net Position:

Cash and Investments (Including Cash Equivalents)	
Private-Purpose Trust Funds	265,181
Agency Funds	1,997,472
Total Deposits and Investments	<u><u>\$ 90,087,453</u></u>

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	<u>Balance</u> <u>January 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>December 31, 2015</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 18,821,379	\$ 2,524,491	\$ -	\$ 21,345,870
Work in Progress	<u>5,755,041</u>	<u>3,700,716</u>	<u>(6,007,298)</u>	<u>3,448,459</u>
Total Capital Assets, Not Being Depreciated	24,576,420	6,225,207	(6,007,298)	24,794,329
Capital Assets, Being Depreciated:				
Buildings and Structures	20,630,795	187,159	-	20,817,954
Improvements Other Than Buildings	8,038,366	-	-	8,038,366
Furniture and Equipment	3,117,949	26,655	(67,854)	3,076,750
Machinery and Auto	8,030,292	1,687,186	(324,059)	9,393,419
Infrastructure:				
Streets	87,645,334	6,175,693	-	93,821,027
Park Additions	<u>16,576,412</u>	<u>699,383</u>	<u>-</u>	<u>17,275,795</u>
Total Capital Assets, Being Depreciated	144,039,148	8,776,076	(391,913)	152,423,311
Less Accumulated Depreciation for				
Buildings and Structures	(14,352,264)	(379,812)	-	(14,732,076)
Improvements Other Than Buildings	(5,808,607)	(145,874)	-	(5,954,481)
Furniture and Equipment	(1,562,548)	(251,296)	31,689	(1,782,155)
Machinery and Auto	(3,918,814)	(879,587)	319,755	(4,478,646)
Infrastructure:				
Streets	(36,957,887)	(2,659,698)	-	(39,617,585)
Park Additions	<u>(3,631,753)</u>	<u>(485,786)</u>	<u>-</u>	<u>(4,117,539)</u>
Total Accumulated Depreciation	<u>(66,231,873)</u>	<u>(4,802,053)</u>	<u>351,444</u>	<u>(70,682,482)</u>
Total Capital Assets, Being Depreciated, Net	<u>77,807,275</u>	<u>3,974,023</u>	<u>(40,469)</u>	<u>81,740,829</u>
Governmental Activities Capital Assets, Net	<u>\$ 102,383,695</u>	<u>\$ 10,199,230</u>	<u>\$(6,047,767)</u>	<u>\$ 106,535,158</u>

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

General Government	\$ 164,080
Development Services	23,104
Public Works	3,178,883
Public Safety	665,543
Parks and Recreation	<u>770,443</u>
Total Depreciation Expense	<u>\$ 4,802,053</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets (Continued)

	Balance January 1, 2015	Additions	Retirements	Reclassification	Balance December 31, 2015
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,186,484	\$ -	\$ -	\$ -	\$ 1,186,484
Construction in Progress	129,319	4,435,307	-	-	4,564,626
Total Capital Assets, Not Being Depreciated	1,315,803	4,435,307	-	-	5,751,110
Capital Assets, Being Depreciated:					
Buildings and Structures	20,605,667	1,409,411	-	-	22,015,078
Improvements Other Than Buildings	2,740,797	-	-	-	2,740,797
Water Facilities	4,700,591	-	-	-	4,700,591
Machinery and Equipment	6,618,741	454,592	(87,484)	(381,125)	6,604,724
Sewer Lift Stations	3,146,682	-	-	-	3,146,682
Distribution System	129,719,640	-	-	381,125	130,100,765
Storm Sewers	38,501,205	1,595,000	-	-	40,096,205
Total Capital Assets, Being Depreciated	206,033,323	3,459,003	(87,484)	-	209,404,842
Less Accumulated Depreciation for					
Buildings and Structures	(10,524,201)	(723,194)	-	-	(11,247,395)
Improvements Other Than Buildings	(1,081,035)	(199,909)	-	-	(1,280,944)
Water Facilities	(3,437,175)	(69,628)	-	-	(3,506,803)
Machinery and Equipment	(4,987,081)	(297,100)	87,484	-	(5,196,697)
Sewer Lift Stations	(2,369,691)	(81,929)	-	-	(2,451,620)
Distribution System	(74,478,634)	(2,886,426)	-	-	(77,365,060)
Storm Sewers	(15,051,001)	(808,300)	-	-	(15,859,301)
Total Accumulated Depreciation	(111,928,818)	(5,066,486)	87,484	-	(116,907,820)
Total Capital Assets, Being Depreciated, Net	94,104,505	(1,607,483)	-	-	92,497,022
Business-Type Activities Capital Assets, Net	<u>\$ 95,420,308</u>	<u>\$ 2,827,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,248,132</u>

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

Water and Sewer Utilities	\$ 3,579,295
Ice Arena	299,769
Williston Fitness Center	283,265
Grays Bay Marina	24,651
Storm Water Fund	879,506
Total Depreciation Expense	<u>\$ 5,066,486</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015 was \$51,000. The future minimum lease payments for the lease are as follows:

<u>Years Ending December 31,</u>	<u>Amount</u>
2016	\$ 51,000
2017	51,000
2018	51,000
2019	57,600
2020	57,600
2021-2025	288,000
2026-2028	<u>172,800</u>
Total	<u>\$ 729,000</u>

E. Long-Term Debt

1. General Obligation Bonds

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

2. Revenue Bonds

The City has issued revenue bonds for water improvements. Debt service is covered through the revenue producing activities of the Water and Utilities Fund.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015, was as follows:

	Interest Rates/ Final Maturity Date	Balance at January 1, 2015	Issued	Retired	Balance at December 31, 2015	Due Within One Year
Governmental Activities:						
Bonds Payable:						
General Obligation State-Aid Street Bonds, Series 2008A	3.25 - 4% / 4/1/2024	\$ 1,445,000	\$ -	\$ 125,000	\$ 1,320,000	\$ 125,000
General Obligation Open Space and Park Improvement Bonds, Series 2008B	3.25 - 4% / 2/1/2020	1,850,000	-	145,000	1,705,000	145,000
General Obligation Open Space and Park Improvement Refunding Bonds, Series 2010A	2.00 - 3% / 2/1/2018	1,565,000	-	370,000	1,195,000	385,000
General Obligation Open Space and Park Refunding Bonds, Series 2012A	1.00 - 2% / 2/1/2020	2,160,000	-	340,000	1,820,000	350,000
Unamortized Bond Premium		142,756	-	28,445	114,311	-
Unamortized Bond Discount		(384)	-	(76)	(308)	-
Total G.O. Bonds, net		<u>7,162,372</u>	<u>-</u>	<u>1,008,369</u>	<u>6,154,003</u>	<u>1,005,000</u>
Compensated Absences		<u>2,766,253</u>	<u>1,584,622</u>	<u>1,583,975</u>	<u>2,766,900</u>	<u>1,583,975</u>
Governmental Activity Long-Term Liabilities		<u>\$ 9,928,625</u>	<u>\$ 1,584,622</u>	<u>\$ 2,592,344</u>	<u>\$ 8,920,903</u>	<u>\$ 2,588,975</u>
Business-Type Activities:						
Bonds Payable:						
General Obligation Water Revenue Refunding Bonds, Series 2008C	4.00% / 2/1/2016	\$ 1,535,000	\$ -	\$ 745,000	\$ 790,000	\$ 790,000
General Obligation Water Revenue Refunding Bonds, Series 2012A	1.00 - 2% / 2/1/2020	1,655,000	-	265,000	1,390,000	270,000
General Obligation Utility Revenue Note Utility Revenue Note, Series 2015		-	10,000,000	-	10,000,000	10,000,000
Unamortized Bond Premium		83,923	-	31,355	52,568	-
Total Revenue Bonds, net		<u>3,273,923</u>	<u>10,000,000</u>	<u>1,041,355</u>	<u>12,232,568</u>	<u>11,060,000</u>
Compensated Absences		<u>352,766</u>	<u>205,631</u>	<u>188,395</u>	<u>370,002</u>	<u>131,666</u>
Business-Type Activity Long-Term Liabilities		<u>\$ 3,626,689</u>	<u>\$ 10,205,631</u>	<u>\$ 1,229,750</u>	<u>\$ 12,602,570</u>	<u>\$ 11,191,666</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

3. Components of Long-Term Liabilities (Continued)

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

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

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

Years Ending December 31	G.O. Bonds		Revenue Bonds		Total
	Governmental Activities		Business-Type Activities		
	Principal	Interest	Principal	Interest	
2016	\$ 1,005,000	\$ 142,412	\$ 11,060,000	\$ 122,550	\$ 12,329,962
2017	1,030,000	144,900	275,000	19,650	1,469,550
2018	1,050,000	116,237	275,000	14,150	1,455,387
2019	1,145,000	83,000	280,000	8,600	1,516,600
2020	1,160,000	45,359	290,000	2,900	1,498,259
2021-2024	650,000	54,400	-	-	704,400
Total	\$ 6,040,000	\$ 586,308	\$ 12,180,000	\$ 167,850	\$ 18,974,158

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

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

The G.O Utility Revenue Note, Series 2015 was issued on December 29, 2015. The proceeds from the note will be used to reimburse and additionally fund the Utilities Fund for certain capital improvement projects to upgrade the City’s utility infrastructure system.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

3. Components of Long-Term Liabilities (Continued)

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

There are a number of financial limitations and restrictions contained in the various bond indentures. At December 31, 2015, 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, 2015 \$2,500,000 of the original authorized \$15,000,000 remain to be issued.

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, 2015, there were 13 series of Revenue Bonds outstanding, with an approximate outstanding balance of \$100,140,578.

5. Revenue Pledged

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

Bond Issue	Use of Proceeds	Revenue Pledged				Current Year		
		Type	Percent of Total Debt Service	Debt Service as a % of Net Revenues	Taxes Payable Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
2008C GO Water Revenue Refunding Bonds	Refund Original Debt used for Water Utility Infrastructure	Utility Revenue	100%	n/a	2009 - 2016	\$852,300	\$791,500	\$2,714,609
2012A GO Water Revenue Refunding Bonds	Refund Original Debt used for Water Utility Infrastructure	Utility Revenue	100%	n/a	2013 - 2020	\$1,486,800	\$292,750	\$1,004,045
2015 GO Utility Revenue Note	Water Utility Infrastructure	Utility Revenue	100%	n/a	2016	\$10,083,000	\$ -	\$ -

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

F. Commitments

At December 31, 2015, the City had the following contract commitments outstanding:

<u>Project</u>	<u>Contractor</u>	<u>Commitment</u>
Shady Oak Road Project	Hennepin County	\$ 238,489
Shady Oak Road Street Lighting	Egan Company	41,043
Co Rd 101, CR 62 - CR3	Hennepin County	208,862
Commercial Water Meter Upgrades	Metering and Technology Solutions	14,686
Manhole Rehab Phase VI	Infrastructure Technologies, Inc.	42,534
Trunk Forcemain Lining	Visu-Sewer	55,965
2015 Street Rehabilitation	Valley Paving, Inc.	1,671,786
Williston Center Roofing Project	Diverse Construction Services LLC	9,130
Ice Arena A Refrigeration System Replacement	Total Mechanical	53,035
Wells 16A & 16B Improvements	Rice Lake Construction Group	298,514
Water Treatment Plant #11 Electrical Update	Electrical Installation and Maintenance Co.	215,136
Building Automation Upgrade	Metropolitan Mechanical	389,155
	Total	<u>\$ 3,238,334</u>

G. Interfund Transactions

1. Interfund Receivables and Payables

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Water Fund	Ice Arena Fund	\$ 462,480	[1]
Street Improvement Fund	State Municipal Aid Fund	4,210,533	[2]
Development Fund	TIF Fund	10,895	[3]
Special Assessment Construction Fund	Parks & Open Space Bonds	2,498,500	[4]
	Total	<u>\$ 7,182,408</u>	

- [1] The interfund receivables and payables eliminated what would have been a negative cash balance. The City expects these interfund transactions to be settled in January 2016.
- [2] 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. The City expects these transactions to be completed sometime in 2016.
- [3] This interfund receivable and payable is due to an interfund loan that will be paid off in 2016.
- [4] This interfund receivable and payable is due to the Special Assessment Construction Fund paying for the purchase of a property that will be reimbursed by the Park and Open Space Bond Fund.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Interfund Transactions (Continued)

2. Transfers

Transfer To	Transfer From	Amount	Purpose
General Fund	Other Nonmajor	\$ 30,600	Administrative costs
General Fund	Development Fund	59,400	Administrative costs
General Fund	Grays Bay Marina	10,800	Administrative costs
General Fund	Environmental	186,900	Administrative costs
General Fund	Special Assessment Construction Fund	37,200	Administrative costs
General Fund	Storm Water Fund	138,400	Administrative costs
General Fund	Water and Sewer Utilities	800,000	Administrative costs
General Fund	Williston Center	45,900	Administrative costs
General Fund	Ice Arena	30,600	Administrative costs and funding support
Internal Service Fund	Grays Bay Marina	14,300	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Ice Arena	31,800	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Water and Sewer Utilites	268,400	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Williston Center	37,500	Payment to Internal Service Fund for insurance costs
Internal Service Fund	Storm Water Fund	28,000	Payment to Internal Service Fund for insurance costs
Special Assessment Constr	Development Fund	197,265	Reimbursement
Street Improvement Fund	State Municipal Aid Fund	185,498	Construction costs
Community Investment	General Fund	63,000	Construction costs
Park & Open Space Bonds	Other Nonmajor	25,000	Construction costs
Ice Arena	Special Assessment Construction Fund	50,000	Construction costs
Other Nonmajor	General Fund	4,838	Construction costs
Other Nonmajor	Special Assessment Construction Fund	1,600,000	Construction costs
Other Nonmajor	General Fund	1,009,485	Construction costs
		<u>\$ 4,854,886</u>	

3. Advances To/From Other Funds

The Community Investment Fund advanced \$945,000 to the Williston Fitness Center for renovation/construction purposes. This advance will be paid back to the Community Investment Fund in annual installments of \$94,500 from the Williston Center, bearing no interest through the year 2020. The amount still outstanding at 12/31/2015 was \$472,500.

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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

I. Contingencies

1. There are several lawsuits pending in which the City is involved. The City estimates the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.
2. The City entered into a purchase agreement dated August 28, 2004 for the purchase of real property. The purchase price of the property is \$2,600,000, of which the City has paid \$100,000 in earnest money that will be applied towards the total purchase price. As part of the purchase agreement, the closing date of the purchase will take place on or before 30 days after the seller's estate or heirs give notice to the City of the seller's death, or at such earlier or later date as mutually agreed upon by the seller and the City. During 2015 this property purchase was completed.
3. On July 13, 2015 the City Council adopted a resolution approving the City's commitment of \$2 million towards the Metropolitan Council's Southwest Light Rail Transit (SWLRT) Project (METRO Green Line Extension) for construction activities anticipated to occur between 2017 and 2020 to extend the Metropolitan Council's Light Rail System through the City. As of December 31, 2015 a funding source for this commitment has not yet been identified. After all necessary state and federal environmental review has taken place and the SWLRT Project receives a Record of Decision (ROD) and Determination of Adequacy, the City will address the terms and conditions of this commitment through subsequent resolutions regarding appropriation of funds through one or more subordinate funding or other agreements with the Metropolitan Council.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Fund Balance/Net Position

At December 31, 2015, a summary of the governmental fund balance classifications is as follows:

	General Fund	Community Investment	Special Assessment Construction	State Municipal Aid	Street Improvement	Park & Open Space Bonds	Development Fund	Shady Oak/Oak Drive Project	Other Governmental Funds	Total
Nonspendable:										
Inventory & Prepays	\$ 263,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 263,171
Loans Receivable	-	-	-	-	-	-	-	-	195,638	195,638
Total Nonspendable	263,171	-	-	-	-	-	-	-	195,638	458,809
Restricted for:										
Cemetery Operations	-	-	-	-	-	-	-	-	138,475	138,475
Housing	-	-	-	-	-	-	-	-	1,116,871	1,116,871
Grants	-	-	-	-	-	-	-	-	72,359	72,359
Police Forfeiture	-	-	-	-	-	-	-	-	392,391	392,391
Tax Increment	-	-	-	-	-	-	-	-	3,601,383	3,601,383
Debt Service	-	-	-	-	-	-	-	-	1,281,887	1,281,887
Total Restricted	-	-	-	-	-	-	-	-	6,603,366	6,603,366
Committed to:										
Technology Improvements	-	-	-	-	-	-	-	-	83,034	83,034
Cable TV	-	-	-	-	-	-	-	-	2,609,575	2,609,575
Electric Franchise Fees	-	-	-	-	-	-	-	-	2,522,037	2,522,037
Compensated Absences	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Capital Replacement	-	-	-	-	-	-	-	-	1,568,298	1,568,298
Development	-	-	-	-	-	-	2,686,316	-	669,946	3,356,262
Park Improvements	-	-	-	-	-	-	-	-	1,848,949	1,848,949
Street Improvements	-	-	-	-	-	-	-	700,638	-	700,638
Reforestation	-	-	-	-	-	-	-	-	1,061,807	1,061,807
Total Committed	1,000,000	-	-	-	-	-	2,686,316	700,638	10,363,646	14,750,600
Assigned to:										
Budget Stabilization	12,767,600	-	-	-	-	-	-	-	-	12,767,600
Fire Pensions	190,900	-	-	-	-	-	-	-	-	190,900
Recreation Scholarships	15,000	-	-	-	-	-	-	-	-	15,000
Community Investment	-	20,987,888	5,677,662	-	-	-	-	-	-	26,665,550
Street Improvements	-	-	-	-	3,877,742	-	-	-	343	3,878,085
Total Assigned	12,973,500	20,987,888	5,677,662	-	3,877,742	-	-	-	343	43,517,135
Unassigned	5,419,224	-	-	(4,238,565)	-	(2,492,322)	-	-	(213,146)	(1,524,809)
Total	\$ 19,655,895	\$ 20,987,888	\$ 5,677,662	\$ (4,238,565)	\$ 3,877,742	\$ (2,492,322)	\$ 2,686,316	\$ 700,638	\$ 16,949,847	\$ 63,805,101

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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, 2015, including an estimate for claims incurred but not reported.

Changes in the insurance claims liability during 2015 and 2014, recorded within the City’s Internal Service Fund, are as follows:

	2015	2014
Unpaid Claims at Beginning of Year	\$ 12,660	\$ 9,594
Incurred Claims	408,074	467,735
Premiums and Settlements	(322,272)	(464,669)
Unpaid Claims at End of Year	\$ 98,462	\$ 12,660

B. Employee Retirement Systems and Pension Plans

Pension Plans – Primary Government

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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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)

a. Plan Description (Continued)

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

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

b. Benefits Provided

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

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80% for one year or 85% for two consecutive years, are given 1% increases.

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

1. GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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 (Continued)

1. GEFR Benefits (Continued)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2).

Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For 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. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF 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 PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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. GEFR Contributions

Basic Plan members Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City contributions to the GEF for the year ended December 31, 2015, were \$947,280. The City contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City contributions to the PEPFF for the year ended December 31, 2015, were \$859,126. The City contributions were equal to the required contributions as set by state statute.

d. Pension Costs

1. GEF Pension Costs

At December 31, 2015, the City reported a liability of \$11,023,218 for its proportionate share of the GEF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City proportion 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .2127%.

For the year ended December 31, 2015, the City recognized pension expense of \$1,249,760 for its proportionate share of the GEF's pension expense.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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)

1. GERF Pension Costs (Continued)

At December 31, 2015, the City reported its proportionate share of GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 555,758
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,043,517	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	658,824
City Contributions Subsequent to the Measurement Date	481,221	-
Total	<u>\$ 1,524,738</u>	<u>\$ 1,214,582</u>

\$481,221 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2016	\$ (143,982)
2017	(143,982)
2018	(143,982)
2019	260,881

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$6,476,534 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City proportion 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, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2015, the City proportion was .570%.

For the year ended December 31, 2015, the City recognized pension expense of \$1,101,659. The City also recognized \$51,300 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City’s proportionate share of PEPFF’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources is as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 1,050,282
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,128,429	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	72,003
City Contributions Subsequent to the Measurement Date	449,385	-
Total	<u>\$ 1,577,814</u>	<u>\$ 1,122,285</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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. PEPFF Pension Costs (Continued)

\$449,385 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Pension Expense Amount
2016	\$ 57,650
2017	57,650
2018	57,650
2019	57,650
2020	(224,456)

e. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Assumptions	GERF
Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90% per year

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1st through 2035 for GERF and 2037 for PEPFF and 2.5% thereafter.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERF was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009. Experience studies have not been prepared for PERA's other plans, but assumptions are reviewed annually.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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)

e. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2015: the discount rate was changed from 8.0% through June 30, 2017 and 8.5% thereafter to 8.0% for all years, the inflation assumption was changed from 3.0% to 2.75%, the payroll growth assumption was changed from 3.75% to 3.5%, assumed increases in member salaries were decreased by 0.25% at all ages and the assumed postretirement benefit increase rate was changed from 1.0% per year through 2026 and 2.5% thereafter to 1.0% per year through 2034 and 2.5% per year thereafter.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45 %	5.50 %
International Equity	15	6.00
Bonds	18	1.45
Alternative Assets	20	6.40
Cash	2	0.50
Totals	100 %	

f. Discount Rate

The discount rate used to measure the total pension liability was 7.90% for GERP and PEPFF. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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. Pension Liability Sensitivity

The following presents the City 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 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:

Description	1% Decrease in Discount Rate 6.90%	Current Discount Rate 7.90%	1% Increase in Discount Rate 8.90%
City's Proportionate Share of the GERP Net Pension Liability	\$ 17,332,417	\$ 11,023,218	\$ 5,812,789
City's proportionate share of the PEPFF Net Pension liability:	\$ 12,622,832	\$ 6,476,534	\$ 1,398,620

h. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

2. Defined Contribution Plan

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

The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

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

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

2. Defined Contribution Plan (Continued)

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan. The City's contributions for the years ending December 31, 2015, 2014 and 2013 were \$1,800, \$1,800, and \$2,250, respectively, were equal to the contractually required contributions for each year as set by state statute.

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, 2014, membership includes 64 active participants, 57 retired and disabled members, 15 beneficiaries and 13 terminated employees entitled to benefit but not yet receiving them. The plan issues a stand-alone financial statement.

b. 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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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. Benefits Provided (Continued)

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 §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.

c. 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)
=	<hr/> <hr/> Minimum Municipal Obligation

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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. Contributions (Continued)

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$345,382 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2014. Required employer contributions are calculated annually based on statutory provisions. The statutorily-required contribution to the plan for the year ended December 31, 2014 was \$329,482 which was covered by fire state aid.

d. Pension Costs

At December 31, 2015, the City reported an asset of \$3,362,593 for the Association's net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

As there was no required contribution, the City did not recognize expense for the year ended December 31, 2015. The City did not report deferred outflows of resources or deferred inflows of resources related to the Association's net pension asset. There were no contributions subsequent to the measurement date.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/14
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	5.90%
Project Salary Increases	N/A
20-Year Municipal Bond Yield	3.56%
Inflation	2.75%
Cost-of-living Adjustments	None
Age of Service Retirement	50
Mortality	Assumed life expectancies were based on RP 2000 mortality tables. .11% disability assumed at age 20, decreasing each year until 0% at age 60
Disability	6% withdrawal assumed at age 20, decreasing each year until 0% at age 60
Withdrawal	
Beneficiaries	100 percent of members assumed to have beneficiaries
Age of Difference	3
Form of Payment	For members hired before 2006, 25% of retiring members choose a lump sum payment, 75% choose a monthly annuity.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

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 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.

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	45.91%	5.00%	7.75%
International equity	13.85%	5.00%	7.75%
Fixed income	36.58%	1.75%	4.50%
Real estate and alternatives	0.00%	4.00%	6.75%
Cash and equivalents	3.66%	0.25%	3.00%
Total (weighted avg, rounded to 1/4%)	100.00%	3.75%	6.50%

f. Discount Rate

The discount rate used to measure the total pension liability was 6.50%. 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.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

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 6.50%, 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 (5.00%) or one percentage point higher (7.00%) than the current rate:

	1% Decrease	Selected Discount Rate	1% Increase
Net Pension Liability (Asset)	\$ (1,986,041)	\$ (3,362,593)	\$ (4,502,857)
Discount Rate	5.50%	6.50%	7.50%

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.

C. Postemployment Healthcare Plan

Plan Description

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

Funding Policy

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Blue Cross Blue Shield. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2015, the City contributed \$125,296 to the plan. As of January 1, 2015, there were approximately 23 retirees receiving health benefits from the City’s health plan.

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 – OTHER INFORMATION (CONTINUED)

C. Postemployment Healthcare Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

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

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

Annual Required Contribution	\$	267,881
Interest on Net OPEB Obligation		61,948
Adjustment to Annual Required Contribution		<u>(51,972)</u>
Annual OPEB Cost (Expense)		277,857
Contributions Made		<u>(125,296)</u>
Increase in net OPEB Obligation		152,561
Net OPEB Obligation - Beginning of Year		<u>1,376,620</u>
Net OPEB Obligation - End of Year	\$	<u><u>1,529,181</u></u>

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

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer</u> <u>Contribution</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/2015	\$ 277,857	\$ 125,296	45.0	\$ 1,529,181
12/31/2014	270,294	111,879	41.0	1,376,620
12/31/2013	249,261	55,223	22.0	1,218,205

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 – OTHER INFORMATION (CONTINUED)

C. Postemployment Healthcare Plan (Continued)

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$2,828,810 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,828,810. The covered payroll (annual payroll of active employees covered by the plan) was \$15,681,327, and the ratio of the UAAL to the covered payroll was 18 percent.

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

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

Actuarial Methods and Assumptions

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

In the January 1, 2014, the actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5%, shorter term, based on City's general assets).

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 5 – OTHER INFORMATION (CONTINUED)

C. Postemployment Healthcare Plan (Continued)

Actuarial Methods and Assumptions (Continued)

The City currently does not plan to prefund this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 9 percent initially, reduced incrementally to an ultimate rate of 5 percent after ten years. Both rates included a 3.75 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a 30-year period.

NOTE 6 – PRIOR PERIOD ADJUSTMENTS

During the year ended December 31, 2015, the City adopted GASB Statement No. 68, Accounting and Financial Reporting for Pensions, and the related GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. These pronouncements require the restatement of the December 31, 2014, net position of the governmental activities, business-type activities, enterprise and internal service funds as follows:

In addition, beginning fund balance and net position were restated for unavailable revenues previously not reported in the State Municipal Aid Fund. The result of this prior period adjustment increased the beginning fund Governmental Activities net position by \$2,103,544.

	Net Position as Previously Stated	Cumulative Affect of Application of GASB 68 Net Pension Liability	Deferred Outflow of Resources for City Contributions Made to the Plans During Measurement Period (7/1/14 - 12/31/14)	Correction of an Error	Net Position As Restated
Governmental Activities	\$ 161,118,777	\$ (12,738,336)	\$ 609,311	\$2,103,544	\$ 151,093,296
Business Type Activities	105,294,279	(2,213,136)	92,851	-	103,173,994
Water & Sewer Utilities	70,222,410	(1,004,390)	42,139	-	69,260,159
Ice Arena	803,169	(316,318)	13,271	-	500,122
Environmental	763,975	(47,828)	2,007	-	718,154
Willston Fitness Center	5,441,242	(798,946)	33,519	-	4,675,815
Grays Bay Marina	797,058	(26,088)	1,094	-	772,064
Storm Water	27,357,812	(19,566)	821	-	27,339,067
Internal Service Fund	1,705,163	(261,967)	10,990	-	1,454,186

CITY OF MINNETONKA
Hennepin County, Minnesota

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2015

NOTE 7 – SUBSEQUENT EVENTS

On May 9, 2016, the City Council adopted Resolution 2016-034 providing for the issuance and sale of approximately \$10 million General Obligation Utility Revenue Refunding Bonds, Series 2016A; and Resolution 2016-035 providing for the issuance and sale in aggregate of approximately \$10 million General Obligation Bonds for both water and sewer system improvements (\$7.5 million) and open space purchases (\$2.5 million).

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF MINNETONKA
Hennepin County, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

GERF

	Measurement Date June 30, 2015
City's Proportion of the Net Pension Liability	0.2127%
City's Proportionate Share of the Net Pension Liability	\$ 11,023,218
City's Covered-Employee Payroll	\$ 12,504,232
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.16% 78.20%

PEPFF

	Measurement Date June 30, 2015
City's Proportion of the Net Pension Liability	0.570%
City's Proportionate Share of the Net Pension Liability	\$ 6,476,534
City's Covered-Employee Payroll	\$ 5,225,743
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	123.94% 86.60%

Fire Relief Association

	Measurement Date December 31, 2014
City's Proportion of the Net Pension Liability (Asset)	100%
City's Proportionate Share of the Net Pension Liability (Asset)	\$ (3,362,593)
City's Covered-Employee Payroll	N/A
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A 128.69%

Note: This schedule is provided prospectively beginning with the year ended December 31, 2015 for GERF and PEPFF and December 31, 2014 for the Fire Relief Association.

CITY OF MINNETONKA
Hennepin County, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

SCHEDULE OF THE CITY PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	2015	2014
GERF		
Contractually Required Contribution	\$ 947,280	\$ 898,056
Contributions in Relation to the Contractually Required Contribution	(947,280)	(898,056)
Contribution Deficiency (Excess)	\$ -	\$ -
 City's Covered-Employee Payroll	 \$ 12,630,348	 \$ 12,386,837
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.25%
	2015	2014
PEPFF		
Contractually Required Contribution	\$ 859,126	\$ 791,919
Contributions in Relation to the Contractually Required Contribution	(859,126)	(791,919)
Contribution Deficiency (Excess)	\$ -	\$ -
 City's Covered-Employee Payroll	 \$ 5,303,246	 \$ 5,175,950
Contributions as a Percentage of Covered Employee Payroll	16.20%	15.30%
	2015	2014
FIRE RELIEF ASSOCIATION		
Statorily Required Contribution	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	-	166,438
Contribution Deficiency (Excess)	\$ -	\$ (166,438)
 City's Covered-Employee Payroll	 N/A	 N/A
Contributions as a Percentage of Covered Employee Payroll	N/A	N/A

Note: Information prior to 2014 is unavailable.

CITY OF MINNETONKA
Hennepin County, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

MINNETONKA VOLUNTEER FIRE RELIEF ASSOCIATION
SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS

	<u>Measurement Date</u> <u>December 31, 2014</u>
<u>Total Pension Liability</u>	
Service Cost	\$ 192,731
Interest	733,799
Benefit Payments, Including Member Refunds	<u>(602,226)</u>
Net Change in Total Pension Liability	324,304
Total Pension Liability - Beginning	<u>11,397,592</u>
Total Pension Liability - Ending (a)	11,721,896
<u>Plan Fiduciary Net Position</u>	
State Contributions	511,820
Net Investment Income	836,585
Benefit Payments	(602,226)
Administrative Expenses	<u>(33,269)</u>
Net Change in Fiduciary Net Position	712,910
Fiduciary Net Position - Beginning	<u>14,371,579</u>
Fiduciary Net Position - Ending (b)	15,084,489
Association's Net Pension Liability/(Asset) - Ending (a) - (b)	<u><u>\$ (3,362,593)</u></u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	128.69%
Covered-Employee Payroll	N/A
Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	N/A

Note: Information prior to 2014 is unavailable.

CITY OF MINNETONKA
Hennepin County, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2015

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Estimated Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2015	\$ -	\$ 2,828,810	\$ 2,828,810	-	\$ 15,681,327	18.0 %
January 1, 2014	-	2,658,860	2,658,860	-	15,114,532	17.6
January 1, 2013	-	2,142,425	2,142,425	-	15,011,677	14.3
January 1, 2012	-	1,945,043	1,945,043	-	14,469,086	13.4
January 1, 2011	-	2,396,547	2,396,547	-	14,762,243	16.2
January 1, 2010	-	2,230,377	2,230,377	-	14,126,548	15.8
January 1, 2009	-	3,841,327	3,841,327	-	14,869,455	25.8
January 1, 2008	-	3,521,527	3,521,527	-	14,161,386	24.9

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.

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.

COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

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.

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.

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.

Ice Arena Improvement Fund – This fund was established to account for major system improvements to the City’s Ice Arena.

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, 2015

	Special Revenue				
	Cable Television	Community Development Block Grant	Electric Franchise Fees	Grants	Housing & Redevelopment Authority
ASSETS:					
Cash and Investments	\$ 2,484,285	\$ 41,083	\$ 2,309,202	\$ 66,262	\$ 360,940
Accounts Receivable	232,381	-	205,845	-	-
Loans Receivable	-	-	-	-	195,638
Interest Receivable	7,083	119	6,990	174	501
Property Taxes Receivable					
Unremitted	-	-	-	-	714
Delinquent	-	-	-	-	491
Due from Other Governments	-	10,525	-	17,760	-
Total Assets	<u>\$ 2,723,749</u>	<u>\$ 51,727</u>	<u>\$ 2,522,037</u>	<u>\$ 84,196</u>	<u>\$ 558,284</u>
LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES AND FUND BALANCES:					
Liabilities:					
Salaries and Wages Payable	\$ 7,976	\$ -	\$ -	\$ 560	\$ -
Accounts and Contracts Payable	106,198	4,560	-	58,444	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>114,174</u>	<u>4,560</u>	<u>-</u>	<u>59,004</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable Revenue - Taxes	-	-	-	-	491
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491</u>
Fund Balances:					
Nonspendable	-	-	-	-	195,638
Restricted	-	47,167	-	25,192	362,155
Committed	2,609,575	-	2,522,037	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>2,609,575</u>	<u>47,167</u>	<u>2,522,037</u>	<u>25,192</u>	<u>557,793</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,723,749</u>	<u>\$ 51,727</u>	<u>\$ 2,522,037</u>	<u>\$ 84,196</u>	<u>\$ 558,284</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015
(Continued)

	Special Revenue (Continued)			Debt Service		
	Police Forfeiture and Seizure	Shady Oak Lane Cemetery	Total Special Revenue Funds	Park and Open Space Bonds	2008 State-Aid Street Bonds	Total Debt Service Funds
ASSETS:						
Cash and Investments	\$ 391,306	\$ 138,078	\$ 5,791,156	\$ 1,274,502	\$ 4,731	\$ 1,279,233
Accounts Receivable	-	-	438,226	-	-	-
Loans Receivable	-	-	195,638	-	-	-
Interest Receivable	1,085	397	16,349	2,650	4	2,654
Property Taxes Receivable						
Unremitted	-	-	714	-	-	-
Delinquent	-	-	491	-	-	-
Due from Other Governments	-	-	28,285	-	-	-
Total Assets	<u>\$ 392,391</u>	<u>\$ 138,475</u>	<u>\$ 6,470,859</u>	<u>\$ 1,277,152</u>	<u>\$ 4,735</u>	<u>\$ 1,281,887</u>
LIABILITIES, DEFERRED INFLOWS						
OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Salaries and Wages Payable	\$ -	\$ -	\$ 8,536	\$ -	\$ -	\$ -
Accounts and Contracts Payable	-	-	169,202	-	-	-
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>177,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Taxes	-	-	491	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>491</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	195,638	-	-	-
Restricted	392,391	138,475	965,380	1,277,152	4,735	1,281,887
Committed	-	-	5,131,612	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balances	<u>392,391</u>	<u>138,475</u>	<u>6,292,630</u>	<u>1,277,152</u>	<u>4,735</u>	<u>1,281,887</u>
Total Liabilities, Deferred Inflows						
of Resources and Fund Balances	<u>\$ 392,391</u>	<u>\$ 138,475</u>	<u>\$ 6,470,859</u>	<u>\$ 1,277,152</u>	<u>\$ 4,735</u>	<u>\$ 1,281,887</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015
(Continued)

	Capital Projects					
	Capital Replacement	Public Safety	Technology Development	Livable Communities Housing Fund	169/Bren Rd Interchange Project Fund	Parks and Trails
ASSETS:						
Cash and Investments	\$ 1,350,205	\$ 247,291	\$ 84,942	\$ 231,433	\$ 342	\$ 1,847,741
Accounts Receivable	-	-	-	522,618	-	-
Loans Receivable	-	-	-	-	-	-
Interest Receivable	1,563	-	-	665	1	5,142
Property Taxes Receivable						
Unremitted	-	-	-	-	-	-
Delinquent	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Total Assets	<u>\$ 1,351,768</u>	<u>\$ 247,291</u>	<u>\$ 84,942</u>	<u>\$ 754,716</u>	<u>\$ 343</u>	<u>\$ 1,852,883</u>
LIABILITIES, DEFERRED INFLOWS						
OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and Contracts Payable	81,689	460,437	1,908	-	-	3,934
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	<u>81,689</u>	<u>460,437</u>	<u>1,908</u>	<u>-</u>	<u>-</u>	<u>3,934</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Taxes	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	754,716	-	-
Committed	1,270,079	-	83,034	-	-	1,848,949
Assigned	-	-	-	-	343	-
Unassigned	-	(213,146)	-	-	-	-
Total Fund Balances	<u>1,270,079</u>	<u>(213,146)</u>	<u>83,034</u>	<u>754,716</u>	<u>343</u>	<u>1,848,949</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,351,768</u>	<u>\$ 247,291</u>	<u>\$ 84,942</u>	<u>\$ 754,716</u>	<u>\$ 343</u>	<u>\$ 1,852,883</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2015
(Continued)

	Capital Projects (Continued)					
	Tax Increment Financing	Ridgedale Tax Abatement	Ice Arena Improvement Fund	Forestry Fund	Total Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS:						
Cash and Investments	\$ 3,597,321	\$ 667,608	\$ 354,150	\$ 1,071,611	\$ 9,452,644	\$ 16,523,033
Accounts Receivable	-	420	-	-	523,038	961,264
Loans Receivable	-	-	-	-	-	195,638
Interest Receivable	8,337	1,918	1,039	2,990	21,655	40,658
Property Taxes Receivable						
Unremitted	7,200	-	-	-	7,200	7,914
Delinquent	-	-	-	-	-	491
Due from Other Governments	-	-	-	-	-	28,285
Total Assets	<u>\$ 3,612,858</u>	<u>\$ 669,946</u>	<u>\$ 355,189</u>	<u>\$ 1,074,601</u>	<u>\$ 10,004,537</u>	<u>\$ 17,757,283</u>
LIABILITIES, DEFERRED INFLOWS						
OF RESOURCES AND FUND BALANCES:						
Liabilities:						
Salaries and Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,536
Accounts and Contracts Payable	580	-	56,970	12,794	618,312	787,514
Due to Other Funds	10,895	-	-	-	10,895	10,895
Total Liabilities	<u>11,475</u>	<u>-</u>	<u>56,970</u>	<u>12,794</u>	<u>629,207</u>	<u>806,945</u>
Deferred Inflows of Resources:						
Unavailable Revenue - Taxes	-	-	-	-	-	491
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491</u>
Fund Balances:						
Nonspendable	-	-	-	-	-	195,638
Restricted	3,601,383	-	-	-	4,356,099	6,603,366
Committed	-	669,946	298,219	1,061,807	5,232,034	10,363,646
Assigned	-	-	-	-	343	343
Unassigned	-	-	-	-	(213,146)	(213,146)
Total Fund Balances	<u>3,601,383</u>	<u>669,946</u>	<u>298,219</u>	<u>1,061,807</u>	<u>9,375,330</u>	<u>16,949,847</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,612,858</u>	<u>\$ 669,946</u>	<u>\$ 355,189</u>	<u>\$ 1,074,601</u>	<u>\$ 10,004,537</u>	<u>\$ 17,757,283</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015

	Special Revenue				
	Cable Television	Community Development Block Grant	Electric Franchise Fees	Grants	Housing & Redevelopment Authority
REVENUES:					
Taxes:					
Property Franchise	\$ -	\$ -	\$ -	\$ -	\$ 171,616
Franchise	912,077	-	816,317	-	-
Tax Increments	-	-	-	-	-
Intergovernmental:					
Federal Grants	-	244,088	-	46,763	-
State Grants	-	-	-	-	-
Local Grants	-	-	-	67,010	-
Miscellaneous:					
Investment Income (Loss)	20,058	867	20,013	1,373	1,356
Fines and Forfeitures	-	-	-	-	-
Other	7,746	36,879	-	-	1,991
Total Revenues	939,881	281,834	836,330	115,146	174,963
EXPENDITURES:					
Current:					
General Government	492,677	-	-	-	-
Development Services	-	314,138	-	-	139,258
Public Works	-	-	-	-	-
Public Safety	-	-	-	66,063	-
Debt Service:					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay:					
General Government	352,313	-	929,653	-	-
Development Services	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	190,603	-
Park and Recreation	-	-	-	-	-
Total Expenditures	844,990	314,138	929,653	256,666	139,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	94,891	(32,304)	(93,323)	(141,520)	35,705
OTHER FINANCING SOURCES (USES):					
Transfers In	-	-	-	-	-
Transfers Out	(30,600)	-	-	-	-
Total Other Financing Sources (Uses)	(30,600)	-	-	-	-
Net Change in Fund Balances	64,291	(32,304)	(93,323)	(141,520)	35,705
FUND BALANCES:					
Beginning of Year	2,545,284	79,471	2,615,360	166,712	522,088
End of Year	<u>\$ 2,609,575</u>	<u>\$ 47,167</u>	<u>\$ 2,522,037</u>	<u>\$ 25,192</u>	<u>\$ 557,793</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015
(Continued)

	Special Revenue (Continued)			Debt Service		
	Police Forfeiture and Seizure	Shady Oak Lane Cemetery	Total Special Revenue Funds	Park and Open Space Bonds	2008 State-Aid Street Bonds	Total Debt Service Funds
REVENUES:						
Taxes:						
Property	\$ -	\$ -	\$ 171,616	\$ 1,059,490	\$ -	\$ 1,059,490
Franchise	-	-	1,728,394	-	-	-
Tax Increments	-	-	-	-	-	-
Intergovernmental:						
Federal Grants	-	-	290,851	-	-	-
State Grants	-	-	-	-	178,369	178,369
Local Grants	-	-	67,010	-	-	-
Miscellaneous:						
Investment Income (Loss)	2,932	1,138	47,737	4,708	114	4,822
Fines and Forfeitures	73,612	-	73,612	-	-	-
Other	-	-	46,616	-	-	-
Total Revenues	<u>76,544</u>	<u>1,138</u>	<u>2,425,836</u>	<u>1,064,198</u>	<u>178,483</u>	<u>1,242,681</u>
EXPENDITURES:						
Current:						
General Government	-	249	492,926	-	-	-
Development Services	-	-	453,396	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	45,910	-	111,973	-	-	-
Debt Service:						
Principal	-	-	-	855,000	125,000	980,000
Interest and Fiscal Charges	-	-	-	140,275	53,368	193,643
Capital Outlay:						
General Government	-	-	1,281,966	-	-	-
Development Services	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	190,603	-	-	-
Park and Recreation	-	-	-	-	-	-
Total Expenditures	<u>45,910</u>	<u>249</u>	<u>2,530,864</u>	<u>995,275</u>	<u>178,368</u>	<u>1,173,643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	30,634	889	(105,028)	68,923	115	69,038
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	-	4,838	4,838
Transfers Out	-	-	(30,600)	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(30,600)</u>	<u>-</u>	<u>4,838</u>	<u>4,838</u>
Net Change in Fund Balances	30,634	889	(135,628)	68,923	4,953	73,876
FUND BALANCES:						
Beginning of Year	<u>361,757</u>	<u>137,586</u>	<u>6,428,258</u>	<u>1,208,229</u>	<u>(218)</u>	<u>1,208,011</u>
End of Year	<u>\$ 392,391</u>	<u>\$ 138,475</u>	<u>\$ 6,292,630</u>	<u>\$ 1,277,152</u>	<u>\$ 4,735</u>	<u>\$ 1,281,887</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015
(Continued)

	Capital Projects					
	Capital Replacement	Public Safety	Technology Development	Livable Communities Housing Fund	169/Bren Rd Interchange Project Fund	Parks and Trails
REVENUES:						
Taxes:						
Property	\$ 1,035,000	\$ 650,000	\$ 415,000	\$ -	\$ -	\$ 560,000
Franchise	-	-	-	-	-	-
Tax Increments	-	-	-	-	-	-
Intergovernmental:						
Federal Grants	-	-	-	-	-	-
State Grants	-	-	-	-	-	-
Local Grants	-	-	-	65,000	-	-
Miscellaneous:						
Investment Income (Loss)	1,403	(1,344)	(555)	3,151	343	7,985
Fines and Forfeitures	-	-	-	-	-	-
Other	68,531	5,000	1,500	-	-	874,068
Total Revenues	<u>1,104,934</u>	<u>653,656</u>	<u>415,945</u>	<u>68,151</u>	<u>343</u>	<u>1,442,053</u>
EXPENDITURES:						
Current:						
General Government	-	-	-	-	-	-
Development Services	-	-	-	268,590	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
Capital Outlay:						
General Government	-	-	273,486	-	-	-
Development Services	-	-	14,460	-	-	-
Public Works	-	-	99,442	-	-	-
Public Safety	1,533,024	1,776,805	63,081	-	-	-
Park and Recreation	-	-	10,958	-	-	348,685
Total Expenditures	<u>1,533,024</u>	<u>1,776,805</u>	<u>461,427</u>	<u>268,590</u>	<u>-</u>	<u>348,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(428,090)	(1,123,149)	(45,482)	(200,439)	343	1,093,368
OTHER FINANCING SOURCES (USES):						
Transfers In	800,000	200,000	-	-	-	9,485
Transfers Out	-	-	-	-	-	(25,000)
Total Other Financing Sources (Uses)	<u>800,000</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,515)</u>
Net Change in Fund Balances	371,910	(923,149)	(45,482)	(200,439)	343	1,077,853
FUND BALANCES:						
Beginning of Year	898,169	710,003	128,516	955,155	-	771,096
End of Year	<u>\$ 1,270,079</u>	<u>\$ (213,146)</u>	<u>\$ 83,034</u>	<u>\$ 754,716</u>	<u>\$ 343</u>	<u>\$ 1,848,949</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2015
(Continued)

	Capital Projects (Continued)					
	Tax Increment Financing	Ridgedale Tax Abatement	Ice Arena Improvement Fund	Forestry Fund	Total Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 116,000	\$ 2,776,000	\$ 4,007,106
Franchise	-	-	-	-	-	1,728,394
Tax Increments	2,405,931	-	-	-	2,405,931	2,405,931
Intergovernmental:						
Federal Grants	-	-	-	-	-	290,851
State Grants	-	-	-	-	-	178,369
Local Grants	-	-	-	-	65,000	132,010
Miscellaneous:						
Investment Income (Loss)	23,448	5,498	7,935	7,346	55,210	107,769
Fines and Forfeitures	-	-	-	-	-	73,612
Other	-	-	-	-	949,099	995,715
Total Revenues	2,429,379	5,498	7,935	123,346	6,251,240	9,919,757
EXPENDITURES:						
Current:						
General Government	-	-	-	-	-	492,926
Development Services	949,000	-	-	-	1,217,590	1,670,986
Public Works	-	-	-	31,931	31,931	31,931
Public Safety	-	-	-	-	-	111,973
Debt Service:						
Principal	-	-	-	-	-	980,000
Interest and Fiscal Charges	-	-	-	-	-	193,643
Capital Outlay:						
General Government	-	-	-	-	273,486	1,555,452
Development Services	510,452	-	-	-	524,912	524,912
Public Works	-	-	-	-	99,442	99,442
Public Safety	-	-	-	-	3,372,910	3,563,513
Park and Recreation	-	-	1,409,412	-	1,769,055	1,769,055
Total Expenditures	1,459,452	-	1,409,412	31,931	7,289,326	10,993,833
Excess (Deficiency) of Revenues Over (Under) Expenditures	969,927	5,498	(1,401,477)	91,415	(1,038,086)	(1,074,076)
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	1,600,000	-	2,609,485	2,614,323
Transfers Out	-	-	-	-	(25,000)	(55,600)
Total Other Financing Sources (Uses)	-	-	1,600,000	-	2,584,485	2,558,723
Net Change in Fund Balances	969,927	5,498	198,523	91,415	1,546,399	1,484,647
FUND BALANCES:						
Beginning of Year	2,631,456	664,448	99,696	970,392	7,828,931	15,465,200
End of Year	\$ 3,601,383	\$ 669,946	\$ 298,219	\$ 1,061,807	\$ 9,375,330	\$ 16,949,847

CITY OF MINNETONKA
Hennepin County, Minnesota

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - CABLE TV
Year Ended December 31, 2015**

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
Franchise Taxes	\$ 890,400	\$ 894,500	\$ 912,077	\$ 17,577	\$ 901,954
Intergovernmental:					
Federal Grants	-	-	-	-	979
Miscellaneous:					
Investment Income (Loss)	15,000	15,000	20,058	5,058	26,853
Other Income	12,000	16,100	7,746	(8,354)	16,124
Total Revenues	<u>917,400</u>	<u>925,600</u>	<u>939,881</u>	<u>14,281</u>	<u>945,910</u>
EXPENDITURES:					
General Government					
Personal Services	200,700	153,200	115,752	37,448	167,604
Materials and Supplies	3,500	3,100	3,448	(348)	4,189
Other Services and Charges	320,700	382,100	373,477	8,623	293,284
Total General Government	<u>524,900</u>	<u>538,400</u>	<u>492,677</u>	<u>45,723</u>	<u>465,077</u>
Capital Outlay - General Government	<u>336,700</u>	<u>336,700</u>	<u>352,313</u>	<u>(15,613)</u>	<u>376,942</u>
Total Expenditures	<u>861,600</u>	<u>875,100</u>	<u>844,990</u>	<u>30,110</u>	<u>842,019</u>
Excess of Revenues Over (Under) Expenditures	55,800	50,500	94,891	44,391	103,891
OTHER FINANCING (USES):					
Transfers to Other Funds	<u>(30,600)</u>	<u>(30,600)</u>	<u>(30,600)</u>	-	<u>(30,000)</u>
Change in Fund Balance	<u>\$ 25,200</u>	<u>\$ 19,900</u>	64,291	<u>\$ 44,391</u>	73,891
FUND BALANCE:					
Beginning of Year			<u>2,545,284</u>		<u>2,471,393</u>
End of Year			<u>\$ 2,609,575</u>		<u>\$ 2,545,284</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT
Year Ended December 31, 2015

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal Grant	\$ 140,000	\$ 157,100	\$ 244,088	\$ 86,988	\$ 183,515
Miscellaneous:					
Investment Income (Loss)	-	-	867	867	997
Other Income	-	-	36,879	36,879	19,999
Total Revenues	<u>140,000</u>	<u>157,100</u>	<u>281,834</u>	<u>124,734</u>	<u>204,511</u>
EXPENDITURES;					
Development Services:					
Other Services and Charges	<u>159,700</u>	<u>222,300</u>	<u>314,138</u>	<u>(91,838)</u>	<u>227,823</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (19,700)</u>	<u>\$ (65,200)</u>	(32,304)	<u>\$ 32,896</u>	(23,312)
FUND BALANCE:					
Beginning of Year			<u>79,471</u>		<u>102,783</u>
End of Year			<u>\$ 47,167</u>		<u>\$ 79,471</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
IN FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - ELECTRIC FRANCHISE FEES
Year Ended December 31, 2015**

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
Franchise Taxes	\$ 802,000	\$ 813,000	\$ 816,317	\$ 3,317	\$ 813,833
Intergovernmental:					
Local Cost-Share	1,125,600	-	-	-	-
Miscellaneous:					
Investment Income (Loss)	7,000	15,000	20,013	5,013	29,523
Total Revenues	<u>1,934,600</u>	<u>828,000</u>	<u>836,330</u>	<u>8,330</u>	<u>843,356</u>
EXPENDITURES:					
Capital Outlay and General Government:					
Other Services and Charges	<u>2,385,000</u>	<u>2,646,600</u>	<u>929,653</u>	<u>1,716,947</u>	<u>1,044,771</u>
Change in Fund Balance	<u><u>\$ (450,400)</u></u>	<u><u>\$ (1,818,600)</u></u>	<u>(93,323)</u>	<u><u>\$ 1,725,277</u></u>	<u>(201,415)</u>
FUND BALANCE:					
Beginning of Year			<u>2,615,360</u>		<u>2,816,775</u>
End of Year			<u><u>\$ 2,522,037</u></u>		<u><u>\$ 2,615,360</u></u>

CITY OF MINNETONKA
Hennepin County, Minnesota

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - GRANTS
Year Ended December 31, 2015

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
Intergovernmental:					
Federal Grants	\$ 50,000	\$ 50,000	\$ 46,763	\$ (3,237)	\$ 141,301
Local Grants	67,000	67,000	67,010	10	72,943
Miscellaneous:					
Investment Income (Loss)	100	100	1,373	1,273	1,362
Total Revenues	<u>117,100</u>	<u>117,100</u>	<u>115,146</u>	<u>(1,954)</u>	<u>215,606</u>
EXPENDITURES:					
Public Safety:					
Police:					
Personal Services	50,000	50,000	41,723	8,277	66,277
Materials and Supplies	-	1,000	2,937	(1,937)	4,272
Other Services and Charges	30,000	30,000	21,403	8,597	94,918
Total Public Safety	<u>80,000</u>	<u>81,000</u>	<u>66,063</u>	<u>14,937</u>	<u>165,467</u>
Capital Outlay	150,000	151,400	190,603	(39,203)	-
Total Expenditures	<u>230,000</u>	<u>232,400</u>	<u>256,666</u>	<u>(24,266)</u>	<u>165,467</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (112,900)</u>	<u>\$ (115,300)</u>	(141,520)	<u>\$ (26,220)</u>	50,139
FUND BALANCE:					
Beginning of Year			166,712		116,573
End of Year			<u>\$ 25,192</u>		<u>\$ 166,712</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - HOUSING & REDEVELOPMENT AUTHORITY
Year Ended December 31, 2015**

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
General Property Taxes	\$ 175,000	\$ 175,000	\$ 171,616	\$ (3,384)	\$ 168,603
Miscellaneous:					
Investment Income (Loss)	-	-	1,356	1,356	5,386
Other Income	-	-	1,991	1,991	1,586
Total Revenues	<u>175,000</u>	<u>175,000</u>	<u>174,963</u>	<u>(37)</u>	<u>175,575</u>
EXPENDITURES:					
Development Services:					
Other Services and Charges	<u>175,000</u>	<u>100,000</u>	<u>139,258</u>	<u>(39,258)</u>	<u>41,046</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 75,000</u>	35,705	<u>\$ (39,295)</u>	<u>134,529</u>
FUND BALANCE:					
Beginning of Year, as Previously Reported			522,088		445,495
Prior Period Adjustment			-		<u>(57,936)</u>
Beginning of Year, as Restated			<u>522,088</u>		<u>387,559</u>
End of Year			<u>\$ 557,793</u>		<u>\$ 522,088</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - POLICE FORFEITURE/SEIZURE FUND
Year Ended December 31, 2015**

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
Miscellaneous:					
Investment Income (Loss)	\$ -	\$ -	\$ 2,932	\$ 2,932	\$ 3,418
Fines and Forfeitures	15,000	12,200	73,612	61,412	148,532
Total Revenues	<u>15,000</u>	<u>12,200</u>	<u>76,544</u>	<u>64,344</u>	<u>151,950</u>
EXPENDITURES:					
Public Safety:					
Other Services and Charges	15,000	-	45,910	(45,910)	55,548
Total Public Safety	<u>15,000</u>	<u>-</u>	<u>45,910</u>	<u>(45,910)</u>	<u>55,548</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 12,200</u>	30,634	<u>\$ 18,434</u>	96,402
FUND BALANCE:					
Beginning of Year			<u>361,757</u>		<u>265,355</u>
End of Year			<u>\$ 392,391</u>		<u>\$ 361,757</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE - BUDGET AND ACTUAL -
SPECIAL REVENUE FUND - SHADY OAK LANE CEMETERY
Year Ended December 31, 2015**

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
Miscellaneous:					
Investment Income (Loss)	\$ -	\$ -	\$ 1,138	\$ 1,138	\$ 1,608
Total Revenues	-	-	1,138	1,138	1,608
EXPENDITURES:					
General Government:					
Other Services and Charges	-	-	249	(249)	1,201
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	889	\$ 889	407
FUND BALANCE:					
Beginning of Year			137,586		137,179
End of Year			\$ 138,475		\$ 137,586

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
December 31, 2015

	Self Insurance	Fleet Maintenance	Total
ASSETS AND DEFERRED OUTFLOWS OF OF RESOURCES:			
Current Assets:			
Cash and Investments	\$ 1,714,979	\$ 592,039	\$ 2,307,018
Interest Receivable	3,354	1,663	5,017
Due From Other Governments	-	10,069	10,069
Inventories	-	71,065	71,065
Total Assets	\$ 1,718,333	\$ 674,836	\$ 2,393,169
Deferred Outflows of Resources:			
MNPERA-Sub Contributions	\$ -	\$ 11,597	\$ 11,597
MNPERA-Actual & Projected Interest	-	25,149	25,149
Total Deferred Outflows of Resources	\$ -	\$ 36,746	\$ 36,746
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:			
Liabilities:			
Current Liabilities:			
Salaries and Wages Payable	\$ -	\$ 17,195	\$ 17,195
Accounts Payable	91,894	43,357	135,251
Incurred but Not Reported Claims	98,462	-	98,462
Current Portion of			
Compensated Absences	-	16,841	16,841
Total Current Liabilities	190,356	77,393	267,749
Long-Term Liabilities:			
Compensated Absences	-	63,122	63,122
Unfunded OPEB Obligation	-	27,372	27,372
MNPERA-Net Pension Liability	-	265,660	265,660
Total Noncurrent Liabilities	-	356,154	356,154
Total Liabilities	\$ 190,356	\$ 433,547	\$ 623,903
Deferred Inflows of Resources:			
MNPERA-Change in Proportional Share	\$ -	\$ 15,878	\$ 15,878
MNPERA-Experience	-	13,394	13,394
Total Deferred Inflows of Resources	\$ -	\$ 29,272	\$ 29,272
Net Position:			
Unrestricted	1,527,977	248,763	1,776,740
Total Net Position	\$ 1,527,977	\$ 248,763	\$ 1,776,740

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, 2015**

	Self Insurance	Fleet Maintenance	Total
OPERATING REVENUES:			
Charges to City Departments	\$ 367,835	\$ 1,525,453	\$ 1,893,288
Other Revenue	86,395	48,694	135,089
Total Operating Revenues	<u>454,230</u>	<u>1,574,147</u>	<u>2,028,377</u>
OPERATING EXPENSES:			
Personal Services	-	416,819	416,819
Supplies, Repairs and Maintenance	-	841,509	841,509
Other Services and Charges	576,065	261,783	837,848
Total Operating Expenses	<u>576,065</u>	<u>1,520,111</u>	<u>2,096,176</u>
Operating Income (Loss)	(121,835)	54,036	(67,799)
NONOPERATING REVENUES (EXPENSES):			
Investment Income	<u>6,114</u>	<u>4,239</u>	<u>10,353</u>
Income (Loss) before Transfers	(115,721)	58,275	(57,446)
Transfers In	<u>380,000</u>	<u>-</u>	<u>380,000</u>
Change in Net Position	264,279	58,275	322,554
NET POSITION:			
Net Position - Beginning	1,263,698	441,465	1,705,163
Prior Period Adjustment	<u>-</u>	<u>(250,977)</u>	<u>(250,977)</u>
Net Position - Beginning, as Restated	<u>1,263,698</u>	<u>190,488</u>	<u>1,454,186</u>
Net Position - Ending	<u><u>\$ 1,527,977</u></u>	<u><u>\$ 248,763</u></u>	<u><u>\$ 1,776,740</u></u>

CITY OF MINNETONKA
Hennepin County, Minnesota

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2015

	Self Insurance	Fleet Maintenance	Total
CASH FLOWS - OPERATING ACTIVITIES:			
Receipts from Interfund Services Provided	\$ 367,835	\$ 1,523,968	\$ 1,891,803
Other Revenue	86,395	48,694	135,089
Payments to Suppliers	-	(1,136,930)	(1,136,930)
Payments to Employees	-	(403,335)	(403,335)
Payments of Benefits on Behalf of Employees	(299,238)	9,274	(289,964)
Net Cash Flows - Operating Activities	154,992	41,671	196,663
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:			
Transfers from Other Funds	380,000	-	380,000
CASH FLOWS - INVESTING ACTIVITIES:			
Purchase of Investments	2,329,102	907,191	3,236,293
Sale of Investments	(2,901,555)	(1,001,664)	(3,903,219)
Interest and Dividends Received	8,416	3,954	12,370
Net Cash Flows - Investing Activities	(564,037)	(90,519)	(654,556)
Net Change in Cash and Cash Equivalents	(29,045)	(48,848)	(77,893)
Cash and Cash Equivalents, January 1	322,264	150,072	472,336
Cash and Cash Equivalents, December 31	\$ 293,219	\$ 101,224	\$ 394,443
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH FLOWS - OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (121,835)	\$ 54,036	\$ (67,799)
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Flows - Operating Activities			
Pension Adjustment	-	7,209	7,209
Due from Other Governments	-	(1,485)	(1,485)
Prepaid Items	99,131	-	99,131
Inventories	-	12,826	12,826
Salaries and Wages Payable	-	2,307	2,307
Accounts Payable	177,696	(37,190)	140,506
Compensated Absences Payable	-	1,430	1,430
Unfunded OPEB Obligation	-	2,538	2,538
Total Adjustments	276,827	(12,365)	264,462
Net Cash Flows - Operating Activities	\$ 154,992	\$ 41,671	\$ 196,663
NONCASH INVESTING, CAPITAL, AND FINANCING			
ACTIVITIES			
Increase (Decline) in Fair Value of Investments	\$ (2,174)	\$ (174)	\$ (2,348)
Total Noncash Transactions	\$ (2,174)	\$ (174)	\$ (2,348)
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
TO THE STATEMENT OF POSITION			
Cash and Investments	\$ 1,714,979	\$ 592,039	\$ 2,307,018
Less: Investments not Meeting the Definition			
of Cash Equivalents	(1,421,760)	(490,815)	(1,912,575)
Total Cash and Cash Equivalents	\$ 293,219	\$ 101,224	\$ 394,443

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

CITY OF MINNETONKA
Hennepin County, Minnesota

**COMBINING STATEMENT OF FIDUCIARY NET POSITION -
PRIVATE-PURPOSE TRUST FUNDS**
December 31, 2015

	Clarion Hills Stewardship	Meadow Woods Stewardship	Stone Trace Stewardship	Total
ASSETS:				
Cash and Investments	\$ 170,955	\$ 75,489	\$ 18,737	\$ 265,181
Interest Receivable	495	217	54	766
Total Assets	171,450	75,706	18,791	265,947
LIABILITIES:				
Accounts Payable	574	-	-	574
NET POSITION:				
Net Position, Held in Trust	\$ 170,876	\$ 75,706	\$ 18,791	\$ 265,373

CITY OF MINNETONKA
Hennepin County, Minnesota

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
PRIVATE-PURPOSE TRUST FUNDS**
For the Year Ended December 31, 2015

	<u>Clarion Hills Stewardship</u>	<u>Meadow Woods Stewardship</u>	<u>Stone Trace Stewardship</u>	<u>Total</u>
ADDITIONS:				
Contributions from Participants	\$ 7,018	\$ 4,000	\$ 2,133	\$ 13,151
Investment Earnings Interest	<u>1,455</u>	<u>614</u>	<u>153</u>	<u>2,222</u>
Total Additions	8,473	4,614	2,286	15,373
DEDUCTIONS:				
Benefits	<u>9,088</u>	<u>-</u>	<u>1,000</u>	<u>10,088</u>
Change in Net Position	(615)	4,614	1,286	5,285
Net Position - January 1	<u>171,491</u>	<u>71,092</u>	<u>17,505</u>	<u>260,088</u>
Net Position - December 31	<u><u>\$ 170,876</u></u>	<u><u>\$ 75,706</u></u>	<u><u>\$ 18,791</u></u>	<u><u>\$ 265,373</u></u>

CITY OF MINNETONKA
Hennepin County, Minnesota

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
Year Ended December 31, 2015

	Balance at January 1, 2015	Additions	Deductions	Balance at December 31, 2015
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ESCROW FUND:				
ASSETS:				
Cash and Investments	\$ 1,387,655	\$ 2,112,369	\$ 1,502,552	\$ 1,997,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES:				
Accounts Payable	\$ 1,195,363	\$ 2,112,369	\$ 1,502,552	\$ 1,997,472
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

OTHER SUPPLEMENTARY INFORMATION

**GENERAL FUND – SCHEDULE OF REVENUES AND OTHER FINANCIAL SERVICES 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 AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2015
WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
REVENUES:					
General Property Taxes	\$ 22,725,045	\$ 22,561,545	\$ 22,466,415	\$ (95,130)	\$ 21,332,619
Licenses and Permits:					
Licenses:					
Liquor Licenses	210,000	233,500	236,215	2,715	237,632
Food Handlers Licenses	180,000	200,000	230,388	30,388	202,358
Building Permits	1,800,000	2,275,000	2,724,164	449,164	1,874,766
Plumbing Permits	200,000	245,000	263,453	18,453	218,739
Electrical Permits	220,000	395,000	478,167	83,167	379,634
HVAC Permits	285,000	425,000	596,415	171,415	412,751
Other Licenses and Permits	200,000	187,000	254,338	67,338	181,297
Total Licenses and Permits	3,095,000	3,960,500	4,783,140	822,640	3,507,177
Intergovernmental Revenues:					
Homestead / Market Value Credit	-	-	149	149	93
Public Safety State Aid	758,500	782,500	782,471	(29)	759,549
Federal Grants	-	-	50,487	50,487	7,908
State Grants	50,000	50,000	109,244	59,244	84,421
Other	71,300	71,300	86,650	15,350	71,310
Total Intergovernmental Revenues	879,800	903,800	1,029,001	125,201	923,281
Charges for Services:					
Recreation Fees	1,237,000	1,177,000	1,103,626	(73,374)	1,125,655
Other	388,700	438,300	461,291	22,991	465,415
Total Charges for Services	1,625,700	1,615,300	1,564,917	(50,383)	1,591,070
Fines and Forfeitures	500,000	533,500	524,866	(8,634)	467,622
Other Revenues:					
Investment Income (Loss)	125,000	125,000	156,120	31,120	227,919
Building and Equipment Rent	519,400	542,400	518,875	(23,525)	476,608
Other	223,955	198,400	243,778	45,378	229,581
Total Other Revenues	868,355	865,800	918,773	52,973	934,108
Total Revenues before Other Financing Sources	29,693,900	30,440,445	31,287,112	846,667	28,755,877
OTHER FINANCING SOURCES:					
Transfers from Other Funds	1,339,800	1,339,800	1,339,800	-	1,391,900
Total Revenues and Other Financing Sources	\$ 31,033,700	\$ 31,780,245	\$ 32,626,912	\$ 846,667	\$ 30,147,777

CITY OF MINNETONKA
Hennepin County, Minnesota

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2015

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
EXPENDITURES:					
General Government:					
Mayor and Council:					
Personal Services	\$ 70,800	\$ 71,300	\$ 72,753	\$ (1,453)	\$ 72,091
Supplies, Repairs and Maintenance	-	-	1,873	(1,873)	92
Other Services and Charges	147,300	147,300	148,868	(1,568)	138,548
Total Mayor and Council	<u>218,100</u>	<u>218,600</u>	<u>223,494</u>	<u>(4,894)</u>	<u>210,731</u>
General Administration:					
Personal Services	1,100,900	1,120,600	1,061,905	58,695	1,061,301
Supplies, Repairs and Maintenance	28,750	26,800	30,271	(3,471)	17,049
Other Services and Charges	295,250	284,800	194,796	90,004	208,208
Total General Administration	<u>1,424,900</u>	<u>1,432,200</u>	<u>1,286,972</u>	<u>145,228</u>	<u>1,286,558</u>
Information Technology:					
Personal Services	409,700	405,700	400,159	5,541	388,458
Supplies, Repairs and Maintenance	2,900	2,800	1,459	1,341	1,263
Other Services and Charges	458,400	458,400	359,028	99,372	362,368
Total Information Technology	<u>871,000</u>	<u>866,900</u>	<u>760,646</u>	<u>106,254</u>	<u>752,089</u>
Finance:					
Personal Services	665,700	665,700	628,404	37,296	608,662
Supplies, Repairs and Maintenance	6,700	5,700	4,439	1,261	5,848
Other Services and Charges	142,400	137,800	134,289	3,511	126,147
Total Finance	<u>814,800</u>	<u>809,200</u>	<u>767,132</u>	<u>42,068</u>	<u>740,657</u>
Assessing:					
Personal Services	581,400	581,400	540,839	40,561	538,877
Supplies, Repairs and Maintenance	5,600	5,400	4,411	989	7,299
Other Services and Charges	129,500	131,200	114,665	16,535	105,881
Total Assessing	<u>716,500</u>	<u>718,000</u>	<u>659,915</u>	<u>58,085</u>	<u>652,057</u>
Contingency:					
Other Services and Charges	50,000	50,000	-	50,000	-
Total General Government	<u>4,095,300</u>	<u>4,094,900</u>	<u>3,698,159</u>	<u>396,741</u>	<u>3,642,092</u>
Development Services:					
Planning:					
Personal Services	581,600	581,600	556,082	25,518	519,717
Supplies, Repairs and Maintenance	4,300	6,700	6,734	(34)	2,639
Other Services and Charges	23,900	41,100	37,665	3,435	21,471
Total Planning	<u>609,800</u>	<u>629,400</u>	<u>600,481</u>	<u>28,919</u>	<u>543,827</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2015

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

(Continued)

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
EXPENDITURES: (Continued)					
Development Services: (Continued)					
Engineering:					
Personal Services	\$ 1,069,000	\$ 1,069,000	\$ 1,048,851	\$ 20,149	\$ 1,003,137
Supplies, Repairs and Maintenance	21,500	23,500	22,583	917	11,703
Other Services and Charges	109,100	92,200	84,484	7,716	48,444
Total Engineering	<u>1,199,600</u>	<u>1,184,700</u>	<u>1,155,918</u>	<u>28,782</u>	<u>1,063,284</u>
Community Development:					
Personal Services	1,357,400	1,357,400	1,354,655	2,745	1,232,747
Supplies, Repairs and Maintenance	22,300	24,900	23,496	1,404	18,646
Other Services and Charges	166,300	164,100	196,584	(32,484)	187,774
Total Community Development	<u>1,546,000</u>	<u>1,546,400</u>	<u>1,574,735</u>	<u>(28,335)</u>	<u>1,439,167</u>
Total Development Services	<u>3,355,400</u>	<u>3,360,500</u>	<u>3,331,134</u>	<u>29,366</u>	<u>3,046,278</u>
Public Works:					
Street:					
Personal Services	1,852,700	1,852,700	1,711,103	141,597	1,663,281
Supplies, Repairs and Maintenance	487,100	456,500	350,766	105,734	530,971
Other Services and Charges	1,098,000	1,098,000	1,119,800	(21,800)	1,222,200
Total Street	<u>3,437,800</u>	<u>3,407,200</u>	<u>3,181,669</u>	<u>225,531</u>	<u>3,416,452</u>
Building:					
Personal Services	712,500	691,500	579,176	112,324	503,840
Supplies, Repairs and Maintenance	108,100	107,400	113,685	(6,285)	117,715
Other Services and Charges	377,000	377,000	376,471	529	402,697
Total Building	<u>1,197,600</u>	<u>1,175,900</u>	<u>1,069,332</u>	<u>106,568</u>	<u>1,024,252</u>
Total Public Works	<u>4,635,400</u>	<u>4,583,100</u>	<u>4,251,001</u>	<u>332,099</u>	<u>4,440,704</u>
Public Safety:					
Police:					
Personal Services	7,234,500	7,214,500	7,096,761	117,739	7,027,742
Supplies, Repairs and Maintenance	461,300	433,700	337,294	96,406	452,773
Other Services and Charges	966,100	958,800	830,140	128,660	882,605
Total Police	<u>8,661,900</u>	<u>8,607,000</u>	<u>8,264,195</u>	<u>342,805</u>	<u>8,363,120</u>
Dispatch:					
Personal Services	811,700	831,700	824,463	7,237	794,766
Supplies, Repairs and Maintenance	7,500	7,500	1,529	5,971	2,709
Other Services and Charges	18,600	17,000	10,055	6,945	8,595
Total Dispatch	<u>837,800</u>	<u>856,200</u>	<u>836,047</u>	<u>20,153</u>	<u>806,070</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2015

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

(Continued)

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
EXPENDITURES: (Continued)					
Public Safety: (Continued)					
Fire:					
Personal Services	\$ 1,601,600	\$ 1,601,600	\$ 1,564,005	\$ 37,595	\$ 1,427,172
Supplies, Repairs and Maintenance	218,300	191,540	192,183	(643)	106,748
Other Services and Charges	712,300	721,060	772,950	(51,890)	897,994
Total Fire	<u>2,532,200</u>	<u>2,514,200</u>	<u>2,529,138</u>	<u>(14,938)</u>	<u>2,431,914</u>
Legal:					
Personal Services	716,100	716,100	701,904	14,196	679,581
Supplies, Repairs and Maintenance	7,500	4,000	7,263	(3,263)	3,409
Other Services and Charges	54,400	48,900	40,912	7,988	39,116
Capital Outlay	2,500	8,000	6,767	1,233	-
Total Legal	<u>780,500</u>	<u>777,000</u>	<u>756,846</u>	<u>20,154</u>	<u>722,106</u>
Environmental Health:					
Personal Services	349,800	349,800	345,477	4,323	337,613
Supplies, Repairs and Maintenance	6,600	4,800	2,896	1,904	4,052
Other Services and Charges	9,100	9,000	3,954	5,046	5,914
Capital Outlay	-	-	908	(908)	-
Total Environmental Health	<u>365,500</u>	<u>363,600</u>	<u>353,235</u>	<u>10,365</u>	<u>347,579</u>
Total Public Safety	<u>13,177,900</u>	<u>13,118,000</u>	<u>12,739,461</u>	<u>378,539</u>	<u>12,670,789</u>
Park and Recreation:					
Joint Recreation:					
Personal Services	911,700	911,700	908,586	3,114	914,925
Supplies, Repairs and Maintenance	83,900	91,000	87,720	3,280	61,320
Other Services and Charges	370,700	353,500	375,356	(21,856)	367,442
Capital Outlay	4,000	2,000	-	2,000	1,480
Total Joint Recreation	<u>1,370,300</u>	<u>1,358,200</u>	<u>1,371,662</u>	<u>(13,462)</u>	<u>1,345,167</u>
Minnetonka Recreation:					
Personal Services	217,900	217,900	187,341	30,559	174,515
Supplies, Repairs and Maintenance	2,100	2,100	2,111	(11)	6,522
Other Services and Charges	306,400	303,400	254,288	49,112	303,620
Capital Outlay	-	-	-	-	20,223
Total Minnetonka Recreation	<u>526,400</u>	<u>523,400</u>	<u>443,740</u>	<u>79,660</u>	<u>504,880</u>
Parks and Trails:					
Personal Services	998,500	998,500	922,299	76,201	955,964
Supplies, Repairs and Maintenance	215,900	207,200	187,038	20,162	160,269
Other Services and Charges	440,200	440,200	437,734	2,466	482,297
Total Parks and Trails	<u>1,654,600</u>	<u>1,645,900</u>	<u>1,547,071</u>	<u>98,829</u>	<u>1,598,530</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2015

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2014

(Continued)

	2015			Variance - Positive (Negative)	2014
	Budgeted Amounts		Actual Amounts		Actual
	Original	Final			
EXPENDITURES: (Continued)					
Park and Recreation: (Continued)					
Natural Resources:					
Personal Services	\$ 660,200	\$ 660,200	\$ 605,845	\$ 54,355	\$ 532,360
Supplies, Repairs and Maintenance	18,600	18,100	12,071	6,029	6,071
Other Services and Charges	549,600	549,600	512,511	37,089	518,473
Total Natural Resources	<u>1,228,400</u>	<u>1,227,900</u>	<u>1,130,427</u>	<u>97,473</u>	<u>1,056,904</u>
Community Facility:					
Personal Services	339,000	339,000	316,740	22,260	321,343
Supplies, Repairs and Maintenance	53,800	54,200	28,403	25,797	39,668
Other Services and Charges	124,500	139,000	118,207	20,793	117,221
Total Community Facility	<u>517,300</u>	<u>532,200</u>	<u>463,350</u>	<u>68,850</u>	<u>478,232</u>
Senior Services:					
Personal Services	242,700	242,700	238,726	3,974	220,836
Supplies, Repairs and Maintenance	43,000	46,000	52,269	(6,269)	45,003
Other Services and Charges	74,000	75,000	68,835	6,165	77,971
Total Senior Services	<u>359,700</u>	<u>363,700</u>	<u>359,830</u>	<u>3,870</u>	<u>343,810</u>
Total Park and Recreation	<u>5,656,700</u>	<u>5,651,300</u>	<u>5,316,080</u>	<u>335,220</u>	<u>5,327,523</u>
Total Expenditures before Other Financing Uses	30,920,700	30,807,800	29,335,835	1,471,965	29,127,386
OTHER FINANCING USES:					
Transfers to Other Funds	<u>1,113,000</u>	<u>1,113,000</u>	<u>1,127,323</u>	<u>(14,323)</u>	<u>1,047,588</u>
Total Expenditures and Other Financing Uses	<u>\$ 32,033,700</u>	<u>\$ 31,920,800</u>	<u>\$ 30,463,158</u>	<u>\$ 1,457,642</u>	<u>\$ 30,174,974</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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 71,804,372	\$ 74,653,377	\$ 77,534,541	\$ 83,655,961	\$ 83,506,166	\$ 88,717,256	\$ 88,422,281	\$ 92,038,719	\$ 95,221,323	\$ 100,390,155
Restricted	2,219,295	3,607,401	3,024,656	1,868,249	4,709,001	2,027,278	4,861,345	5,466,893	5,859,715	6,535,559
Unrestricted	49,882,234	53,307,749	54,306,879	55,735,299	57,322,293	60,535,626	56,993,967	57,184,342	60,037,739	50,537,717
Total Governmental Activities -										
Net Position	<u>\$ 123,905,901</u>	<u>\$ 131,568,527</u>	<u>\$ 134,866,076</u>	<u>\$ 141,259,509</u>	<u>\$ 145,537,460</u>	<u>\$ 151,280,160</u>	<u>\$ 150,277,593</u>	<u>\$ 154,689,954</u>	<u>\$ 161,118,777</u>	<u>\$ 157,463,431</u>
Business-Type Activities:										
Net Investment in										
Capital Assets	\$ 100,741,167	\$ 99,698,437	\$ 97,954,844	\$ 96,506,196	\$ 93,841,761	\$ 91,497,808	\$ 94,586,334	\$ 92,673,621	\$ 92,146,383	\$ 91,801,549
Unrestricted	16,232,539	16,414,397	16,304,474	15,207,652	15,336,367	14,967,144	14,743,165	14,664,046	13,147,896	12,411,335
Total Business-Type Activities -										
Net Position	<u>\$ 116,973,706</u>	<u>\$ 116,112,834</u>	<u>\$ 114,259,318</u>	<u>\$ 111,713,848</u>	<u>\$ 109,178,128</u>	<u>\$ 106,464,952</u>	<u>\$ 109,329,499</u>	<u>\$ 107,337,667</u>	<u>\$ 105,294,279</u>	<u>\$ 104,212,884</u>
Primary Government:										
Net Investment in										
Capital Assets	\$ 172,545,539	\$ 174,351,814	\$ 175,489,385	\$ 180,162,157	\$ 177,347,927	\$ 180,215,064	\$ 183,008,615	\$ 184,712,340	\$ 187,367,706	\$ 192,191,704
Restricted	2,219,295	3,607,401	3,024,656	1,868,249	4,709,001	2,027,278	4,861,345	5,466,893	5,859,715	6,535,559
Unrestricted	66,114,773	69,722,146	70,611,353	70,942,951	72,658,660	75,502,770	71,737,132	71,848,388	73,185,635	62,949,052
Total Primary Government -										
Net Position	<u>\$ 240,879,607</u>	<u>\$ 247,681,361</u>	<u>\$ 249,125,394</u>	<u>\$ 252,973,357</u>	<u>\$ 254,715,588</u>	<u>\$ 257,745,112</u>	<u>\$ 259,607,092</u>	<u>\$ 262,027,621</u>	<u>\$ 266,413,056</u>	<u>\$ 261,676,315</u>

Source: City of Minnetonka financial records



CITY OF MINNETONKA
Hennepin County, Minnesota

CHANGES IN NET POSITION
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES:										
Governmental Activities:										
General Services	\$ 5,008,340	\$ 6,123,720	\$ 5,396,909	\$ 4,628,824	\$ 4,477,560	\$ 4,149,584	\$ 4,652,864	\$ 4,702,113	\$ 4,587,302	\$ 4,422,066
Development Services	7,374,899	6,516,066	6,003,544	5,871,573	7,605,857	3,847,870	4,304,788	4,160,182	4,777,436	5,249,666
Public Works	5,953,730	7,259,467	12,157,209	9,591,740	7,142,475	24,090,987	12,563,877	12,955,778	18,494,554	15,940,119
Public Safety	10,576,665	10,986,149	12,977,197	11,988,138	12,357,201	12,409,458	12,721,528	13,220,747	13,332,150	13,289,535
Parks and Recreation	4,845,665	5,581,150	5,673,979	6,052,694	6,672,404	5,890,446	5,908,558	5,950,304	6,310,604	6,491,390
Interest on Long-Term Debt	343,799	330,724	466,715	458,436	431,771	374,044	451,720	218,800	181,439	155,506
Total Governmental Activities Expenses	34,103,098	36,797,276	42,675,553	38,591,405	38,687,268	50,762,389	40,603,335	41,207,924	47,683,485	45,548,282
Business-Type Activities:										
Water and Sewer Utility	10,686,176	12,076,575	13,252,488	12,764,705	13,114,139	13,343,368	13,599,327	12,466,738	13,478,374	14,326,946
Ice Arena	1,014,955	1,010,791	1,037,482	1,018,502	1,006,918	1,057,145	1,173,351	1,270,591	1,240,234	1,187,034
Environmental Operations	841,137	765,423	879,639	848,867	875,629	894,089	811,394	817,210	711,218	785,276
Williston Fitness Center	603,103	1,016,659	1,180,776	1,180,890	1,298,249	1,535,296	1,762,611	2,108,426	2,167,490	2,271,217
Grays Bay Marina	162,618	221,473	240,170	173,979	186,682	229,171	223,955	215,038	183,593	208,108
Storm Water Fund	1,001,338	1,370,055	1,139,945	1,161,573	1,348,729	1,404,959	1,444,796	1,367,011	1,412,203	1,297,113
Total Business-Type Activities	14,309,327	16,460,976	17,730,500	17,148,516	17,830,346	18,464,028	19,015,434	18,245,014	19,193,112	20,075,694
Total Primary Government Expenses	\$ 48,412,425	\$ 53,258,252	\$ 60,406,053	\$ 55,739,921	\$ 56,517,614	\$ 69,226,417	\$ 59,618,769	\$ 59,452,938	\$ 66,876,597	\$ 65,623,976
PROGRAM REVENUES										
Governmental Activities:										
Charges for Services:										
General Services	\$ 505,749	\$ 244,369	\$ 242,723	\$ 280,815	\$ 240,663	\$ 265,748	\$ 5,230	\$ 11,653	\$ 40,402	\$ 2,297
Development Services	2,993,453	3,689,544	2,950,072	2,213,535	2,810,732	3,661,616	2,901,140	2,819,398	4,294,909	5,409,680
Public Works	766,629	545,023	1,094,941	1,772,247	524,274	282,005	14,498	2,065	966,685	76,776
Public Safety	852,120	963,542	1,032,899	1,027,156	1,040,938	980,840	1,246,718	1,610,621	1,643,036	1,753,883
Parks and Recreation	1,177,864	1,345,236	1,405,871	1,228,146	1,245,988	1,347,482	1,674,424	1,346,268	1,271,707	2,094,611
Operating Grants and Contributions	1,022,470	1,487,496	1,463,367	905,041	1,574,153	1,207,580	2,288,180	2,023,252	1,354,435	1,414,207
Capital Grants and Contributions	2,713,064	3,014,909	3,733,640	3,386,878	1,249,302	14,536,698	753,878	2,528,544	7,188,926	3,631,773
Total Governmental Activities Program Revenues	10,031,349	11,290,119	11,923,513	10,813,818	8,686,050	22,281,969	8,884,068	10,341,801	16,760,100	14,383,227

CITY OF MINNETONKA
Hennepin County, Minnesota

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Continued)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
PROGRAM REVENUES (Continued)										
Business-Type Activities:										
Charges for Services:										
Water and Sewer Utility	\$ 8,977,363	\$ 9,535,859	\$ 10,170,646	\$ 10,389,772	\$ 10,513,551	\$ 11,024,675	\$ 12,613,945	\$ 11,298,120	\$ 11,477,857	\$ 14,394,358
Ice Arena	744,882	772,935	854,833	876,255	852,219	863,016	898,047	832,051	923,141	845,207
Environmental Operations	653,323	727,241	1,024,257	994,102	559,958	923,286	668,735	599,368	745,203	758,753
Williston Fitness Center	833,233	802,312	935,528	1,105,237	1,133,859	1,402,967	2,109,149	2,460,672	2,492,730	2,395,503
Grays Bay Marina	165,361	182,397	204,056	225,851	200,664	235,753	242,522	245,034	217,819	243,303
Storm Water Fund	1,483,231	1,420,923	1,702,692	1,853,346	1,967,659	2,157,297	2,162,188	2,229,863	2,297,298	2,370,289
Operating Grants and Contributions	123,662	121,721	173,747	134,845	133,780	190,021	133,903	191,739	235,986	157,548
Capital Grants and Contributions	-	118,900	668,389	538,747	219,371	-	-	-	-	-
Total Business-Type Activities Program Revenues	<u>12,981,055</u>	<u>13,682,288</u>	<u>15,734,148</u>	<u>16,118,155</u>	<u>15,581,061</u>	<u>16,797,015</u>	<u>18,828,489</u>	<u>17,856,847</u>	<u>18,390,034</u>	<u>21,164,961</u>
Total Primary Government Program Revenues	<u>\$ 23,012,404</u>	<u>\$ 24,972,407</u>	<u>\$ 27,657,661</u>	<u>\$ 26,931,973</u>	<u>\$ 24,267,111</u>	<u>\$ 39,078,984</u>	<u>\$ 27,712,557</u>	<u>\$ 28,198,648</u>	<u>\$ 35,150,134</u>	<u>\$ 35,548,188</u>
NET EXPENSE (REVENUE)										
Governmental Activities	\$ (20,118,755)	\$ (25,507,157)	\$ (30,752,040)	\$ (27,777,587)	\$ (30,001,218)	\$ (28,480,420)	\$ (31,719,267)	\$ (30,866,123)	\$ (30,923,385)	\$ (31,165,055)
Business-Type Activities	(724,580)	(2,778,688)	(1,996,352)	(1,030,361)	(2,249,285)	(1,667,013)	(186,945)	(388,167)	(803,078)	1,089,267
Total Primary Government Net Expense	<u>\$ (20,843,335)</u>	<u>\$ (28,285,845)</u>	<u>\$ (32,748,392)</u>	<u>\$ (28,807,948)</u>	<u>\$ (32,250,503)</u>	<u>\$ (30,147,433)</u>	<u>\$ (31,906,212)</u>	<u>\$ (31,254,290)</u>	<u>\$ (31,726,463)</u>	<u>\$ (30,075,788)</u>
GENERAL REVENUES AND OTHER										
CHANGES IN NET POSITION:										
Governmental Activities:										
Property Taxes	\$ 21,853,159	\$ 27,585,892	\$ 28,749,045	\$ 28,384,529	\$ 30,004,879	\$ 30,663,713	\$ 31,655,149	\$ 32,133,116	\$ 31,260,616	\$ 32,681,646
Franchise Taxes	-	-	-	1,483,731	1,477,059	1,521,278	1,599,464	1,684,671	1,715,787	1,728,394
Tax Increment	-	-	-	-	-	-	-	-	2,362,579	2,405,931
State aid - Unrestricted	144,540	96,700	586,787	322,000	89,789	85,859	44,035	42,659	-	-
Investment Earnings (Loss)	975,889	2,032,157	2,745,739	2,744,051	1,162,580	590,467	323,344	(254,522)	761,387	509,257
Sale of Capital Assets	-	-	-	-	131,546	-	-	43,468	54,031	21,055
Other General Revenue	62,975	69,805	45,228	50,678	45,167	139,503	67,443	53,933	51,063	55,717
Transfers	695,000	895,100	1,042,984	1,064,600	1,260,000	1,222,300	(2,972,865)	1,575,159	1,405,203	133,190
Total Governmental Activities	<u>23,731,563</u>	<u>30,679,654</u>	<u>33,169,783</u>	<u>34,049,589</u>	<u>34,171,020</u>	<u>34,223,120</u>	<u>30,716,570</u>	<u>35,278,484</u>	<u>37,610,666</u>	<u>37,535,190</u>
Business-Type Activities:										
Property Taxes	-	-	-	-	-	-	-	-	-	-
Investment Earnings (Loss)	369,673	715,829	906,162	823,429	278,519	176,137	78,757	(47,516)	164,893	82,813
Gain on Sale of Capital Assets	-	-	-	-	-	-	-	19,010	-	-
Other	32,496	3,357	2,778	-	3,466	-	-	-	-	-
Transfers	(695,000)	(895,100)	(1,042,984)	(1,064,600)	(1,260,000)	(1,222,300)	2,972,865	(1,575,159)	(1,405,203)	(133,190)
Total Business-Type Activities	<u>(292,831)</u>	<u>(175,914)</u>	<u>(134,044)</u>	<u>(241,171)</u>	<u>(978,015)</u>	<u>(1,046,163)</u>	<u>3,051,622</u>	<u>(1,603,665)</u>	<u>(1,240,310)</u>	<u>(50,377)</u>
Total Primary Government	<u>\$ 23,438,732</u>	<u>\$ 30,503,740</u>	<u>\$ 33,035,739</u>	<u>\$ 33,808,418</u>	<u>\$ 33,193,005</u>	<u>\$ 33,176,957</u>	<u>\$ 33,768,192</u>	<u>\$ 33,674,819</u>	<u>\$ 36,370,356</u>	<u>\$ 37,484,813</u>

CITY OF MINNETONKA
Hennepin County, Minnesota

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Continued)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
CHANGE IN NET POSITION:										
Governmental Activities	\$ 3,612,808	\$ 5,172,497	\$ 2,417,743	\$ 6,272,002	\$ 4,169,802	\$ 5,742,700	\$ (1,002,697)	\$ 4,412,361	\$ 6,687,281	\$ 6,370,135
Business-Type Activities	<u>(1,017,411)</u>	<u>(2,954,602)</u>	<u>(2,130,396)</u>	<u>(1,271,532)</u>	<u>(3,227,300)</u>	<u>(2,713,176)</u>	<u>2,864,677</u>	<u>(1,991,832)</u>	<u>(2,043,388)</u>	<u>1,038,890</u>
Total Primary Government	<u>\$ 2,595,397</u>	<u>\$ 2,217,895</u>	<u>\$ 287,347</u>	<u>\$ 5,000,470</u>	<u>\$ 942,502</u>	<u>\$ 3,029,524</u>	<u>\$ 1,861,980</u>	<u>\$ 2,420,529</u>	<u>\$ 4,643,893</u>	<u>\$ 7,409,025</u>

Source: City of Minnetonka financial records

CITY OF MINNETONKA
Hennepin County, Minnesota

FUND BALANCES-GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 550,755	\$ 440,696	\$ 525,579	\$ 548,795	\$ 464,915	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,137,243	11,304,419	12,792,693	13,263,687	13,238,701	-	-	-	-	-
Nonspendable	-	-	-	-	-	112,339	77,086	142,565	104,766	263,171
Committed	-	-	-	-	-	-	1,010,000	1,040,000	1,050,000	1,000,000
Assigned	-	-	-	-	-	11,544,440	12,171,177	12,321,900	12,594,400	12,973,500
Unassigned	-	-	-	-	-	4,574,091	3,617,308	4,014,873	3,742,975	5,419,224
Total General Fund	<u>9,687,998</u>	<u>11,745,115</u>	<u>13,318,272</u>	<u>13,812,482</u>	<u>13,703,616</u>	<u>16,230,870</u>	<u>16,875,571</u>	<u>17,519,338</u>	<u>17,492,141</u>	<u>19,655,895</u>
All Other Governmental Funds:										
Reserved	1,809,299	2,185,193	1,147,636	725,463	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	1,403,032	480,475	1,179,875	2,098,383	3,480,940	-	-	-	-	-
Capital projects funds	35,144,773	38,206,390	40,487,678	38,582,206	37,522,912	-	-	-	-	-
Debt service funds	-	-	1,022,355	1,252,169	4,051,357	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	756,000	-	125,164	195,638
Restricted	-	-	-	-	-	5,475,544	7,520,420	5,553,767	5,937,290	6,603,366
Committed	-	-	-	-	-	9,451,939	8,115,749	9,089,669	11,960,779	13,049,962
Assigned	-	-	-	-	-	29,457,279	30,876,413	31,991,790	31,554,273	31,244,273
Unassigned	-	-	-	-	-	(679,189)	(1,910,345)	(3,073,099)	(2,551,669)	(6,944,033)
Total All Other Governmental Funds	<u>38,357,104</u>	<u>40,872,058</u>	<u>43,837,544</u>	<u>42,658,221</u>	<u>45,055,209</u>	<u>43,705,573</u>	<u>45,358,237</u>	<u>43,562,127</u>	<u>47,025,837</u>	<u>44,149,206</u>
Total Governmental Funds	<u>\$ 48,045,102</u>	<u>\$ 52,617,173</u>	<u>\$ 57,155,816</u>	<u>\$ 56,470,703</u>	<u>\$ 58,758,825</u>	<u>\$ 59,936,443</u>	<u>\$ 62,233,808</u>	<u>\$ 61,081,465</u>	<u>\$ 64,517,978</u>	<u>\$ 63,805,101</u>

Source: City of Minnetonka financial records

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

CITY OF MINNETONKA
Hennepin County, Minnesota

CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Property Taxes	\$ 26,402,902	\$ 27,423,837	\$ 28,221,316	\$ 30,088,341	\$ 30,631,013	\$ 30,731,107	\$ 31,655,150	\$ 32,133,116	\$ 31,305,971	\$ 32,673,521
Franchise Taxes	1,118,887	1,229,276	1,483,731	1,477,059	1,488,334	1,521,278	1,599,464	1,684,671	1,715,787	1,728,394
Tax Increments	-	-	-	-	-	-	-	-	2,362,579	2,405,931
Special Assessments	502,429	496,359	430,278	454,492	642,249	434,936	592,337	785,101	525,284	429,966
Licenses and Permits	2,804,370	3,306,961	2,574,866	1,876,184	2,078,031	3,347,255	2,477,856	2,817,753	3,541,462	4,796,150
Intergovernmental	3,467,784	3,575,400	3,827,767	4,077,426	2,828,175	15,144,889	2,354,216	3,817,715	8,364,633	2,730,231
Charges for Services	1,933,531	1,501,794	1,534,637	1,469,808	1,509,788	1,515,831	1,650,995	1,589,273	1,637,836	1,606,563
Fines and Forfeitures	422,886	550,567	644,680	665,907	631,304	586,092	518,422	532,303	616,154	598,478
Miscellaneous	3,183,990	3,890,910	4,877,252	2,059,364	2,120,317	2,141,861	1,707,482	1,156,691	3,273,800	2,926,666
Total Revenues	<u>39,836,779</u>	<u>41,975,104</u>	<u>43,594,527</u>	<u>42,168,581</u>	<u>41,929,211</u>	<u>55,423,249</u>	<u>42,555,922</u>	<u>44,516,623</u>	<u>53,343,506</u>	<u>49,895,900</u>
EXPENDITURES:										
General Government	4,660,672	5,569,967	4,690,725	3,984,884	4,000,524	3,677,413	4,099,224	3,879,274	4,108,370	4,191,085
Development Services	7,266,134	6,394,870	5,926,346	5,913,107	5,782,211	3,810,407	4,198,128	4,049,613	4,735,215	5,148,457
Public Works	3,381,581	4,699,136	5,365,413	4,919,395	3,885,634	4,027,507	3,983,744	4,240,857	5,460,831	4,333,820
Public Safety	9,940,505	10,192,352	10,897,161	11,372,566	12,038,778	11,899,680	12,026,437	12,535,326	12,891,804	12,843,759
Park and Recreation	4,243,892	4,718,183	4,855,598	5,062,868	5,559,757	4,777,170	4,902,026	4,974,847	5,305,820	5,316,080
Debt Service:										
Principal retirement on bonded debt	470,000	560,000	575,000	595,000	930,000	605,000	915,000	955,000	970,000	980,000
Interest and other expenditures	346,392	334,605	406,959	475,020	444,244	402,013	276,041	319,370	219,107	193,643
Capital Outlay	8,888,421	6,249,304	12,685,903	11,945,616	10,363,767	23,323,129	14,473,567	13,281,579	17,024,591	18,764,534
Total Expenditures	<u>39,197,597</u>	<u>38,718,417</u>	<u>45,403,105</u>	<u>44,268,456</u>	<u>43,004,915</u>	<u>52,522,319</u>	<u>44,874,167</u>	<u>44,235,866</u>	<u>50,715,738</u>	<u>51,771,378</u>
Excess of Revenues Over (Under) Expenditures	<u>639,182</u>	<u>3,256,687</u>	<u>(1,808,578)</u>	<u>(2,099,875)</u>	<u>(1,075,704)</u>	<u>2,900,930</u>	<u>(2,318,245)</u>	<u>280,757</u>	<u>2,627,768</u>	<u>(1,875,478)</u>
OTHER FINANCING SOURCES (USES):										
Bond Proceeds	-	-	4,705,000	-	2,620,000	-	2,500,000	-	-	-
Premium on Bonds Issued	-	-	52,042	-	88,021	-	(60,290)	-	-	-
Transfers In	2,589,378	3,394,121	1,443,370	3,161,800	2,761,706	1,503,700	2,014,000	3,215,383	4,728,828	4,424,887
Transfers Out	(1,694,278)	(2,078,737)	(378,770)	(1,901,800)	(1,557,106)	(281,400)	(783,100)	(1,933,483)	(3,661,625)	(3,262,286)
Principal Payment on Refunded Bonds	-	-	-	-	-	(3,080,000)	-	(2,715,000)	-	-
Proceeds on Disposition of Capital Assets	-	-	-	131,546	-	134,388	-	-	-	-
Total Other Financing Sources (Uses)	<u>895,100</u>	<u>1,315,384</u>	<u>5,821,642</u>	<u>1,391,546</u>	<u>3,912,621</u>	<u>(1,723,312)</u>	<u>3,670,610</u>	<u>(1,433,100)</u>	<u>1,067,203</u>	<u>1,162,601</u>
Net Change in Fund Balances	<u>\$ 1,534,282</u>	<u>\$ 4,572,071</u>	<u>\$ 4,013,064</u>	<u>\$ (708,329)</u>	<u>\$ 2,836,917</u>	<u>\$ 1,177,618</u>	<u>\$ 1,352,365</u>	<u>\$ (1,152,343)</u>	<u>\$ 3,694,971</u>	<u>\$ (712,877)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.6%	2.7%	2.6%	3.1%	3.9%	2.1%	3.3%	3.4%	2.7%	2.7%

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

Fiscal Year	Residential Property	Commercial Industrial Property	Other Property	Less: Tax Increment Property	Less: Net Fiscal Disparities	Net Taxable Tax Capacity	Total Direct Tax Rate	Estimated Taxable Market Value	Taxable Tax Capacity as a Percentage of Estimated Market Value
2006	\$ 61,265,869	\$ 28,329,946	\$ 631,282	\$ 3,786,433	\$ 6,851,418	\$ 79,589,246	28.597%	\$ 8,113,917,400	0.98%
2007	70,730,520	24,476,432	651,972	2,856,552	7,442,502	85,559,870	28.428%	8,542,466,300	1.00%
2008	70,876,684	35,226,221	604,330	1,760,011	7,685,098	97,262,126	27.578%	8,577,525,900	1.13%
2009	67,304,037	34,937,234	621,716	1,720,058	8,387,874	92,755,055	27.567%	8,585,903,400	1.08%
2010	67,387,621	34,853,650	612,053	1,691,878	8,923,870	92,237,576	30.887%	8,275,660,200	1.11%
2011	62,980,807	34,416,696	644,196	1,649,966	9,113,094	87,278,639	33.705%	7,846,377,400	1.11%
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%

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 2006 Through 2015

Year Collectible	City Direct Rate			Overlapping					Totals		
	Operating	Debt Service	Total	Hopkins School District No. 270	Minnetonka School District No. 276	Wayzata School District No. 284	Hennepin County	Misc. *	School District No. 270	School District No. 276	School District No. 284
2006	28.597	-	28.597	21.565	22.952	21.893	41.016	8.389	99.567	100.954	99.895
2007	28.416	0.012	28.428	19.157	24.931	20.392	39.110	8.417	95.112	100.886	96.347
2008	27.567	0.011	27.578	19.218	17.980	19.668	38.571	8.546	93.913	92.675	94.363
2009	27.553	0.014	27.567	19.218	17.980	19.668	38.571	8.546	93.902	92.664	94.352
2010	30.873	0.014	30.887	23.050	18.657	23.311	42.640	9.431	106.008	101.615	106.269
2011	33.691	0.014	33.705	26.456	21.274	24.034	45.840	10.489	116.490	111.308	114.068
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

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

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

Source: Hennepin County Taxpayer Services Department

CITY OF MINNETONKA
Hennepin County, Minnesota

PRINCIPAL TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	Type of Business	2015			2006		
		Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
United Health Group	Office Center	\$ 3,096,290	1	3.57%	\$ 950,160	5	1.32%
General Growth (Ridgedale)	Regional Shopping Center	2,119,250	2	2.45%	2,134,950	1	2.97%
Carlson Companies	Office Center	1,074,490	3	1.24%	1,785,340	3	2.48%
Medica Health Plans	Commercial	1,553,650	4	1.79%	452,800	10	0.63%
KBS REIT II	Office Center	1,328,550	5	1.53%			
Wells Operating Partnership	Office Center	937,230	6	1.08%	758,490	6	1.05%
Property Reserve, Inc.	Office Center	848,810	7	0.98%	716,070	8	1.00%
CSM West Ridge, inc.	Shopping Center	768,616	8	0.89%	1,010,540	4	1.40%
RREEF America REIT II Corp	Apartments	694,400	9	0.80%			
Cargill, Inc.	Office Center	652,350	10	0.75%	2,013,285	2	2.80%
Target Corporation	Retail				591,340	9	0.82%
Teachers Insurance	Office Center				739,950	7	1.03%
		<u>\$13,073,636</u>		<u>15.09%</u>	<u>\$ 11,152,925</u>		<u>15.51%</u>

Source: City of Minnetonka Assessor's Office

CITY OF MINNETONKA
Hennepin County, Minnesota

PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Year Collected	Taxes Levied for the Fiscal Year	Collection within the Fiscal Year of the Levy		Additions/ (Abatements)	Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy			Amount	Percentage of Levy
2006	\$23,819,419	\$ 23,486,300	98.60%	\$ (159,328)	\$ 93,918	\$ 23,420,890	98.33%
2007	26,043,106	25,736,868	98.82%	(130,863)	102,634	25,708,639	98.72%
2008 *	26,796,051	26,625,195	99.36%	(179,256)	221,547	26,667,486	99.52%
2009 *	28,344,019	28,121,687	99.22%	(10,456)	161,378	28,272,609	99.75%
2010 *	29,060,560	28,749,479	98.93%	(53,518)	53,145	28,749,106	98.93%
2011	29,894,854	29,507,710	98.70%	(438,683)	96,590	29,165,617	97.56%
2012	30,725,399	30,340,731	98.75%	(803,243)	27,121	29,564,609	96.22%
2013	31,193,800	30,911,217	99.09%	(1,101,325)	(1,762)	29,808,130	95.56%
2014	32,053,598	31,698,445	98.89%	(778,423)	34,387	30,954,409	96.57%
2015	32,987,035	32,644,959	98.96%	(642,871)	-	32,002,088	97.01%

Source: Hennepin County Tax Settlement Reports

* Certified Levy less Market Value Credit Unallotment.

CITY OF MINNETONKA
Hennepin County, Minnesota

RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities <u>General Obligation Bonds</u>	Business-type Activities <u>Water Revenue Bonds</u>	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
2006	\$ 9,095,000	\$ 9,920,000	\$ 19,015,000	0.36%	0.70%	193	369
2007	8,535,000	9,205,000	17,740,000	0.34%	0.65%	179	344
2008	12,665,000	8,410,000	21,075,000	0.29%	0.73%	162	407
2009	12,089,843	7,769,636	19,859,479	0.27%	0.68%	151	386
2010	13,867,111	6,907,504	20,774,615	0.24%	0.72%	139	418
2011	10,188,099	6,015,372	16,203,471	0.21%	0.56%	120	324
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	0.24%	0.71%	237	356

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)
2006	\$ 9,095,000	\$ 898,014	\$ 8,196,986	0.10%	159
2007	8,535,000	963,645	7,571,355	0.09%	147
2008	12,665,000	1,022,355	11,642,645	0.14%	225
2009	12,089,843	1,252,169	10,837,674	0.13%	211
2010	13,867,111	4,051,357	9,815,754	0.12%	197
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

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, 2015

<u>Governmental Units</u>	<u>Net Debt Outstanding</u>	(1) <u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
City of Minnetonka	\$ 6,154,003	100.00 %	<u>\$ 6,154,003</u>
Overlapping Debt:			
School Districts			
I.S.D. 270 - Hopkins	165,308,887	46.27	76,488,422
I.S.D. 276 - Minnetonka	91,870,579	24.84	22,820,652
I.S.D. 283 - St. Louis Park	39,266,728	0.01	3,927
I.S.D. 284 - Wayzata	159,543,032	16.47	26,276,737
Hennepin County	689,516,184	6.56	45,232,262
Hennepin County Parks	49,596,497	8.94	4,433,927
Hennepin County RR Authority	34,389,498	8.94	3,074,421
Regional:			
Metropolitan Council	67,164,480	3.05	2,048,517
Total Overlapping Debt			<u>180,378,864</u>
Total Direct and Overlapping Debt			<u><u>\$ 186,532,867</u></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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Market Value (Taxable)	\$8,542,466,300	\$8,581,940,800	\$8,581,940,800	\$8,231,108,300	\$8,275,660,200	\$7,831,970,800	\$7,489,072,211	\$7,295,340,723	\$7,311,630,277	\$7,796,498,758
* Debt Limit 3% of Market Value (Note A)	<u>170,849,326</u>	<u>171,638,816</u>	<u>257,458,224</u>	<u>246,933,249</u>	<u>248,269,806</u>	<u>234,959,124</u>	<u>224,672,166</u>	<u>218,860,222</u>	<u>219,348,908</u>	<u>233,894,963</u>
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds Available in Debt Service Funds	9,095,000 (898,014)	8,535,000 (963,645)	12,665,000 (1,022,355)	12,070,000 (1,252,169)	13,760,000 (4,051,357)	10,075,000 (1,301,371)	9,160,000 (3,890,389)	7,990,000 (1,150,271)	7,020,000 (1,209,111)	6,040,000 (1,281,887)
Total Debt Applicable to Debt Limit	<u>8,196,986</u>	<u>7,571,355</u>	<u>11,642,645</u>	<u>10,817,831</u>	<u>9,708,643</u>	<u>8,773,629</u>	<u>5,269,611</u>	<u>6,839,729</u>	<u>5,810,889</u>	<u>4,758,113</u>
Legal Debt Margin	<u>\$ 162,652,340</u>	<u>\$ 164,067,461</u>	<u>\$ 159,996,171</u>	<u>\$ 153,804,335</u>	<u>\$ 155,804,561</u>	<u>\$ 226,185,495</u>	<u>\$ 219,402,555</u>	<u>\$ 212,020,493</u>	<u>\$ 213,538,019</u>	<u>\$ 229,136,850</u>
Total net debt applicable to the limit as a percentage of debt limit	4.80%	4.41%	6.78%	6.57%	5.87%	3.73%	2.35%	3.13%	2.65%	2.03%

* The debt limit went from 2% to 3% in 2008, therefore from 2008 and forward, the debt limit is calculated at 3% instead of 2%.

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

PLEGGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Utility Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2006	\$ 9,535,859	\$ 6,905,401	\$ 2,630,458	\$ 630,000	\$ 446,949	2.44	
2007	10,170,646	8,280,625	1,890,021	715,000	418,179	1.67	
2008	10,389,772	9,365,605	1,024,167	745,000	488,037	0.83	
2009	10,513,551	9,042,034	1,471,517	775,000	282,485	1.39	
2010	11,308,402	8,954,086	2,354,316	840,000	246,226	2.17	
2011	11,030,795	9,547,062	1,483,733	870,000	212,468	1.37	
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	

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	(4) Per Capita Income	Total Personal Income	(1) Total Employment
2006	51,519	25,633	3.5%	\$ 52,905	\$ 2,725,612,695	46,832
2007	51,499	25,636	2.9%	52,905	2,724,554,595	47,546
2008	51,756	25,769	5.3%	55,819	2,888,968,164	47,329
2009	51,451	26,174	5.8%	56,564	2,910,274,364	47,329
2010	49,734	26,445	5.8%	57,841	2,876,652,888	46,176
2011	50,046	26,736	4.5%	58,210	2,913,156,997	48,690
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%	50,317 *	2,598,722,099	45,682

Sources:

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

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

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

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

*The 2015 estimate was not available at the time of this report.

CITY OF MINNETONKA
Hennepin County, Minnesota

PRINCIPAL EMPLOYERS
Prior Year and Nine Years Ago

Taxpayer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
United Health Group	4,400	1	9.63%	1,150	5	2.46%
Cargill, Inc.	3,400	2	7.44%	3,400	1	7.26%
Carlson Companies	3,100	3	6.79%	3,100	2	6.62%
Independent School District (No. 276)	1,671	4	3.66%			
Rosemount Engineering	1,600	5	3.50%			
Medica Health Plans	1,300	6	2.85%			
Starkey Laboratories	1,300	7	2.85%			
St Jude Medical	1,300	8	2.85%	1,300	3	2.78%
Super Value Stores, Inc.	1,265	9	2.77%			
MTS Systems Corporation	800	10	1.75%			
Allina Health System				1,200	4	2.56%
DataCard Corp				1,000	6	2.14%
Advantek Inc.				600	7	1.28%
GE Osmonics, Inc.				520	8	1.11%
American Medical Systems				500	9	1.07%
Opportunity Partners				500	10	1.07%
	<u>20,136</u>		<u>44.08%</u>	<u>13,270</u>		<u>28.34%</u>

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government:										
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	8.50	9.00	9.00	8.72	8.72	8.97	8.97	8.97	9.55	10.45
Information Technology	2.75	2.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Finance	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Assessing	6.20	6.20	6.20	5.25	5.25	5.25	5.25	5.25	5.60	5.60
Development Services:										
Planning	6.97	6.97	6.97	6.25	6.25	6.25	5.50	5.50	5.50	6.00
Engineering	10.78	10.78	10.78	10.25	10.00	9.75	9.75	9.75	9.75	9.25
Community Development	14.55	15.55	15.55	10.40	10.40	10.40	11.40	11.60	11.00	12.10
Development Fund	-	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-
Parks and Recreation:										
Joint Recreation	6.70	6.70	6.70	5.90	6.15	6.15	5.75	5.84	5.84	5.74
Community Center	4.60	4.60	4.60	4.35	3.85	3.75	4.15	3.37	3.37	3.37
Parks and Trails	9.63	9.51	9.51	9.51	9.01	8.91	8.91	9.21	9.97	9.98
Senior Services	0.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Minnetonka Recreation	0.90	0.90	0.90	0.90	1.15	1.15	0.75	0.84	0.84	0.84
Natural Resources	4.63	4.51	4.51	4.51	4.51	4.58	4.58	4.71	5.57	6.58
Streets and Buildings:										
Buildings and Grounds	6.50	6.50	6.50	5.50	7.00	7.40	8.31	8.18	7.37	8.38
Street	22.63	22.53	22.53	22.53	22.53	20.95	20.95	21.24	21.24	21.10
Equipment	5.63	-	-	-	-	-	-	-	-	-
Public Safety:										
Police:										
Licensed	56.00	56.00	58.00	57.00	56.00	47.00	47.00	47.00	47.00	47.00
Other	20.35	20.35	20.35	19.35	19.35	19.35	18.95	18.95	19.45	19.45
Fire:										
Full-time	7.00	7.00	7.00	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Paid on call	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00	80.00
Dispatch	-	-	-	-	-	9.00	9.00	9.00	9.00	9.00
Environmental Health	3.00	3.00	3.40	3.40	3.40	3.40	3.50	3.50	3.50	3.50
Legal	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Cable Television	2.75	2.25	2.25	2.25	2.25	2.00	2.00	2.00	2.00	2.00
Forestry	-	-	-	-	-	-	-	-	-	-
Water and Sewer Utility	15.63	15.54	15.54	16.14	16.14	16.22	16.22	16.04	16.39	18.40
Ice Arena	4.60	4.60	3.80	3.80	3.80	3.80	3.80	3.62	3.62	3.62
Williston Center	3.90	3.95	6.95	6.95	5.15	5.05	5.05	5.05	7.05	7.15
Environmental	1.20	1.53	1.53	1.53	1.53	1.58	1.58	1.51	0.47	0.48
Gray's Bay Marina	-	-	-	-	-	0.20	0.20	0.20	0.20	0.20
Storm Water	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Fleet Maintenance Internal Service	-	5.53	5.53	4.53	4.53	4.58	4.58	4.51	4.51	4.38
Total	325.40	328.45	334.05	321.47	319.42	318.14	318.60	318.09	321.04	326.82

Source: City of Minnetonka financial records

CITY OF MINNETONKA
Hennepin County, Minnesota

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Police:										
Calls for service	34,364	35,133	43,532	44,305	47,120	45,198	42,883	45,139	42,644	44,898
Criminal offenses	3,225	3,366	3,006	2,372	3,384	2,416	2,256	2,269	2,150	2,225
Fire:										
Number of calls	549	568	566	768	792	790	750	996	750	1,200
Legal:										
Cases opened and processed by staff	1,371	1,218	1,009	959	828	883	863	895	700	900
Environmental Health:										
Number of licensed establishments	762	778	721	721	730	716	711	720	735	725
Number of nuisance complaints	526	562	473	602	550	462	648	512	500	500
Development Services:										
Engineering:										
Number of construction projects underway	12	14	13	17	14	11	13	12	14	8
Number of construction projects completed	6	9	8	11	13	12	11	10	11	5
Community Development:										
Permits issued	7,495	7,094	6,424	5,431	6,250	6,757	6,301	6,761	6,800	6,900
Planning:										
Number of planning applications received	164	149	153	110	149	125	148	135	120	101
Number of building permits reviewed	1,675	1,680	1,686	1,304	1,582	1,700	1,590	1,688	1,700	985
Public Works:										
Street Maintenance:										
Miles of city maintained	254.7	254.7	254.9	254.9	254.9	254.9	254.9	254.9	254.9	254.9
Street Improvement:										
Miles of street rehabilitated	2.5	2.7	2.4	4.5	1.9	4.6	4.9	4.5	4.5	5.9
Average pavement condition index	77	80	78	78	78	81	82	82	82	83
Park & Recreation:										
Joint Recreation:										
Number of program participants	35,243	42,369	38,684	37,492	34,493	33,484	40,866	41,783	39,300	37,100
Senior Services:										
Number of program participants	4,200	4,225	5,484	4,147	4,004	10,381	12,881	14,305	14,500	14,500

CITY OF MINNETONKA
Hennepin County, Minnesota

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Park & Recreation: (Continued)										
Parks and Trails:										
Number of parks maintained	50	50	50	48	48	48	48	48	48	48
Park acreage:										
Active	315.3	315.3	315.3	315.3	315.3	315.3	315.3	316.0	316.0	316.0
Passive	740.9	740.9	740.9	740.9	740.9	740.9	740.9	740.9	740.9	740.9
Miles of trail and sidewalk maintained	86	86	86	86	86	94	96	96	99	99
Natural Resources:										
Number of diseased trees removed	2,520	1,977	2,055	1,794	1,215	1,422	1,204	752	900	750
Number of permits reviewed/inspected for natural resource compliance	319	225	530	465	475	550	550	725	650	715
General Government:										
Administrative Services:										
Number of registered voters	34,636	34,656	35,354	35,124	35,157	35,340	35,836	35,241	35,500	35,000
Water and Sewer Utility:										
Number of utility customer accounts	16,925	17,061	16,610	16,598	166,237	16,739	16,784	16,838	16,982	16,957
Water pumped (million gallons)	2,695	2,802	2,586	2,678	2,354	2,406	2,685	2,403	2,400	2,200
Utility locate requests completed	9,745	9,349	7,425	6,869	6,793	8,363	8,352	9,675	10,000	11,000
Ice Arena:										
Ice rental hours sold	3,220	3,283	3,302	3,134	3,150	3,300	3,312	3,020	3,200	2,750
Environmental:										
Curbside recycling picked up (tons)	6,356	5,672	5,655	5,256	5,145	5,113	5,440	5,316	5,100	4,500
Willston Center:										
Total memberships sold	1,981	2,021	2,047	1,985	1,857	3,694	6,638	8,342	8,400	8,400
Gray's Bay:										
Slip lease rate	\$ 2,940	\$ 3,524	\$ 3,700	\$ 3,800	\$ 3,800	\$ 3,800	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900
Storm Water:										
Number of storm sewer projects completed	4	5	4	4	3	4	8	11	7	7

Source: Various city departments

CITY OF MINNETONKA
Hennepin County, Minnesota

CAPITAL ASSEST STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public Safety:										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Number of police officers	56	56	58	57	57	57	57	57	57	57
Fire Stations	5	5	5	5	5	5	5	5	5	5
Public Works:										
Streets (miles)	255	255	255	255	255	255	255	255	255	255
Streetlights	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670
Parks and Recreation:										
Parks acreage	1,054	1,056	1,056	1,056	1,056	1,056	1,056	1,057	1,057	1,057
Parks	50	50	50	50	50	50	50	50	50	50
Water and Sewer Utilities:										
Water mains (miles)	308	308	308	308	308	308	308	308	308	308
Fire hydrants	2,577	2,577	2,577	2,577	2,577	2,577	2,577	2,577	2,577	2,577
Water plant daily capacity	18,400,000	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	256	256	256	256	256
Storm Water										
Storm sewers (miles)	87	88	88	88	88	88	88	88	88	88

Source: Various city departments