

**COMPREHENSIVE ANNUAL FINANCIAL  
REPORT OF THE CITY COUNCIL OF  
DEEPHAVEN, MINNESOTA**

*For the Year Ended  
December 31, 2011*

**Dana Young, City Administrator**

**PREPARED BY:  
THE DEPARTMENT OF FINANCE**

# CITY OF DEEPHAVEN

## TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION</b>	
Elected Officials and Administration.....	1
Organization Chart.....	2
Letter of Transmittal .....	3
Certificate of Achievement for Excellence in Financial Reporting.....	8
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	9
Management’s Discussion and Analysis.....	11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	23
Statement of Activities.....	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	25
Reconciliation of the Balance Sheet to the Statement of Net Assets – Governmental Funds .....	26
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	27
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	28
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	29
Statement of Net Assets – Proprietary Funds.....	31
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	32
Statement of Cash Flows – Proprietary Funds .....	33
Notes to the Financial Statements.....	35
Required Supplementary Information:	
Schedule of Funding Progress for the Retiree Health Plan.....	53
Supplementary Information:	
Individual Fund Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	55
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Capital Improvement Fund .....	58
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Park Improvement Fund .....	59

**CITY OF DEEPHAVEN**

**TABLE OF CONTENTS**

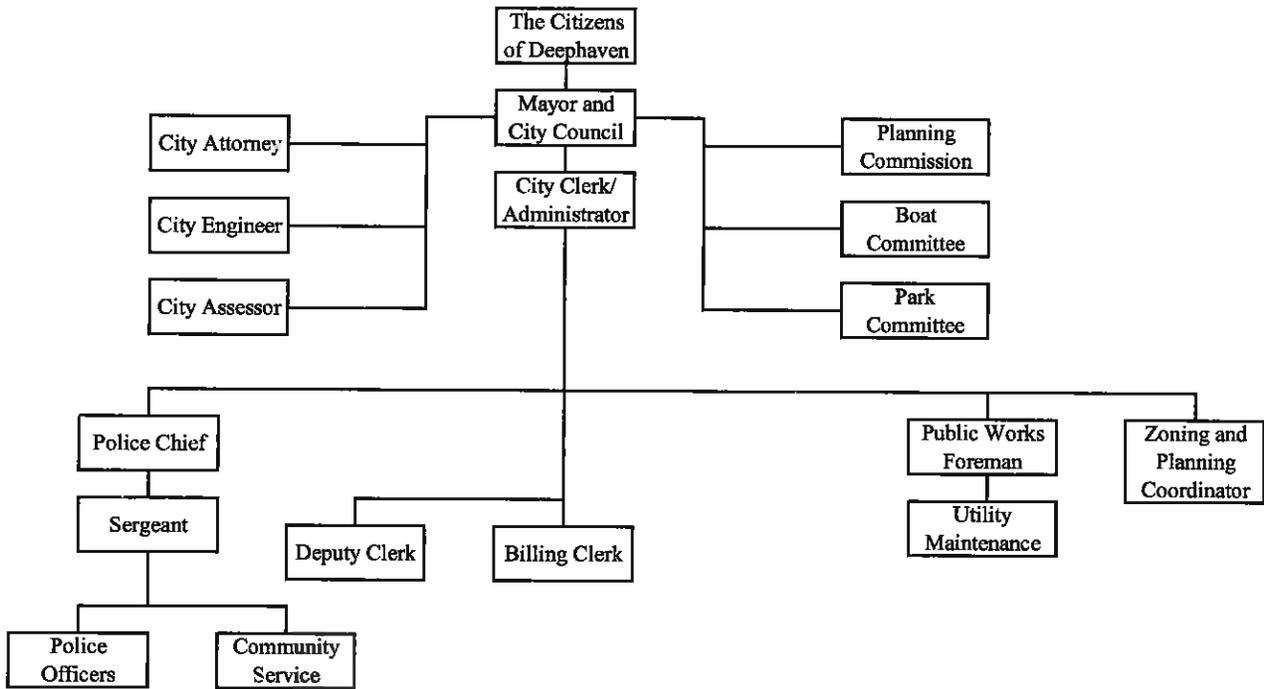
	Table	Page
<b>STATISTICAL SECTION</b>		
Net Assets by Component.....	1	63
Changes in Net Assets .....	2	64
Fund Balances of Governmental Funds .....	3	66
Changes in Fund Balances of Governmental Funds .....	4	68
Tax Capacity and Estimated Actual Value of Taxable Property .....	5	70
Property Tax Levies and Collections .....	6	72
Principal Taxpayers.....	7	73
Special Assessments Levies and Collections.....	8	74
Direct and Overlapping Governmental Activities Debt.....	9	75
Legal Debt Margin Information .....	10	76
Demographics and Economic Statistics.....	11	78
Principal Employers.....	12	79
Full-Time Equivalents by Program .....	13	80
Capital Asset Statistics by Function/Program.....	14	82
Schedule of Building Permits and Construction.....	15	85
Operating Indicators by Function/Program.....	16	86

## **INTRODUCTORY SECTION**

**CITY OF DEEPHAVEN**  
**ELECTED OFFICIALS AND ADMINISTRATION**  
**December 31, 2011**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Paul Skrede	Mayor	December 31, 2012
Keith Kask	Council Member	December 31, 2012
John Wheaton	Council Member	December 31, 2012
Josh Hackney	Council Member	December 31, 2014
Darel Gustafson	Council Member	December 31, 2014
<u>Administration</u>		
Dana Young	City Administrator/Clerk/Treasurer	Appointed
Cory Johnson	Police Chief	Appointed
John Menzel	Public Works Foreman	Appointed

**CITY OF DEEPHAVEN**  
**ORGANIZATION CHART**  
**December 31, 2011**



February 12, 2012

To the Honorable Mayor and  
Members of the City Council  
City of Deephaven  
Deephaven, Minnesota

The comprehensive annual financial report of the City of Deephaven, Minnesota, for the year ended December 31, 2011, is hereby submitted for your review. The report was prepared in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board and meets the requirements of the Minnesota 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 reliable information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their 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. Furthermore, all disclosures necessary to enable the reader to have the maximum understanding of the City's financial activity have been included.

Kern DeWenter Viere, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented on pages 9 & 10 of 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 starting on page 11.

## Government Profile

The City of Deephaven was incorporated in 1900. It is a western suburb of the Minneapolis/St. Paul area, located in Western Hennepin County. Deephaven covers an area of 2.3 square miles (or 1,440 acres) with an estimated population of 3,642. It is primarily a residential city, with a small commercial area that primarily serves the local community.

One of Deephaven's chief attractions is Lake Minnetonka with its three deep-cut bays bordering the city. The points and peninsulas overlooking the lake provide some of the City's most beautiful home sites, and the lake furnishes endless opportunities for year-round activities. Summer fun is provided at six public beaches and two city marinas, which service approximately 312 boats ranging in size from slender canoes to luxurious powerboats and sailboats. Deephaven's recreational areas include public parks, which contain tennis courts, baseball fields, playground equipment, basketball courts and walking trails. Hiking trails and bike paths connect many recreational areas. During the winter, the trails are utilized for cross-county skiing. Deephaven is truly a haven when it comes to peaceful living and active recreation.

Management of the City is responsible for establishing and maintaining budgetary controls designed to ensure that the assets of the government are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund are included in the annual appropriated budget. Project length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriate amount) is established by function and activity within an individual fund.

## Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Deephaven operates.

## Local Economic Condition and Outlook

Despite the significant national economic decline beginning in 2008, which spurred a general slowdown in construction activity, total permits and residential housing construction, the total building permit value for the City of Deephaven has remained surprisingly consistent in recent years with the notable exception of 2011:

	<u>Total Permits Number</u>	<u>Value</u>
2011	494	\$ 7,579,378
2010	541	13,268,023
2009	399	11,737,115
2008	524	16,664,812
2007	590	13,532,474
2006	622	14,338,000
2005	534	9,384,000
2004	560	10,975,766

More reflective of the declining economy, the overall market value of the City of Deephaven has continued its overall decline after many years of consecutive growth. The City's overall market value decreased 0.2% in 2009, 3.4% in 2010, and 6.8% in 2011 signaling the continued softening of the value of residential and commercial properties throughout Deephaven. In addition, the market value will decline 0.9% in 2012 with the expectation that the overall residential housing market will begin to stabilize both regionally and locally in 2013.

The City has adopted land use plans, zoning ordinances and developed shoreland management plans to ensure orderly growth and quality redevelopment. In 2008, the City completed an update to the Comprehensive Plan, which extends to the year 2020.

All of Deephaven is part of Independent School District No. 276. Deephaven has one elementary school and one private school located within the city limits.

Commercial areas in Deephaven provide a limited range of commercial goods and services. The largest commercial area in the community is Chowen's Corner, which consists mainly of retail shops and offices. A smaller commercial area is located along Trunk Highway 7 and Vine Hill Road.

### **Long-Term Financial Planning and Relevant Financial Policies**

Each year, as part of its review of the long-term financial plan of the City, the City Council establishes five primary long-term financial objectives. These objectives are governed by policies set by the City Council. They include:

1. Maintain property tax levy increases at the annual rate of inflation. This goal has been established partly to adhere to required levy limit requirements imposed by the State of Minnesota through 2011, but primarily to control the growth of government expenditures to a reasonable rate thereby providing its residents with some assurance that the property tax levy will not increase at a greater rate than wage increases. For the most part, this objective has been met with a 0% levy increase in 2008, a 5.7% increase in 2009, a 0% increase in 2010, a 2% increase in 2011, and a 0% increase in 2012.
2. Limit payments for bonded debt and/or facility lease payments to the Excelsior Fire District to approximately \$170,000 per year until the final payment of the fire facility lease is made in 2023. This objective has been met with a facility lease payment averaging approximately \$151,000 per year through 2023 and with no immediate plans to issue future debt.
3. Establish an unreserved General Fund Balance that equals or exceeds 80% of current year expenditures. This objective has been met with an unreserved General Fund Balance of 100.7% in 2008, 105.1% in 2009, 99.6% in 2010, and 102.6% in 2011. Longer range projections through to 2016 show that the unreserved General Fund Balance will decline to around 92% of current year expenditures as General Fund expenditures increase at a greater rate than revenues.
4. Establish a Capital Improvement Fund reserve of \$350,000 to provide available funding for street, police, park and administrative equipment and to adequately fund future street improvement projects. This objective has been achieved in the short term with a Capital Improvement Fund reserve of \$399,444 in 2008, \$365,131 in 2009, \$392,824 in 2010, and \$360,395 in 2011. Longer range projections show the Capital Improvement Fund reserve will decrease to a low of \$62,637 in 2016 due to the need to reconstruct Vine Hill Bridge in 2013 and the need to continue an aggressive schedule of street reconstruction projects.

5. Establish utility rates that ensure the ability to finance annual operating costs, the schedule of current and future capital utility projects, and establish utility fund reserves in the amount of \$150,000 in the Water Utility Fund, \$650,000 in the Sewer Utility Fund and \$150,000 in the Storm Water Utility Fund. Despite periodic fluctuations owing to capital projects, this objective will eventually be met in both the Water Utility Fund and the Storm Water Utility Fund as the current rate structure is adequate to fund all current and future operating costs and projected capital costs. However, the Sewer Utility Fund will present more of a challenge as projected increases in waste disposal fees and future capital improvements will cause reductions in the Sewer Utility Fund reserve. The City Council has already begun to take the necessary steps to ensure that adequate Sewer Utility Fund reserves are maintained well into the future by approving sewer rate increases in both 2009 and 2010. Projections indicate that another rate increase will be needed in either 2016 or 2017.

## **Major Initiatives**

The City of Deephaven prepares a comprehensive Budget annually and also updates its long range plans and forecasts of key financial indicators. The City reviews the following long-range plans prior to preparing its annual budget:

- Capital Improvement Plan
- Five Year Budget Forecast
- Five Year Park Plan
- Five Year Utility Forecast
- City Fiscal Policy

Deephaven, along with four other area municipalities, have established the Excelsior Fire District through a joint powers agreement that provides fire services and emergency medical response to all five communities. The joint powers agreement provides Deephaven with partial ownership of the Excelsior Fire District and the City anticipates an overall leveling of annual costs to support the District in future years.

The City has developed a web site, which can be assessed at [www.cityofdeephaven.org](http://www.cityofdeephaven.org).

## **Awards**

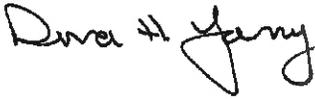
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Deephaven for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This is the 16<sup>th</sup> 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 accounting principles generally accepted in the United States of America 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 the GFOA to determine eligibility for another certificate.

## Acknowledgments

We commend the finance department staff for their hard work and dedication. We want to recognize the firm of Kern DeWenter Viere for their professional assistance. As always, we thank Mayor Skrede and the members of the City Council for your continued interest and support in planning and conducting the financial operations of the City in a very progressive and informed manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dana H. Young". The signature is written in a cursive style with a large, stylized "Y" at the end.

Dana H. Young  
City Clerk / Administrator

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Deephaven  
Minnesota

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

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



*Linda C. Dawson*

President

*Jeffrey R. Enos*

Executive Director

## **FINANCIAL SECTION**



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

## **INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the City of Deephaven, Minnesota, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

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

U.S. generally accepted accounting principles require that the MD&A which follows this report letter, and the Schedule of Funding Progress for the Retiree Health Plan, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



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

The information identified in the Table of Contents as the Introductory and Statistical Sections are presented for purposes of additional analysis and is not a required part of the basic financial statements. 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 express no opinion on them.

*Kern, DeWenter, Viere, Ltd.*

KERN, DEWENTER, VIERE, LTD.  
St. Cloud, Minnesota  
March 12, 2012

## **CITY OF DEEPHAVEN**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2011**

As management of the City of Deephaven (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2011.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$ 11,410,363 (total net assets). Of this amount, \$ 3,490,632 (unrestricted total net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets in 2011 increased by \$ 78,031 in comparison with the prior year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 3,018,655, an increase of \$ 79,084 in comparison with the prior year.
- At the end of the current fiscal year, the General Fund balance was \$ 2,560,492, which included \$ 22,348 that was nonspendable, \$ 155,000 committed for severance and other post employment benefits (OPEB) liability and \$ 2,383,144 for working capital. The total General Fund balance was 102.6% of total 2011 General Fund expenditures.
- The City's general government total long-term debt is \$ 162,402. This amount has been designated for accrued compensated absences and OPEB liability. In other words, \$ 119,510 has been designated to pay for one-third accrued sick leave that is paid to City employees upon their retirement with the City and \$ 42,892 has been designated towards the City's outstanding OPEB liability.
- The propriety funds have an ending cash balance of \$ 991,370. This represents an increase of \$ 15,444 over the prior year, due to a moderate schedule of capital improvement projects undertaken in 2011.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) Notes to The Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

The Statement of Net Assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## **CITY OF DEEPHAVEN**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2011**

#### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this Statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Public Safety, Public Works and Parks and Recreation Funds. The business-type activities of the City include Sewer, Water, Storm Water, Marina and Recycling Funds.

The government-wide financial statements can be found on pages 23 through 24 of this report.

#### **FUND FINANCIAL STATEMENTS**

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

##### **Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund Balance Sheet and governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains three individual major governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Capital Improvement and the Park Improvement Funds.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided on pages 55 through 59 for this Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 25 through 29 of this report.

**CITY OF DEEPHAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2011**

**FUND FINANCIAL STATEMENTS**

**Proprietary Funds**

The City maintains five major enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for water, sewer, storm sewer, marina and recycling operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 31 through 33 of this report.

**Notes to the Financial Statements**

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 35 through 52 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a city's financial position. In the case of the City, assets exceeded liabilities by \$ 11,410,363 at the close of 2011.

The largest portion of the City's net assets (\$ 7,461,568, or 65%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending

**CITY OF DEEPHAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2011**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**NET ASSETS**  
(In Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>ASSETS:</b>						
Current and Other Assets	\$ 3,098	\$ 3,056	\$ 1,226	\$ 1,162	\$ 4,324	\$ 4,218
Capital Assets	4,751	4,748	2,710	2,754	7,461	7,502
<b>Total Assets</b>	<b>\$ 7,849</b>	<b>\$ 7,804</b>	<b>\$ 3,936</b>	<b>\$ 3,916</b>	<b>\$ 11,785</b>	<b>\$ 11,720</b>
<b>LIABILITIES:</b>						
Other Liabilities	\$ 67	\$ 109	\$ 136	\$ 138	\$ 203	\$ 247
Noncurrent Liabilities	162	134	10	7	172	141
<b>Total Liabilities</b>	<b>\$ 229</b>	<b>\$ 243</b>	<b>\$ 146</b>	<b>\$ 145</b>	<b>\$ 375</b>	<b>\$ 388</b>
<b>NET ASSETS:</b>						
Invested in Capital Assets	\$ 4,752	\$ 4,748	\$ 2,710	\$ 2,754	\$ 7,462	\$ 7,502
Restricted	458	465	-	-	458	465
Unrestricted	2,410	2,348	1,080	1,017	3,490	3,365
<b>Total Net Assets</b>	<b>\$ 7,620</b>	<b>\$ 7,561</b>	<b>\$ 3,790</b>	<b>\$ 3,771</b>	<b>\$ 11,410</b>	<b>\$ 11,332</b>

A portion of the City's net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$ 3,490,632) may be used to meet the City's ongoing obligations to citizens and creditors. Restricted net assets of \$ 458,163 can only be used for the City's various capital projects.

The City's net assets increased by \$ 78,031 during the current fiscal year; \$ 58,293 increase in governmental activities and a \$ 19,738 increase in business-type activities. This is an indication that revenues outgained expenses in 2011 for government activities, particularly in the General Fund and Park Improvement Fund. The Storm Water Fund was responsible for the business-type net asset increase as rates were stable but there were fewer projects during 2011.

**CITY OF DEEPHAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2011**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

There was an increase in both governmental and business-type activities net assets in 2011. Key elements of this increase are as follows:

**CHANGES IN NET ASSETS**  
(In Thousands)

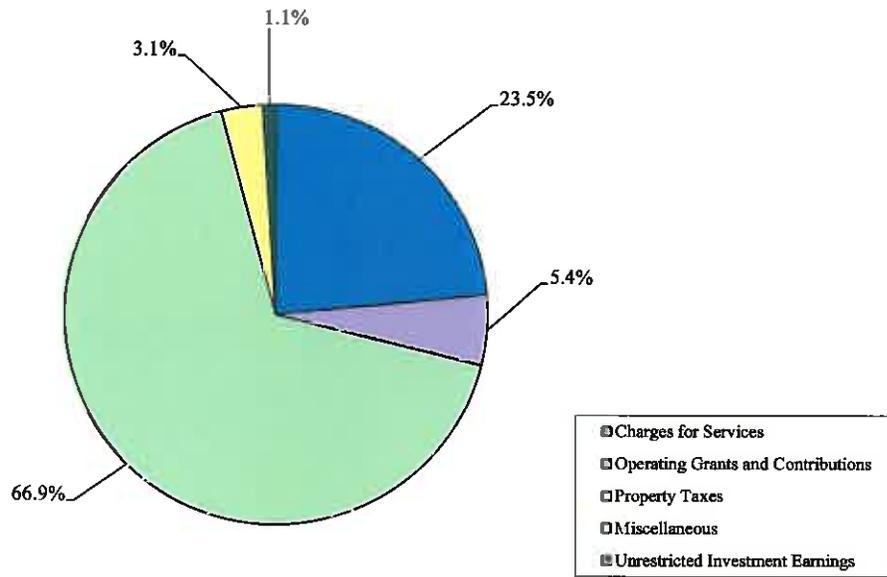
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>REVENUES:</b>						
Charges for Services	\$ 670	\$ 675	\$ 838	\$ 779	\$ 1,508	\$ 1,454
Operating Grants and Contributions	153	59	12	12	165	71
Capital Grants and Contributions	1	8	7	-	8	8
Property Taxes	1,910	1,880	-	-	1,910	1,880
Miscellaneous	89	61	-	-	89	61
Unrestricted Investment Earnings	30	38	13	15	43	53
<b>Total Revenues</b>	<b>2,853</b>	<b>2,721</b>	<b>870</b>	<b>806</b>	<b>3,723</b>	<b>3,527</b>
<b>EXPENSES:</b>						
General Government	447	503	-	-	447	503
Public Safety	1,408	1,261	-	-	1,408	1,261
Public Works	842	1,037	-	-	842	1,037
Parks	119	130	-	-	119	130
Water	-	-	68	70	68	70
Sewer	-	-	567	602	567	602
Recycling	-	-	24	20	24	20
Storm Water	-	-	43	32	43	32
Marina	-	-	126	125	126	125
<b>Total Expenses</b>	<b>2,816</b>	<b>2,931</b>	<b>828</b>	<b>849</b>	<b>3,644</b>	<b>3,780</b>
Change in Net Assets Before Transfers	37	(210)	42	(43)	79	(253)
Transfers	22	20	(22)	(20)	-	-
Change in Net Assets	59	(190)	20	(63)	79	(253)
<b>NET ASSETS:</b>						
Beginning of Year	7,561	7,751	3,771	3,834	11,332	11,585
End of Year	\$ 7,620	\$ 7,561	\$ 3,791	\$ 3,771	\$ 11,411	\$ 11,332

**CITY OF DEEPHAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2011**

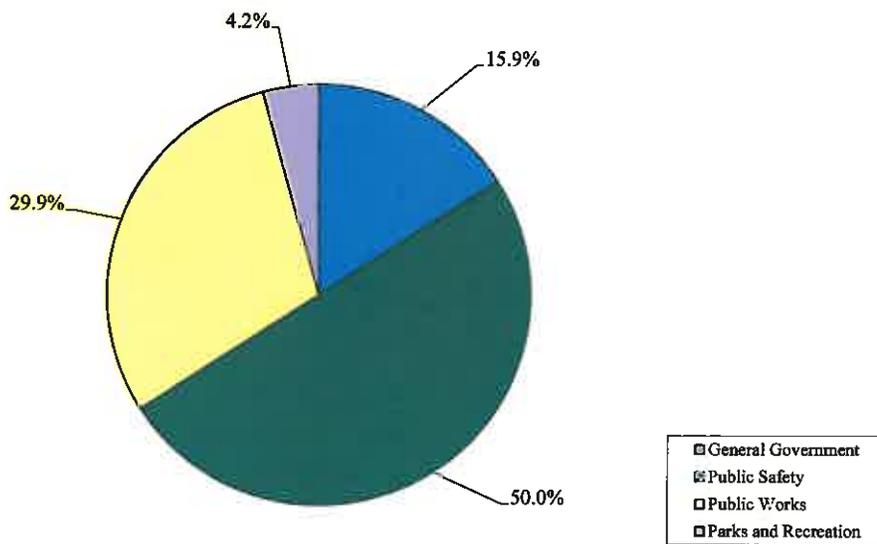
**GOVERNMENTAL ACTIVITIES**

Governmental activities increased net assets by \$ 58,293. Below are specific graphs that provide comparisons of the governmental activities revenues and expenses:

**Governmental Activities - Revenues**



**Governmental Activities - Expenses**

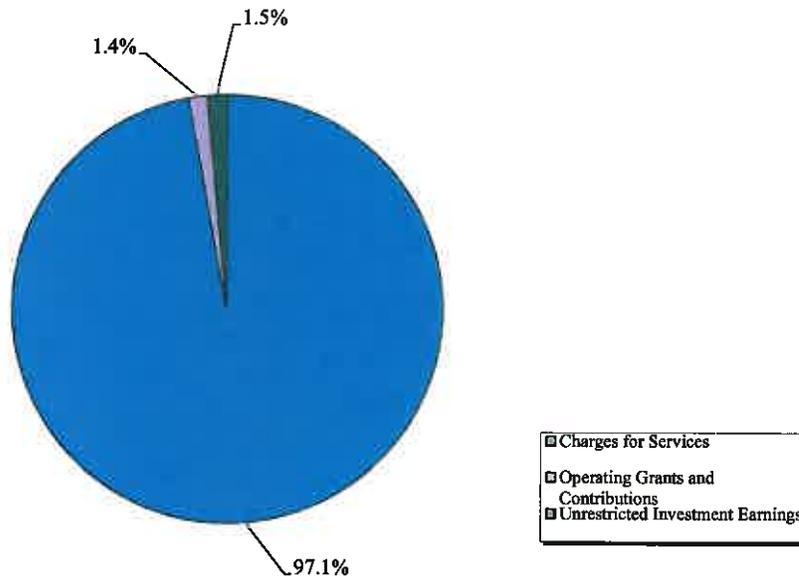


**CITY OF DEEPHAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2011**

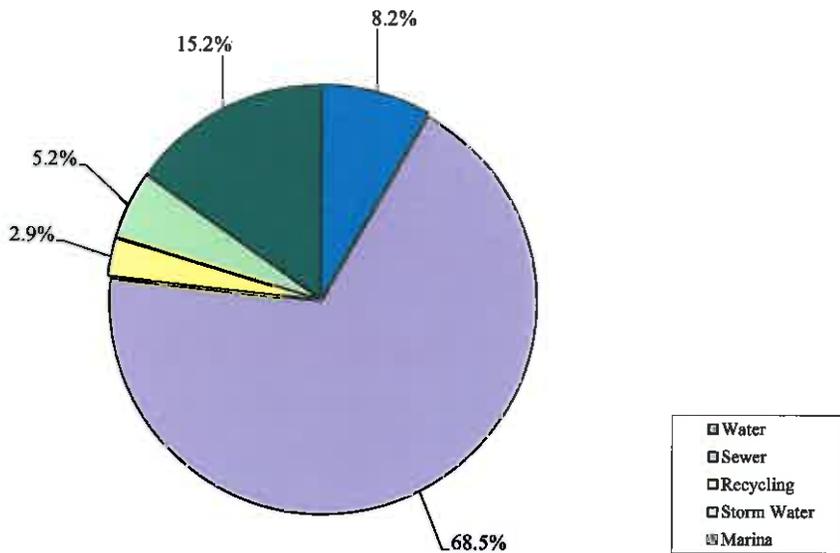
**BUSINESS-TYPE ACTIVITIES**

Business-type activities increased net assets by \$ 19,738. Below are graphs showing the business-type activities revenue and expense comparisons:

**Business-Type Activities - Revenues**



**Business-Type Activities - Expenses**



## CITY OF DEEPHAVEN

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2011

#### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

##### Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 3,018,655. Of this amount, \$ 22,348 represents amounts already expended for prepaid items and is classified as nonspendable. Other portions of the fund balances are dedicated as follows:

- 1) Restricted to fund park projects (\$ 97,768)
- 2) Committed to pay severance and OPEB liability (\$ 155,000)
- 3) Committed to fund special capital projects (\$ 360,395)

The remaining unassigned balance of \$ 2,383,144 provides for ongoing operating costs.

The General Fund increased \$ 86,521, resulting from higher than expected revenues in the following areas:

- 1) The City acted as the conduit for the sale of a tax exempt revenue note to Benilde-St Margaret's School that resulted in the City receiving an administrative service fee from the \$ 1,000,000 bond issue (\$ 5,000).
- 2) Building permit revenue the City received from the City of Greenwood was higher than anticipated (\$ 8,875).
- 3) Contract fees from the City of Greenwood for public works services were higher than expected (\$ 10,171) due to an increase in public works activities within the City of Greenwood.
- 4) Court fine revenues came in higher than budgeted (\$ 12,316)
- 5) The revision in load limit fees resulted in more revenue than anticipated (\$ 4,154)
- 6) Fire aid was received by the City and passed onto the Relief Association (\$ 94,866)

A reduction in General Fund expenditures compared to expected levels contributed to an overall General Fund increase. The following General Fund expenditures were significantly below 2011 budget estimates:

- 1) A substantial dividend from the League of Minnesota Cities Insurance Trust (LMCIT) greatly reduced 2011 property and liability insurance costs (\$ 14,656).
- 2) A reduction in a full-time position in the Public Works Department lead to an overall reduction in public works salaries and benefits (\$ 27,938).
- 3) The cost of lifeguard services and weed control services in the Parks and Recreation Department was less than anticipated in 2011 (\$ 7,874).
- 4) Reduced construction activity led to lower than expected building permit inspection and plan review contract fees (\$ 15,018).
- 5) The cost of deer management and goose control in the Wildlife Management Department resulted in lower than expected professional service fees (\$ 5,581).
- 6) The cost of street repair and maintenance supplies and street contracted services came in less than expected (\$ 14,370).
- 7) Fire was over budget due to passing on the fire aid to the Relief Association (\$ 94,866).

**CITY OF DEEPHAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2011**

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

**Governmental Funds (Continued)**

The Capital Improvement Fund balance decreased \$ 32,429 over the prior year due to the fact that the scheduled purchase of two police vehicles, a speed trailer and two vehicle cameras for the Police Department, a major street overlay project on Ridgewood Road, Lake Avenue and Monaltrie Avenue, and the sealing of the basketball court and the renovation of two tennis courts at Thorpe Park cost more than the annual revenues received in the Fund.

The Park Improvement Fund balance increased \$ 24,992 due to the lack of scheduled capital park improvement projects and the addition of a \$ 28,000 park dedication fee.

**Propriety Funds**

Business-type activities increased the City's net assets by \$ 19,738, principally due to the fact that there were few large scale capital projects planned in 2011 and the recent increases in the sewer utility rate the last two years have set revenues at an appropriate levels to recover all costs.

In addition, the marginal increase in net assets is also reflective of the fact that the rates for the Sewer Fund are purposely set at a level to not fully recover the depreciated cost of the system. At this time, management does not expect current rate payers to pay for the entire depreciated cost of the sanitary sewer system solely through rates.

From a cash position, business-type activities increased \$ 15,444 in 2011. Key elements of this increase were as follows:

- Water Fund – The cash position of the Water Fund increased \$ 10,938, which is an indication that the water rate increase enacted back in 2004 continues to be adequate to finance the costs of operating the water system.
- Sewer Fund – The cash position of the Sewer Fund decreased \$ 21,432 in 2011. This decrease is owed to the unexpectedly high acquisition of capital assets from the Sewer Fund in 2011. Although the acquisition of capital assets was higher than anticipated, largely owed to a sewer main renovation project and the purchase of a number of new pumps for the City's lift stations, it was anticipated that the City had addressed the overall declining cash position of the Sewer Fund by authorizing a sewer rate increase in both 2010 and 2011. The combined effect of these two rate increases were intended to provide sufficient revenues starting in 2011 to fully fund annual operating costs and the ongoing schedule of capital projects within the Sewer Fund. A further review of the operating costs and revenues of the Sewer Fund will be needed to determine if future rate increases are warranted.
- Recycling Fund – The cash position of the Recycling Fund increased \$ 5,047 in 2011. An increase in the fund balance was anticipated due to the fact the Recycling Grant received from Hennepin County exceeded the costs of reimbursing Waste Management for conducting the 2011 Spring and Fall Cleanup Day.

**CITY OF DEEPHAVEN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2011**

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

**Proprietary Funds (Continued)**

- Storm Water Fund – The cash position of the Storm Water Fund increased \$ 32,177 in 2011. This increase was expected due to the lack of substantial storm water projects undertaken in 2011.
- Marina Fund – The cash position of the Marina Fund decreased \$ 11,286 in 2011. This decrease was expected due to the decline in revenues from the inability to lease 10 mooring buoys and the costs of repairing Carson's Bay boat launch and the removal of the Carson's Bay municipal docks in anticipation of the reconstruction of the Carson's Bay Marina in 2012.

**BUDGETARY HIGHLIGHTS**

**General Fund**

There were no changes made to the original budget. During the year, actual revenues exceeded actual expenditures by \$ 86,521, thus eliminating the need to draw upon existing fund reserves.

**General Fund Revenues** – With budgeted General Fund revenues of \$ 2,504,013 versus actual General Fund Revenues of \$ 2,559,512, General Fund revenues came in \$ 55,499 higher than anticipated in 2011. A review of General Fund revenues illustrates there were three primary reasons for the surplus of General Fund revenues: 1) fire aid received and passed onto the Relief Association, 2) an increase in contract service fees and 3) the sale of a tax exempt revenue note to Benilde-St. Margaret's School.

Court fine revenues and load limit fees combined to exceed their 2011 budgeted amounts by \$ 16,470. Court fines had been budgeted at \$ 45,000 and actual fine revenue received was \$ 57,316. Load limit fees had been budgeted at \$ 300 and actual fee revenue received was \$ 4,454.

The second reason for the increase in General Fund revenues is due to a significant increase in contracted building permit and public works services with the City of Greenwood. Building permit revenue the City receives from Greenwood had been budgeted at \$ 15,000 and actual revenue received was \$ 23,875, resulting in an increase of \$ 8,875. Similarly, public works services for Greenwood had been budgeted at \$ 45,000 and actual revenue received was \$ 55,171, or \$ 10,171 more than anticipated.

And lastly, the City received a request in 2011 from Benilde-St. Margaret's School for the City to issue a tax exempt revenue note under *Minnesota Statutes*, Section 469.152 to 469.165, the proceeds of which will be loaned by the City to the School to refund a portion of certain prior obligations of the School. In issuing the \$ 1,000,000 note, the City acted as a conduit so that the School can finance the refunding of its existing tax exempt bonds with similar tax exempt bonds at lower interest rates. Upon issuance of the note, the School paid the City a fee equal to one-half of 1% of the principal amount of the note in accordance with the City's requirements for issuance of revenue bonds. The principal amount of the note will count against the City's annual \$ 10 million bank qualification bond limitation under Section 265(b) of the Internal Revenue Code.

**CITY OF DEEPHAVEN**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
December 31, 2011**

**BUDGETARY HIGHLIGHTS**

**General Fund (Continued)**

**General Fund Expenditures** – With budgeted General Fund expenditures of \$ 2,510,650 versus actual General Fund expenditures of \$ 2,494,542, General Fund expenditures were \$ 16,108 less than expected in 2011. While credit for reduced expenditures can be attributed across every department of the City, including General Government, Administration, Public Safety, Planning and Zoning, Public Works and Parks and Recreation, there are principally seven reasons for lower than expected General Fund expenditures in 2011.

- 1) A substantial dividend from the LMCIT greatly reduced 2011 property and liability insurance costs (\$ 14,656).
- 2) A reduction in a full-time position in the Public Works Department lead to an overall reduction in public works salaries and benefits (\$ 27,938).
- 3) The cost of lifeguard services and weed control services in the Parks and Recreation Department was less than anticipated in 2011 (\$ 7,874).
- 4) Reduced construction activity led to lower than expected building permit inspection and plan review contract fees (\$ 15,018).
- 5) The cost of deer management and goose control in the Wildlife Management Department resulted in lower than expected professional service fees (\$ 5,581).
- 6) The cost of street repair and maintenance supplies and contracted services came in less than expected (\$ 14,370).
- 7) The savings from above, netted with the additional \$ 94,866 payment of Fire aid to the Relief Association.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2011 amounted to \$ 7,461,568 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, vehicles and equipment.

	2011 (In Thousands)		2011 Total	2010 Total
	Governmental Activities	Business-Type Activities		
Land	\$ 692	\$ -	\$ 692	\$ 692
Construction in Progress	-	-	-	-
Building	414	-	414	435
Mains, Lifts, Hydrants and Distribution Systems	-	2,492	2,492	2,542
Improvements Other than Buildings	3	31	34	39
Infrastructure	2,771	-	2,771	2,706
Vehicles and Equipment	872	187	1,059	1,088
<b>Total</b>	<b>\$ 4,752</b>	<b>\$ 2,710</b>	<b>\$ 7,462</b>	<b>\$ 7,502</b>

## **CITY OF DEEPHAVEN**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2011**

#### **CAPITAL ASSET AND DEBT ADMINISTRATION**

##### **Capital Assets (Continued)**

Additional information on the City's capital assets can be found in Note 5 of the section entitled Notes to the Financial Statements.

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

- (2) Police Department Vehicles and Vehicle Changeover Costs (\$ 59,921)
- Speed Trailer (\$ 7,204)
- (2) Police Vehicle Cameras (\$ 11,518)
- Street Overlay Project (\$ 156,943)
- Carson's Bay Bridge Retaining Wall Improvements (\$ 6,075)
- Lift Station Pumps and Inventory (\$ 16,744)
- 2011 Sewer Main Rehabilitation Project (\$ 59,993)
- Thorpe Park Tennis Court Armor Sealing (\$ 21,870)
- Mt. Curve Storm Sewer Installation (\$ 9,079)
- Lakeview Avenue Culvert Installation (\$ 9,848)
- Carson's Bay Boat Launch Repair (\$18,250)

#### **LONG-TERM DEBT**

At the end of the current fiscal year, the City had total long-term debt totaling \$ 171,989 for accrued compensated absences and OPEB liability. Refer to Notes 6 and 11 in the financial statements for further information.

#### **ECONOMIC FACTORS AND FUTURE BUDGET PLANS**

The City is a fully developed community that must adjust to relatively slow growth in the future market value of the City. With little "new" tax dollars entering the community, the City must grow increasingly careful with the development of future budgets to control future increases in the property tax levy.

This places an increasing burden on the City to increase other revenue opportunities aside from the property tax levy to offset inflationary increases in supplies, employee salaries, health care and professional services.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to City Hall, 20225 Cottagewood Road, Deephaven, Minnesota 55331.

# **BASIC FINANCIAL STATEMENTS**

**CITY OF DEEPHAVEN**

**STATEMENT OF NET ASSETS**

**December 31, 2011**

	<u>Governmental</u> Activities	<u>Business-Type</u> Activities	<u>Total</u>
<b>ASSETS</b>			
Cash and Investments (Including Cash Equivalents)	\$ 3,018,742	\$ 991,370	\$ 4,010,112
Accounts Receivable	23,179	173,597	196,776
Interest Receivable	3,357	-	3,357
Property Taxes Receivable:			
Unremitted	7,183	-	7,183
Delinquent	10,473	-	10,473
Special Assessments Receivable:			
Unremitted	-	1,092	1,092
Delinquent	45	7,676	7,721
Deferred	1,765	23,231	24,996
Due from Other Governments	10,583	-	10,583
Prepaid Items	22,348	28,720	51,068
Capital Assets not being Depreciated:			
Land	692,177	-	692,177
Capital Assets Net of Accumulated Depreciation:			
Buildings	413,773	-	413,773
Mains, Lifts, Hydrants and Distribution Systems	-	2,492,480	2,492,480
Improvements Other than Buildings	2,556	30,617	33,173
Infrastructure	2,771,162	-	2,771,162
Vehicles and Equipment	871,768	187,035	1,058,803
	<u>\$ 7,849,111</u>	<u>\$ 3,935,818</u>	<u>\$ 11,784,929</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Accounts and Contracts Payable	\$ 19,182	\$ 2,618	\$ 21,800
Salaries and Benefits Payable	39,315	3,305	42,620
Due to Other Governments	8,240	13,793	22,033
Unearned Revenue	-	116,124	116,124
Compensated Absences Payable:			
Payable Within One Year	11,951	454	12,405
Payable After One Year	107,559	4,087	111,646
OPEB Obligation, Payable After One Year	42,892	5,046	47,938
Total Liabilities	<u>229,139</u>	<u>145,427</u>	<u>374,566</u>
<b>Net Assets</b>			
Invested in Capital Assets	4,751,436	2,710,132	7,461,568
Restricted for:			
Park Dedication Fees	97,768	-	97,768
Capital Projects	360,395	-	360,395
Unrestricted	2,410,373	1,080,259	3,490,632
Total Net Assets	<u>7,619,972</u>	<u>3,790,391</u>	<u>11,410,363</u>
	<u>\$ 7,849,111</u>	<u>\$ 3,935,818</u>	<u>\$ 11,784,929</u>

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

**CITY OF DEEPHAVEN**

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

Functions/Programs	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Business-Type Activities	Total
<b>Governmental Activities</b>						
General Government	\$ 447,182	\$ 127,964	\$ -	\$ -	\$ (319,218)	\$ (319,218)
Public Safety	1,407,646	187,903	141,531	-	(1,078,212)	(1,078,212)
Public Works	841,784	326,000	9,292	1,085	(505,407)	(505,407)
Park and Recreation	119,517	28,000	1,872	-	(89,645)	(89,645)
<b>Total Governmental Activities</b>	<b>2,816,129</b>	<b>669,867</b>	<b>152,695</b>	<b>1,085</b>	<b>(1,992,482)</b>	<b>(1,992,482)</b>
<b>Business-Type Activities</b>						
Water	68,183	64,395	-	-	(3,788)	(3,788)
Sewer	567,494	548,746	-	6,560	(12,188)	(12,188)
Recycling	23,956	15,482	12,248	-	3,774	3,774
Storm Water	43,011	84,993	-	-	41,982	41,982
Marina	125,785	124,542	-	-	(1,243)	(1,243)
<b>Total Business-Type Activities</b>	<b>828,429</b>	<b>838,158</b>	<b>12,248</b>	<b>6,560</b>	<b>28,537</b>	<b>28,537</b>
<b>Total Governmental and Business-Type Activities</b>	<b>\$ 3,644,558</b>	<b>\$ 1,508,025</b>	<b>\$ 164,943</b>	<b>\$ 7,645</b>	<b>(1,992,482)</b>	<b>(1,963,945)</b>
<b>General Revenues</b>						
Property Taxes				1,909,458		1,909,458
Unrestricted State Aids				2,515		2,515
Unrestricted Investment Earnings				30,363	12,737	43,100
Other General Revenue				86,903		86,903
Transfers				21,536	(21,536)	-
<b>Total General Revenues and Transfers</b>				<b>2,050,775</b>	<b>(8,799)</b>	<b>2,041,976</b>
<b>Change in Net Assets</b>				<b>58,293</b>	<b>19,738</b>	<b>78,031</b>
<b>Net Assets - Beginning</b>				<b>7,561,679</b>	<b>3,770,653</b>	<b>11,332,332</b>
<b>Net Assets - Ending</b>				<b>\$ 7,619,972</b>	<b>\$ 3,790,391</b>	<b>\$ 11,410,363</b>

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

## **MAJOR GOVERNMENTAL FUNDS**

**CITY OF DEEPHAVEN**

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

	<u>General Fund</u>	<u>Capital Projects</u>		<u>Total Governmental Funds</u>
		<u>Capital Improvement Fund</u>	<u>Park Improvement Fund</u>	
<b>ASSETS</b>				
Cash and Investments	\$ 2,576,415	\$ 344,559	\$ 97,768	\$ 3,018,742
Accounts Receivable	-	23,179	-	23,179
Interest Receivable	3,357	-	-	3,357
Property Taxes Receivable:				
Unremitted	6,585	598	-	7,183
Delinquent	10,473	-	-	10,473
Special Assessments Receivable:				
Deferred	1,765	-	-	1,765
Delinquent	45	-	-	45
Due from Other Governments	10,583	-	-	10,583
Prepaid Items	22,348	-	-	22,348
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 2,631,571</u>	<u>\$ 368,336</u>	<u>\$ 97,768</u>	<u>\$ 3,097,675</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 11,241	\$ 7,941	\$ -	\$ 19,182
Salaries and Benefits Payable	39,315	-	-	39,315
Due to Other Governments	8,240	-	-	8,240
Deferred Revenue	12,283	-	-	12,283
Total Liabilities	<u>71,079</u>	<u>7,941</u>	<u>-</u>	<u>79,020</u>
<b>Fund Balances</b>				
Nonspendable	22,348	-	-	22,348
Restricted	-	-	97,768	97,768
Committed	155,000	360,395	-	515,395
Unassigned	2,383,144	-	-	2,383,144
Total Fund Balances	<u>2,560,492</u>	<u>360,395</u>	<u>97,768</u>	<u>3,018,655</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Liabilities and Fund Balances	<u>\$ 2,631,571</u>	<u>\$ 368,336</u>	<u>\$ 97,768</u>	<u>\$ 3,097,675</u>

**CITY OF DEEPHAVEN**

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

Total Fund Balances - Governmental Funds	\$ 3,018,655
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.	
Cost of Capital Assets	7,891,037
Less Accumulated Depreciation	(3,139,601)
Long-term liabilities 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:	
Compensated Absences Payable	(119,510)
Unfunded OPEB Liability	(42,892)
Delinquent receivables will be collected in subsequent years, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	
Taxes	10,473
Special Assessments	45
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Deferred Special Assessments	<u>1,765</u>
Total Net Assets - Governmental Activities	<u>\$ 7,619,972</u>

**CITY OF DEEPHAVEN**

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

	General Fund	Capital Projects		Total Governmental Funds
		Capital Improvement Fund	Park Improvement Fund	
<b>REVENUES</b>				
General Property Taxes and Fiscal Disparities	\$ 1,759,095	\$ 157,053	\$ -	\$ 1,916,148
Special Assessments	1,743	-	-	1,743
Licenses and Permits	151,989	-	-	151,989
Intergovernmental	155,889	6,550	-	162,439
Charges for Services	330,612	-	-	330,612
Fines	57,316	700	-	58,016
Miscellaneous:				
Investment Income	25,058	4,416	889	30,363
Contributions and Donations	100	-	-	100
Franchise Fees	-	92,953	-	92,953
Other	77,710	-	29,872	107,582
Total Revenues	<u>2,559,512</u>	<u>261,672</u>	<u>30,761</u>	<u>2,851,945</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	445,153	-	-	445,153
Public Safety	1,336,875	-	-	1,336,875
Public Works	648,498	12,285	-	660,783
Parks and Recreation	64,016	-	1,936	65,952
<b>Capital Outlay</b>				
Public Safety	-	80,538	-	80,538
Public Works	-	183,842	-	183,842
Parks and Recreation	-	25,710	3,833	29,543
Total Expenditures	<u>2,494,542</u>	<u>302,375</u>	<u>5,769</u>	<u>2,802,686</u>
Excess of Revenues Over (Under) Expenditures	64,970	(40,703)	24,992	49,259
<b>OTHER FINANCING SOURCES</b>				
Proceeds from Sale of Capital Assets	15	8,274	-	8,289
Transfers In	21,536	-	-	21,536
Total Other Financing Sources	<u>21,551</u>	<u>8,274</u>	<u>-</u>	<u>29,825</u>
Net Change in Fund Balances	86,521	(32,429)	24,992	79,084
<b>FUND BALANCES</b>				
Beginning of Year	<u>2,473,971</u>	<u>392,824</u>	<u>72,776</u>	<u>2,939,571</u>
End of Year	<u>\$ 2,560,492</u>	<u>\$ 360,395</u>	<u>\$ 97,768</u>	<u>\$ 3,018,655</u>

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

**CITY OF DEEPHAVEN**

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

Net Change in Fund Balances - Governmental Funds \$ 79,084

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

Capital outlay is reported in governmental funds as an expenditure. However,  
in the Statement of Activities, the cost of those assets is allocated over the  
estimated useful lives as depreciation expense.

Capital Outlay	293,318
Depreciation Expense	(290,267)

Compensated absences are recognized as paid in the governmental funds  
but recognized as the expense is incurred in the Statement of Activities.

1,135

OPEB costs are recognized as paid in the governmental funds but  
recognized as the expense is incurred in the Statement of Activities.

(17,629)

Certain receivables will be collected in subsequent years, but are not available  
soon enough to pay for the current period's expenditures and, therefore, are  
deferred in the funds.

Property Taxes Delinquent	(6,690)
Special Assessments	(658)

Change in Net Assets - Governmental Activities

\$ 58,293

**CITY OF DEEPHAVEN**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2011**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
General Property Taxes and Fiscal Disparities	\$ 1,778,124	\$ 1,759,095	\$ (19,029)
Special Assessments	500	1,743	1,243
Licenses and Permits	182,960	151,989	(30,971)
Intergovernmental	59,051	155,889	96,838
Charges for Services	321,862	330,612	8,750
Fines and Forfeitures	45,000	57,316	12,316
Miscellaneous Revenues:			
Investment Income	45,000	25,058	(19,942)
Contributions and Donations	100	100	-
Other	71,416	77,710	6,294
Total Revenues	<u>2,504,013</u>	<u>2,559,512</u>	<u>55,499</u>
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	480,315	445,153	(35,162)
Public Safety	1,246,647	1,336,875	90,228
Public Works	698,538	648,498	(50,040)
Park and Recreation	85,150	64,016	(21,134)
Total Expenditures	<u>2,510,650</u>	<u>2,494,542</u>	<u>(16,108)</u>
Excess of Revenues Over (Under) Expenditures	(6,637)	64,970	71,607
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Sale of Capital Asset	200	15	(185)
Transfers In	21,536	21,536	-
Total Other Financing Sources	<u>21,736</u>	<u>21,551</u>	<u>(185)</u>
Net Change in Fund Balances	<u>\$ 15,099</u>	86,521	<u>\$ 71,422</u>
<b>FUND BALANCES</b>			
<b>Beginning of Year</b>		<u>2,473,971</u>	
<b>End of Year</b>		<u>\$ 2,560,492</u>	

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

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## **PROPRIETARY FUNDS**

**CITY OF DEEPHAVEN**

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

	<u>Water</u>	<u>Sewer</u>	<u>Recycling</u>	<u>Storm Water</u>	<u>Marina</u>	<u>Total</u>
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and Investments	\$ 144,030	\$ 482,904	\$ 6,909	\$ 174,706	\$ 182,821	\$ 991,370
Accounts Receivable	16,160	135,568	-	21,869	-	173,597
Special Assessments Receivable:						
Delinquent	1,169	3,506	3,001	-	-	7,676
Deferred	525	22,706	-	-	-	23,231
Unremitted	-	747	345	-	-	1,092
Prepaid Items	70	27,574	-	98	978	28,720
<b>Total Current Assets</b>	<u>161,954</u>	<u>673,005</u>	<u>10,255</u>	<u>196,673</u>	<u>183,799</u>	<u>1,225,686</u>
<b>Noncurrent Assets</b>						
Capital Assets:						
Mains, Lifts, Hydrants and Distribution Systems	736,250	6,001,370	-	306,106	-	7,043,726
Improvements	-	-	-	-	102,190	102,190
Vehicles and Equipment	23,481	25,624	-	-	231,719	280,824
<b>Total Capital Assets</b>	<u>759,731</u>	<u>6,026,994</u>	<u>-</u>	<u>306,106</u>	<u>333,909</u>	<u>7,426,740</u>
Less Accumulated Depreciation	(380,622)	(4,180,026)	-	(23,352)	(132,608)	(4,716,608)
<b>Net Capital Assets</b>	<u>379,109</u>	<u>1,846,968</u>	<u>-</u>	<u>282,754</u>	<u>201,301</u>	<u>2,710,132</u>
<b>Total Assets</b>	<u>\$ 541,063</u>	<u>\$ 2,519,973</u>	<u>\$ 10,255</u>	<u>\$ 479,427</u>	<u>\$ 385,100</u>	<u>\$ 3,935,818</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts and Contracts Payable	\$ -	\$ 636	\$ 1,105	\$ 624	\$ 253	\$ 2,618
Salaries and Benefits Payable	96	2,264	-	233	712	3,305
Due to Other Governments	11,585	2,208	-	-	-	13,793
Unearned Revenue	-	-	-	-	116,124	116,124
Long-Term Liabilities Due Within One Year	13	232	-	73	136	454
<b>Total Current Liabilities</b>	<u>11,694</u>	<u>5,340</u>	<u>1,105</u>	<u>930</u>	<u>117,225</u>	<u>136,294</u>
<b>Noncurrent Liabilities</b>						
Compensated Absences	126	2,322	-	732	1,361	4,541
Unfunded OPEB Liability	158	3,532	-	284	1,072	5,046
Less Amount Due Within One Year	(13)	(232)	-	(73)	(136)	(454)
<b>Total Noncurrent Liabilities</b>	<u>271</u>	<u>5,622</u>	<u>-</u>	<u>943</u>	<u>2,297</u>	<u>9,133</u>
<b>Total Liabilities</b>	<u>11,965</u>	<u>10,962</u>	<u>1,105</u>	<u>1,873</u>	<u>119,522</u>	<u>145,427</u>
<b>Net Assets</b>						
Investment in Capital Assets	379,109	1,846,968	-	282,754	201,301	2,710,132
Unrestricted	149,989	662,043	9,150	194,800	64,277	1,080,259
<b>Total Net Assets</b>	<u>529,098</u>	<u>2,509,011</u>	<u>9,150</u>	<u>477,554</u>	<u>265,578</u>	<u>3,790,391</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 541,063</u>	<u>\$ 2,519,973</u>	<u>\$ 10,255</u>	<u>\$ 479,427</u>	<u>\$ 385,100</u>	<u>\$ 3,935,818</u>

**CITY OF DEEPHAVEN**

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

	<u>Water</u>	<u>Sewer</u>	<u>Recycling</u>	<u>Storm Water</u>	<u>Marina</u>	<u>Total</u>
<b>OPERATING REVENUES</b>						
Charges for Services	\$ 64,375	\$ 549,081	\$ 15,382	\$ 84,993	\$ 125,606	\$ 839,437
Permits, Hook-up Fees and Penalties	20	6,674	100	-	-	6,794
<b>Total Operating Revenues</b>	<u>64,395</u>	<u>555,755</u>	<u>15,482</u>	<u>84,993</u>	<u>125,606</u>	<u>846,231</u>
<b>OPERATING EXPENSES</b>						
Disposal Charges	-	292,567	-	-	-	292,567
Water Charges	45,821	-	-	-	-	45,821
Wages and Benefits	4,265	104,577	-	9,829	40,995	159,666
Repairs and Maintenance	1,260	8,415	-	-	998	10,673
Supplies	-	2,907	84	122	1,145	4,258
Utilities	-	7,088	-	-	866	7,954
Other	1,549	21,394	23,872	25,767	66,201	138,783
Depreciation	15,288	130,546	-	7,293	15,580	168,707
<b>Total Operating Expenses</b>	<u>68,183</u>	<u>567,494</u>	<u>23,956</u>	<u>43,011</u>	<u>125,785</u>	<u>828,429</u>
<b>Operating Income (Loss)</b>	(3,788)	(11,739)	(8,474)	41,982	(179)	17,802
<b>NONOPERATING REVENUES</b>						
Interest Income	1,780	6,710	96	2,154	1,997	12,737
Loss on Disposal of Asset	-	(7,009)	-	-	(1,064)	(8,073)
Other Income	-	6,560	12,248	-	-	18,808
<b>Total Nonoperating Revenues</b>	<u>1,780</u>	<u>6,261</u>	<u>12,344</u>	<u>2,154</u>	<u>933</u>	<u>23,472</u>
<b>Income (Loss) before Transfers</b>	(2,008)	(5,478)	3,870	44,136	754	41,274
<b>Transfers Out</b>	<u>-</u>	<u>(21,536)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,536)</u>
<b>Change in Net Assets</b>	(2,008)	(27,014)	3,870	44,136	754	19,738
<b>NET ASSETS</b>						
<b>Beginning of Year</b>	<u>531,106</u>	<u>2,536,025</u>	<u>5,280</u>	<u>433,418</u>	<u>264,824</u>	<u>3,770,653</u>
<b>End of Year</b>	<u>\$ 529,098</u>	<u>\$ 2,509,011</u>	<u>\$ 9,150</u>	<u>\$ 477,554</u>	<u>\$ 265,578</u>	<u>\$ 3,790,391</u>

**CITY OF DEEPHAVEN**

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

	<u>Water</u>	<u>Sewer</u>	<u>Recycling</u>	<u>Storm Water</u>	<u>Marina</u>	<u>Total</u>
<b>CASH FLOWS - OPERATING ACTIVITIES</b>						
Receipts from Customers and Users	\$ 60,685	\$ 535,825	\$ 15,873	\$ 85,016	\$ 121,538	\$ 818,937
Payments to Suppliers	(47,298)	(355,304)	(23,170)	(26,413)	(71,228)	(523,413)
Payments to Employees	(4,229)	(102,817)	-	(9,653)	(40,643)	(157,342)
Received from Other Sources	-	6,560	12,248	-	-	18,808
Net Cash Flows - Operating Activities	<u>9,158</u>	<u>84,264</u>	<u>4,951</u>	<u>48,950</u>	<u>9,667</u>	<u>156,990</u>
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES</b>						
Transfer Out	-	(21,536)	-	-	-	(21,536)
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Acquisition of Capital Assets	-	(90,870)	-	(18,927)	(22,950)	(132,747)
<b>CASH FLOWS - INVESTING ACTIVITIES</b>						
Interest and Dividends Received	<u>1,780</u>	<u>6,710</u>	<u>96</u>	<u>2,154</u>	<u>1,997</u>	<u>12,737</u>
<b>Net Change in Cash and Cash Equivalents</b>	10,938	(21,432)	5,047	32,177	(11,286)	15,444
<b>CASH AND CASH EQUIVALENTS</b>						
<b>Beginning of Year</b>	<u>133,092</u>	<u>504,336</u>	<u>1,862</u>	<u>142,529</u>	<u>194,107</u>	<u>975,926</u>
<b>End of Year</b>	<u>\$ 144,030</u>	<u>\$ 482,904</u>	<u>\$ 6,909</u>	<u>\$ 174,706</u>	<u>\$ 182,821</u>	<u>\$ 991,370</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH - FLOWS - OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ (3,788)	\$ (11,739)	\$ (8,474)	\$ 41,982	\$ (179)	\$ 17,802
Adjustments to Reconcile Operating Income (Loss) to Net Cash						
Flows - Operating Activities:						
Depreciation Expense	15,288	130,546	-	7,293	15,580	168,707
Accounts Receivable	(2,455)	(15,909)	-	23	-	(18,341)
Special Assessments Receivable	(1,255)	(4,021)	391	-	-	(4,885)
Prepaid Items	(20)	(24,798)	-	9	(150)	(24,959)
Accounts and Contracts Payable	(1,452)	(343)	786	(533)	(1,868)	(3,410)
Salaries and Benefits Payable	2	180	-	6	13	201
Due to Other Governments	2,804	2,208	-	-	-	5,012
OPEB Obligation	65	1,452	-	117	440	2,074
Unearned Revenue	-	-	-	-	(4,068)	(4,068)
Compensated Absences Payable	(31)	128	-	53	(101)	49
Miscellaneous Revenue	-	6,560	12,248	-	-	18,808
Total Adjustments	<u>12,946</u>	<u>96,003</u>	<u>13,425</u>	<u>6,968</u>	<u>9,846</u>	<u>139,188</u>
Net Cash Flows - Operating Activities	<u>\$ 9,158</u>	<u>\$ 84,264</u>	<u>\$ 4,951</u>	<u>\$ 48,950</u>	<u>\$ 9,667</u>	<u>\$ 156,990</u>

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**NOTES TO BASIC  
FINANCIAL STATEMENTS**

## CITY OF DEEPHAVEN

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

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

##### A. Reporting Entity

The City of Deephaven is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

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 it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For the category above, the specific entity is identified as follows:

##### 1. Joint Venture

The City belongs to the Excelsior Fire District (the "District") which is made up of five member cities. The primary purpose of this organization is to provide fire protection services to the member cities. The City has no equity interest in the District as of December 31, 2011. In accordance with *Minnesota Statutes*, the City retains a commitment to fund a percentage of the unfunded pension liability of the District. The amount, if any, was not available at December 31, 2011.

In connection with the construction of the two fire safety facilities, the Shorewood Economic Development Authority (EDA) has issued three bonds totaling \$ 7,120,000 on behalf of the District and its member cities. All five member cities contribute annually towards the bonded debt payments and will do so until the bond payments end in the year 2023. Annual debt service payments are determined each year based on several factors, including tax capacity.

During the 2011 fiscal year, the City paid \$ 258,856 to the District for fire services provided and \$ 149,454 debt service payments. During 2007, these bonds were refinanced by a crossover refunding bond. To obtain a copy of the Shorewood Economic District contact the City.

## CITY OF DEEPHAVEN

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

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

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

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the governmental and enterprise activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, 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 period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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 City.

**CITY OF DEEPHAVEN**

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

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

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

**Description of Funds:**

**Major Governmental Funds:**

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

Capital Improvement Capital Project Fund – This Fund accounts for revenues and expenditures related to City capital improvements other than specific projects accounted for in other funds.

Park Improvement Capital Project Fund – This Fund accounts for the revenue and expenditures related to City park improvements.

**Proprietary Funds:**

Water Fund – This Fund accounts for the operations of the City’s water services.

Sewer Fund – This Fund accounts for the operations of the City’s sewer services.

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

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

Marina Fund – This Fund accounts for the operations of the City’s marina on Lake Minnetonka.

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

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

## CITY OF DEEPHAVEN

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

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

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

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

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

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

###### 1. Deposits and Investments

The City'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. Investments are stated at market value.

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

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, share 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.

**Custodial Credit Risk – Deposits:** For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy states all deposits must be fully insured and collateralized in the name of the City, subject to release by the City Administrator/Clerk/Treasurer.

**Interest Rate Risk:** This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City should manage its interest rates based on liquidity, safety and the overall return on the investment.

**Credit Risk:** This 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 be in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy lists the allowable investments as government securities, certificates of deposit, repurchase agreements, any general obligation security of the State of Minnesota or any of its municipalities, state-wide investment pool and money market mutual funds.

**CITY OF DEEPHAVEN**

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

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

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

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

**Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City will attempt to diversify its investments according to type and maturity. No more than 30% of the total investment should extend beyond 5 years and the City shall not invest in investments with a maturity exceeding 20 years.

**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 investments or collateral securities that are in the possession of an outside party. The City's investment policy states when a broker/dealer holds investments purchased by the City in safekeeping, the broker/dealer must provide asset protection of \$ 500,000 through the Securities Investor Protector Corporation (SIPC) and at least another \$ 2 million supplemental insurance protection.

**2. Receivables and Payables**

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

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection 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 of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

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

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

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

**CITY OF DEEPHAVEN**

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

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

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

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$ 1,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Bridges	40
Mains and Lines	30 - 50
Buildings and Improvements	15 - 50
Streets	15 - 25
Vehicles and Equipment	3 - 25

**5. Compensated Absences**

Under terms of union contracts and personnel policies, the City's employees are granted vacation 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. Any employee who leaves the City under honorable condition is eligible for severance pay. Severance pay is one-third of unused accumulated sick leave.

**6. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, the business-type activities or proprietary fund type Statement of Net Assets. Long-term liabilities consist of compensated absences and OPEB obligations.

In the fund financial statements, governmental fund types recognize noncurrent liabilities to the extent they have matured or will be liquidated with expendable, available financial resources.

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

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

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

**7. Fund Equity**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- **Nonspendable Fund Balance** – These are amounts that cannot be spent because they are not in spendable form.
- **Restricted Fund Balance** – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- **Committed Fund Balance** – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) through resolution.
- **Assigned Fund Balance** – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City Administrator/Clerk/Treasurer based on the City Council's direction.
- **Unassigned Fund Balance** – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

**b. Minimum Fund Balance**

The City's General Fund minimum fund balance is an amount equivalent to 80% of the following year's operating budget.

**8. Net Assets**

Net assets represent the difference between assets and liabilities in the government-wide financial statements. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## CITY OF DEEPHAVEN

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

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

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

###### 9. Use of Estimates

The preparation of financial statements 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. Estimates also affect the reported amounts of revenues and expenditures/expense during the reporting period. Actual results could differ from those estimates.

#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### A. Budgetary Information

The City Council adopts an annual budget for all funds. The amounts shown in the financial statements for the General Fund as “budget” represent the original budgeted amount. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The City Administrator/Clerk/Treasurer compiles the budget requests into an overall preliminary City budget.
2. The City Administrator/Clerk/Treasurer presents the proposed budget to the City Council. The budget resolution adopted by the City Council sets forth the budgets at the function level for all of the funds.
3. Formal budgetary integration is employed as a management control device during the year.

The budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriations lapse at year-end. The detailed budget schedule provided in the supplementary information is presented on the same basis. No revisions to the budgets were made during the year.

#### NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the City’s funds are combined (pooled) and invested to the extent available in various investments authorized by *Minnesota Statutes*. Each fund’s portion of this pool is displayed in the financial statements as “cash and investments”. For purposes of identifying risk of investing public funds, the balances and related restrictions are summarized on the following page.

**CITY OF DEEPHAVEN**

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

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

Custodial Credit Risk – Deposits: As of December 31, 2011, the City’s bank balance was not exposed to custodial credit risk because it was fully insured through the FDIC as well as collateral pledged and a Federal Home Loan Bank standby letter of credit. The City’s deposits had a book balance as follows:

Checking and Money Market Savings	\$ 616,039
Certificates of Deposit	<u>1,946,193</u>
 Total Deposits	 <u><u>\$ 2,562,232</u></u>

**B. Investments**

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

Investment Type	Fair Value	Investment Maturities		
		Less than One Year	1-5 Years	6-10 Years
Brokered Certificates of Deposit	\$ 1,441,540	\$ 96,831	\$ 1,344,709	\$ -
FHLMC Note	1,036	-	-	1,036
Brokered Money Market	<u>5,054</u>	<u>5,054</u>	<u>-</u>	<u>-</u>
 Total	 <u><u>\$ 1,447,630</u></u>	 <u><u>\$ 101,885</u></u>	 <u><u>\$ 1,344,709</u></u>	 <u><u>\$ 1,036</u></u>
	<u>Maturity</u>		<u>Maximum Investments</u>	
	Less than One Year		7%	
	1-5 Years		93%	
	6-10 Years		0%	

Credit Risk: As of December 31, 2011, the City’s investment in FHLMC note was rated AAA by Standard and Poor’s (S&P) and Aaa by Moody’s investors services. The remaining investments were unrated.

**CITY OF DEEPHAVEN**

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

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**B. Investments (Continued)**

Concentration Credit Risk: As of December 31, 2011, the following investments of the City composed more than 5% of the City's portfolio: in the General Electric interest bearing certificate of deposit (CD)(6.9%) held by Wells Fargo, Sallie Mae Bank – UT CD (6.7%), Capmark Bank – UT CD (6.9%), American Express Centurio Bank CD (16.8%), M & I Marshall & Ilsley Bk – WI CD (7.0%), Goldman Sach's CD (7.2%), Goldman Sach's CD (6.8%) and General Electric Capital Financial Bank CD (9.6%) held with Smith Barney, OneWest Bank CD (13.8%), Mutual Bank Muncie CD (6.9%) and First Bank of Puerto Rico CD (6.9%) held at Mutli-Bank Securities, Inc. In following the City's investment policy, the City does not have more than 30% of its investments invested in securities with a maturity greater than 5 years and no maturities are greater than 10 years.

**C. Balances**

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

Deposits (Note 3.A.)	\$ 2,562,232
Investments	1,447,630
Petty Cash	<u>250</u>
Total Deposits and Investments	<u>\$ 4,010,112</u>

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

Statement of Net Assets:

Cash and Investments (Including Cash and Cash Equivalents)	<u>\$ 4,010,112</u>
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**NOTE 4 – INTERFUND TRANSFERS**

The following is a summary of the City's transfers for the year ended December 31, 2011:

	<u>Transfer Out</u>
	<u>Sewer</u>
Transfer In: General	<u>\$ 21,536</u>

The above transfer was made for the purpose of payments in lieu of taxes.

**CITY OF DEEPHAVEN**

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

**NOTE 5 – CAPITAL ASSETS**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<b>Capital Assets not being Depreciated:</b>				
Land	\$ 692,177	\$ -	\$ -	\$ 692,177
<b>Capital Assets being Depreciated:</b>				
Buildings	1,224,077	-	-	1,224,077
Improvements Other than Buildings	5,484	-	-	5,484
Infrastructure	3,386,645	183,832	-	3,570,477
Vehicles and Equipment	2,351,044	109,486	61,708	2,398,822
<b>Total Capital Assets being Depreciated</b>	<u>6,967,250</u>	<u>293,318</u>	<u>61,708</u>	<u>7,198,860</u>
<b>Less Accumulated Depreciation for:</b>				
Buildings	788,717	21,587	-	810,304
Improvements Other than Buildings	2,562	366	-	2,928
Infrastructure	681,035	118,280	-	799,315
Vehicles and Equipment	1,438,728	150,034	61,708	1,527,054
<b>Total Accumulated Depreciation</b>	<u>2,911,042</u>	<u>290,267</u>	<u>61,708</u>	<u>3,139,601</u>
<b>Total Capital Assets being Depreciated, Net</b>	<u>4,056,208</u>	<u>3,051</u>	<u>-</u>	<u>4,059,259</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 4,748,385</u>	<u>\$ 3,051</u>	<u>\$ -</u>	<u>\$ 4,751,436</u>
<b>Business-Type Activities:</b>				
<b>Capital Assets being Depreciated:</b>				
Mains, Lifts, Hydrants and Distribution Systems	\$ 6,942,690	\$ 109,797	\$ 8,761	\$ 7,043,726
Improvements Other than Buildings	107,801	-	5,611	102,190
Vehicles and Equipment	264,585	22,950	6,711	280,824
<b>Total Capital Assets       being Depreciated</b>	<u>7,315,076</u>	<u>132,747</u>	<u>21,083</u>	<u>7,426,740</u>
<b>Less Accumulated Depreciation for:</b>				
Mains, Lifts, Hydrants and Distribution Systems	4,400,502	152,496	1,752	4,551,246
Improvements Other than Buildings	71,472	5,337	5,236	71,573
Vehicles and Equipment	88,937	10,874	6,022	93,789
<b>Total Accumulated Depreciation</b>	<u>4,560,911</u>	<u>168,707</u>	<u>13,010</u>	<u>4,716,608</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 2,754,165</u>	<u>\$ (35,960)</u>	<u>\$ 8,073</u>	<u>\$ 2,710,132</u>

**CITY OF DEEPHAVEN**

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

**NOTE 5 – CAPITAL ASSETS**

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

**Governmental Activities:**

General Government	\$ 3,808
Public Safety	50,395
Public Works	182,499
Parks and Recreation	<u>53,565</u>

Total Depreciation Expense - Governmental Activities \$ 290,267

**Business-Type Activities:**

Water	\$ 15,288
Sewer	130,546
Storm Water	7,293
Marina	<u>15,580</u>

Total Depreciation Expense - Business-Type Activities \$ 168,707

**NOTE 6 – LONG-TERM DEBT**

**A. Conduit Debt Obligations**

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued revenue bonds to provide funding to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2011, the City's outstanding conduit debt balances consisted of the following:

\$ 2,555,000 Minnesota Education Facilities Revenue Note (Excelsior Covenant Preschool Project ), Series 2007	\$ 2,035,774
\$ 3,525,000 Minnesota Revenue Note (Minnetonka Youth Hockey Association Project), Series 2008	2,934,416
\$ 1,000,000 Minnesota Education Facilities Revenue Note (Benilde-St. Margaret School), Series 2011	<u>1,000,000</u>
Total	<u>\$ 5,970,190</u>

**CITY OF DEEPHAVEN**

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

**NOTE 6 – LONG-TERM DEBT**

**B. Changes in Long-Term Liabilities**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Compensated Absences	\$ 120,645	\$ 91,439	\$ 92,574	\$ 119,510	\$ 11,951
Business-Type Activities:					
Compensated Absences	<u>4,492</u>	<u>6,082</u>	<u>6,033</u>	<u>4,541</u>	<u>454</u>
Total Long-Term Liabilities	<u>\$ 125,137</u>	<u>\$ 97,521</u>	<u>\$ 98,607</u>	<u>\$ 124,051</u>	<u>\$ 12,405</u>

For governmental activities, the General Fund typically liquidates the liability related to compensated absences.

**NOTE 7 – FUND BALANCE DETAIL**

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds.

	<u>General Fund</u>	<u>Capital Improvement Fund</u>	<u>Park Improvement Fund</u>	<u>Total</u>
Nonspendable:				
Prepays	\$ 22,348	\$ -	\$ -	\$ 22,348
Restricted:				
Park Dedication Fees	-	-	97,768	97,768
Committed:				
Compensated Absences	125,000	-	-	125,000
OPEB Obligation	30,000	-	-	30,000
Capital Projects	-	<u>360,395</u>	-	<u>360,395</u>
Total Committed	<u>155,000</u>	<u>360,395</u>	-	<u>515,395</u>
Unassigned	<u>2,383,144</u>	-	-	<u>2,383,144</u>
Total	<u>\$ 2,560,492</u>	<u>\$ 360,395</u>	<u>\$ 97,768</u>	<u>\$ 3,018,655</u>

## CITY OF DEEPHAVEN

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

#### NOTE 8 – RISK MANAGEMENT

The City purchases commercial insurance coverage through the LMCIT with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience, workers' compensation rates and salaries for the year are known. The final premium adjustment was recorded in the year the adjustment was made.

During the year ended December 31, 2011, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

#### NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

##### Public Employees' Retirement Association

##### A. Plan Description

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

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters and peace officers who qualify for membership are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

## CITY OF DEEPHAVEN

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

#### NOTE 9 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

##### Public Employees' Retirement Association (Continued)

##### A. Plan Description (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 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all GERF and PEPFF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive, #200, St. Paul, Minnesota 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

## CITY OF DEEPHAVEN

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

#### NOTE 9– DEFINED BENEFIT PENSION PLANS – STATE-WIDE

##### Public Employees' Retirement Association (Continued)

##### B. Funding Policy

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2011. PEPFF members were required to contribute 9.6% of their annual covered salary in 2011. In 2011, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members and 14.4% for PEPFF members. The City's contributions to the Public Employees' Retirement Fund for the years ending December 31, 2011, 2010 and 2009 were \$ 38,472, \$ 40,485 and \$ 36,674, respectively. The City's contributions to the PEPFF for the years ending December 31, 2011, 2010 and 2009 were \$ 69,869, \$ 64,117 and \$ 61,464, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

#### NOTE 10 – COMMITMENTS

##### A. Construction Commitment

The City entered into a bid for construction with THN Enterprise to restore Carson Bay docks for \$ 95,300. As of December 31, 2011, no work had been started.

##### B. Legal Claims

The City had legal claims pending at year-end. Although the outcome of these lawsuits is not presently determinable, the City's management believes the City will not incur any material monetary loss resulting from these claims. No loss has been recorded on the City's financial statements relating to these claims.

#### NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN

##### A. Plan Description

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

**CITY OF DEEPHAVEN**

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

**NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN**

**B. Funding Policy**

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners, Inc. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2011, the City contributed \$ 10,680 to the plan. As of January 1, 2011, there were no retirees receiving health benefits from the City's health plan.

**C. Annual OPEB Cost and Net OPEB Obligation**

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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 30 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.

ARC	\$	30,105
Interest on Net OPEB Obligation		1,271
Adjustment to ARC		(993)
Annual OPEB Cost (Expense)		30,383
Contributions Made		(10,680)
Increase in Net OPEB Obligation		19,703
Net OPEB Obligation - Beginning of Year		28,235
Net OPEB Obligation - End of Year	\$	47,938

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

Fiscal Year Ended	Annual Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/11	\$ 30,383	\$ 10,680	35%	\$ 47,938
12/31/10	29,621	7,786	26%	28,235
12/31/09	27,808	21,408	77%	6,400

## CITY OF DEEPHAVEN

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

#### NOTE 11 – POST EMPLOYMENT HEALTH CARE PLAN

##### D. Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$ 173,758 and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 173,758. The covered payroll (annual payroll of active employees covered by the plan) was \$ 973,662, and the ratio of the UAAL to the covered payroll was 17.8%.

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 health care cost trend. Amounts determined regarding the funded status of the plan and the ARC 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 for the Retiree Health Plan, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

##### E. 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.

At the January 1, 2010 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 7.0% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5.0%, shorter term, based on City's general assets). The actuarial assumption for payroll growth was 4.5%. The post retirement benefit increase is the same as the insurance rate increase as liability is only implicit rate. The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 10% initially, reduced incrementally to an ultimate rate of 5% after 10 years. Both rates included a 3% inflation assumption. The UAAL is being amortized on a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2010 was 30 years.

#### NOTE 12 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This action resulted in a reclassification of fund balances on the governmental fund statements to correspond with the new fund naming structure required by this statement.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF DEEPHAVEN**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2011**

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Estimated Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
01/01/08	\$ -	\$ 281,775	\$ 281,775	0.0%	\$ 1,017,814	27.7%
01/01/10		173,758	173,758	0.0%	973,662	17.8%

This Schedule was implemented in 2009 and, therefore, contains only two years of data. An actuarial valuation is only obtained every two years. See Note 11 in the Notes to the Financial Statements for more detail on this Schedule.

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## **SUPPLEMENTARY INFORMATION**

**CITY OF DEEPHAVEN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2011**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Over (Under)
<b>REVENUES</b>			
General Property Taxes and Fiscal Disparities	\$ 1,778,124	\$ 1,759,095	\$ (19,029)
Special Assessments	500	1,743	1,243
Licenses and Permits	182,960	151,989	(30,971)
Intergovernmental Revenues:			
PERA Aid	2,501	2,515	14
Post Board Reimbursement	2,450	2,651	201
Fire Aid	-	94,866	94,866
Police Retirement Aid	45,000	46,565	1,565
Road and Other Aid	9,100	9,292	192
Total Intergovernmental Revenues	<u>59,051</u>	<u>155,889</u>	<u>96,838</u>
Charges for Services:			
General Government	22,000	20,975	(1,025)
Public Safety	23,459	27,572	4,113
Public Works	8,300	14,425	6,125
City of Greenwood	102,502	114,998	12,496
City of Woodland	165,601	152,642	(12,959)
Total Charges for Services	<u>321,862</u>	<u>330,612</u>	<u>8,750</u>
Fines and Forfeitures	45,000	57,316	12,316
Miscellaneous Revenues:			
Investment Income	45,000	25,058	(19,942)
Contributions and Donations	100	100	-
Other	71,416	77,710	6,294
Total Miscellaneous Revenues	<u>116,516</u>	<u>102,868</u>	<u>(13,648)</u>
Total Revenues	<u>2,504,013</u>	<u>2,559,512</u>	<u>55,499</u>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Mayor and Council:			
Personnel Services	13,200	13,200	-
Benefits	1,009	1,009	-
Other Services and Charges	5,700	5,022	(678)
Total Mayor and Council	<u>19,909</u>	<u>19,231</u>	<u>(678)</u>

**CITY OF DEEPHAVEN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2011  
(Continued)**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>EXPENDITURES</b>			
<b>General Government (Continued)</b>			
Elections:			
Other Services and Charges	\$ 1,200	\$ 1,306	\$ 106
Administrative and Finance:			
Personnel Services	165,190	163,431	(1,759)
Benefits	24,613	27,020	2,407
Other Services and Charges	69,071	60,551	(8,520)
Total Administrative and Finance	<u>258,874</u>	<u>251,002</u>	<u>(7,872)</u>
Assessing	48,232	48,307	75
Auditing Services	15,500	15,500	-
Legal Services	4,000	2,305	(1,695)
Other General Government	132,600	107,502	(25,098)
Total General Government	<u>480,315</u>	<u>445,153</u>	<u>(35,162)</u>
<b>Public Safety</b>			
Police:			
Personnel Services	546,969	532,041	(14,928)
Benefits	84,856	111,108	26,252
Prosecution Services	38,880	38,452	(428)
Other Services and Charges	167,518	152,098	(15,420)
Total Police	<u>838,223</u>	<u>833,699</u>	<u>(4,524)</u>
Fire:			
Other Services and Charges	408,424	503,176	94,752
Total Public Safety	<u>1,246,647</u>	<u>1,336,875</u>	<u>90,228</u>
<b>Public Works</b>			
Engineering Fees	2,000	90	(1,910)
Administration:			
Personnel Services	249,749	230,886	(18,863)
Benefits	78,728	69,653	(9,075)
Other Services and Charges	59,020	65,463	6,443
Total Administration	<u>387,497</u>	<u>366,002</u>	<u>(21,495)</u>

**CITY OF DEEPHAVEN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2011  
(Continued)**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>EXPENDITURES</b>			
<b>Public Works (Continued)</b>			
Streets:			
Utility Services	\$ 26,400	\$ 25,142	\$ (1,258)
Street Repair and Maintenance	75,000	60,630	(14,370)
Total Streets	<u>101,400</u>	<u>85,772</u>	<u>(15,628)</u>
Planning and Zoning:			
Personnel Services	81,671	80,662	(1,009)
Benefits	27,240	26,676	(564)
Professional Services	82,000	66,982	(15,018)
Other Services and Charges	16,730	22,314	5,584
Total Planning and Zoning	<u>207,641</u>	<u>196,634</u>	<u>(11,007)</u>
Total Public Works	<u>698,538</u>	<u>648,498</u>	<u>(50,040)</u>
<b>Parks and Recreation</b>			
Wildlife Management	13,100	7,519	(5,581)
Professional Services	43,300	35,426	(7,874)
Other	28,750	21,071	(7,679)
Total Parks and Recreation	<u>85,150</u>	<u>64,016</u>	<u>(21,134)</u>
Total Expenditures	<u>2,510,650</u>	<u>2,494,542</u>	<u>(16,108)</u>
Excess of Revenues Over (Under) Expenditures	(6,637)	64,970	71,607
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Sale of Capital Assets	200	15	(185)
Transfers In	21,536	21,536	-
Total Other Financing Sources	<u>21,736</u>	<u>21,551</u>	<u>(185)</u>
Net Change in Fund Balances	<u>\$ 15,099</u>	86,521	<u>\$ 71,422</u>
<b>FUND BALANCES</b>			
Beginning of Year		<u>2,473,971</u>	
End of Year		<u>\$ 2,560,492</u>	

**CITY OF DEEPHAVEN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CAPITAL IMPROVEMENT FUND  
For the Year Ended December 31, 2011**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
General Property Taxes and Fiscal Disparities	\$ 160,000	\$ 157,053	\$ (2,947)
Intergovernmental Revenue:			
Road and Other Aid	-	6,550	6,550
Fines and Forfeitures	15,000	700	(14,300)
Miscellaneous Revenues:			
Investment Income	4,000	4,416	416
Franchise Fees	92,000	92,953	953
Total Miscellaneous Revenues	<u>96,000</u>	<u>97,369</u>	<u>1,369</u>
Total Revenues	<u>271,000</u>	<u>261,672</u>	<u>(9,328)</u>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Capital Outlay	10,000	-	(10,000)
<b>Public Safety</b>			
Police:			
Capital Outlay	67,200	80,538	13,338
<b>Public Works</b>			
Streets:			
Street Repair and Maintenance	-	12,285	12,285
Capital Outlay	190,000	183,842	(6,158)
Total Streets	<u>190,000</u>	<u>196,127</u>	<u>6,127</u>
<b>Park and Recreation</b>			
Capital Outlay	34,000	25,710	(8,290)
Total Expenditures	<u>301,200</u>	<u>302,375</u>	<u>1,175</u>
Excess of Revenues Under Expenditures	(30,200)	(40,703)	(10,503)
<b>OTHER FINANCING SOURCES</b>			
Proceeds from Sale of Capital Assets	<u>5,000</u>	<u>8,274</u>	<u>3,274</u>
Net Change in Fund Balances	<u>\$ (25,200)</u>	<u>(32,429)</u>	<u>\$ (7,229)</u>
<b>FUND BALANCES</b>			
Beginning of Year		<u>392,824</u>	
End of Year		<u>\$ 360,395</u>	

**CITY OF DEEPHAVEN**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - PARK IMPROVEMENT FUND  
For the Year Ended December 31, 2011**

	<u>Original and Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
<b>REVENUES</b>			
<b>Miscellaneous Revenues</b>			
Investment Income	\$ 1,000	\$ 889	\$ (111)
Other	9,000	29,872	20,872
Total Revenues	<u>10,000</u>	<u>30,761</u>	<u>20,761</u>
<b>EXPENDITURES</b>			
<b>Park and Recreation</b>			
Other	9,000	1,936	(7,064)
Capital Outlay	-	3,833	3,833
Total Expenditures	<u>9,000</u>	<u>5,769</u>	<u>(3,231)</u>
Net Change in Fund Balances	<u>\$ 1,000</u>	24,992	<u>\$ 23,992</u>
<b>FUND BALANCES</b>			
<b>Beginning of Year</b>		<u>72,776</u>	
<b>End of Year</b>		<u>\$ 97,768</u>	

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## **STATISTICAL SECTION**

**CITY OF DEEPHAVEN**  
**STATISTICAL SECTION**  
**December 31, 2011**

This part of the City's 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 say about the City's overall financial health.

**Contents**

**Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance has changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the factors tax affecting the City's ability to generate its individual income sales.

**Debt Capacity**

These schedules present information to 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.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

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CITY OF DEEPHAVEN

Table 1

NET ASSETS BY COMPONENT  
Last Eight Fiscal Years  
(Unaudited)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>								
Invested in Capital Assets	\$ 5,189,044	\$ 5,151,234	\$ 5,059,462	\$ 4,974,229	\$ 4,907,661	\$ 4,913,579	\$ 4,748,385	\$ 4,751,436
Restricted	-	-	-	-	536,821	433,824	465,546	458,163
Unrestricted	2,430,084	2,439,493	2,485,099	2,738,771	2,330,953	2,403,353	2,347,748	2,410,373
Total Governmental Activities Net Assets	<u>\$ 7,619,128</u>	<u>\$ 7,590,727</u>	<u>\$ 7,544,561</u>	<u>\$ 7,713,000</u>	<u>\$ 7,775,435</u>	<u>\$ 7,750,756</u>	<u>\$ 7,561,679</u>	<u>\$ 7,619,972</u>
<b>Business-Type Activities</b>								
Invested in Capital Assets	\$ 2,931,008	\$ 2,799,872	\$ 2,790,472	\$ 2,669,863	\$ 2,671,641	\$ 2,878,023	\$ 2,754,165	\$ 2,710,132
Unrestricted	1,060,947	1,075,162	1,057,152	1,272,540	1,225,658	956,137	1,016,488	1,080,259
Total Business-Type Activities Net Assets	<u>\$ 3,991,955</u>	<u>\$ 3,875,034</u>	<u>\$ 3,847,624</u>	<u>\$ 3,942,403</u>	<u>\$ 3,897,299</u>	<u>\$ 3,834,160</u>	<u>\$ 3,770,653</u>	<u>\$ 3,790,391</u>
<b>Primary Government</b>								
Invested in Capital Assets	\$ 8,120,052	\$ 7,951,106	\$ 7,849,934	\$ 7,644,092	\$ 7,579,302	\$ 7,791,602	\$ 7,502,550	\$ 7,461,568
Restricted	-	-	-	-	536,821	433,824	465,546	458,163
Unrestricted	3,491,031	3,514,655	3,542,251	4,011,311	3,556,611	3,359,490	3,364,236	3,490,632
Total Primary Government Net Assets	<u>\$ 11,611,083</u>	<u>\$ 11,465,761</u>	<u>\$ 11,392,185</u>	<u>\$ 11,655,403</u>	<u>\$ 11,672,734</u>	<u>\$ 11,584,916</u>	<u>\$ 11,332,332</u>	<u>\$ 11,410,363</u>

## CITY OF DEEPHAVEN

Table 2

**CHANGES IN NET ASSETS**  
**Last Eight Fiscal Years**  
(Unaudited)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>EXPENSES</b>								
<b>Governmental Activities</b>								
General Government	\$ 395,883	\$ 343,094	\$ 383,642	\$ 465,244	\$ 504,634	\$ 468,161	\$ 502,985	\$ 447,182
Public Safety	977,293	1,019,762	1,069,557	1,138,533	1,157,123	1,237,012	1,260,436	1,407,646
Public Works	678,002	781,727	928,776	836,628	851,220	873,465	1,037,303	841,784
Parks and Recreation	107,325	124,667	135,130	137,179	136,025	144,238	129,720	119,517
Other	122,548	122,548	90,075	-	-	-	-	-
Total Governmental Activities Expenses	<u>2,281,051</u>	<u>2,391,798</u>	<u>2,607,180</u>	<u>2,577,584</u>	<u>2,649,002</u>	<u>2,722,876</u>	<u>2,930,444</u>	<u>2,816,129</u>
<b>Business-Type Activities</b>								
Sewer	420,715	535,990	619,992	526,404	586,727	619,056	601,636	68,183
Water	55,004	59,110	60,522	65,807	79,291	81,168	69,953	567,494
Storm Water	13,714	31,069	28,216	43,765	20,496	34,795	32,512	23,956
Marina	68,028	81,312	99,097	104,937	99,877	121,418	124,629	43,011
Recycling	-	-	22,457	20,262	22,533	29,607	20,008	125,785
Total Business-Type Activities Expenses	<u>557,461</u>	<u>707,481</u>	<u>830,284</u>	<u>761,175</u>	<u>808,924</u>	<u>886,044</u>	<u>848,738</u>	<u>828,429</u>
Total Primary Government Expenses	<u>\$ 2,838,512</u>	<u>\$ 3,099,279</u>	<u>\$ 3,437,464</u>	<u>\$ 3,338,759</u>	<u>\$ 3,457,926</u>	<u>\$ 3,608,920</u>	<u>\$ 3,779,182</u>	<u>\$ 3,644,558</u>
<b>PROGRAM REVENUES</b>								
<b>Governmental Activities</b>								
Charges for Service:								
General Government	\$ 60,914	\$ 467,161	\$ 475,768	\$ 108,290	\$ 100,468	\$ 96,938	\$ 114,442	\$ 127,964
Public Safety	430,695	85,679	66,790	155,222	169,689	178,783	199,235	187,903
Public Works	168,465	7,912	10,227	390,429	414,009	332,005	361,434	326,000
Parks and Recreation	-	-	-	127,053	-	-	-	28,000
Other	-	99,120	114,448	-	-	-	-	-
Operating Grants and Contributions	64,001	-	74,217	57,922	54,936	64,657	59,373	152,695
Capital Grants and Contributions	36,613	-	-	9,196	1,204	46,767	8,279	1,085
Total Governmental Activities Program Revenues	<u>760,688</u>	<u>659,872</u>	<u>741,450</u>	<u>848,112</u>	<u>740,306</u>	<u>719,150</u>	<u>742,763</u>	<u>823,647</u>
<b>Business-Type Activities</b>								
Charges for Service:								
Sewer	364,218	362,826	403,820	426,846	421,331	430,724	490,856	64,395
Water	48,997	51,483	58,152	65,807	68,563	67,777	62,766	548,746
Recycling	-	-	7,072	10,690	10,459	16,755	11,962	15,482
Storm Water	17,026	33,308	85,173	85,417	84,767	83,232	84,820	84,993
Marina	96,577	84,923	89,962	118,479	124,156	128,965	128,129	124,542
Operating Grants and Contributions	-	-	-	-	12,098	12,011	12,370	12,248
Capital Grants and Contributions	20,191	13,189	23,347	10,396	-	16,000	-	6,560
Total Business-Type Activities Program Revenues	<u>547,009</u>	<u>545,809</u>	<u>667,526</u>	<u>717,635</u>	<u>721,424</u>	<u>755,464</u>	<u>790,903</u>	<u>856,966</u>
Total Primary Government Revenues	<u>\$ 1,307,697</u>	<u>\$ 1,205,681</u>	<u>\$ 1,408,976</u>	<u>\$ 1,565,747</u>	<u>\$ 1,461,730</u>	<u>\$ 1,474,614</u>	<u>\$ 1,533,666</u>	<u>\$ 1,680,613</u>
<b>NET EXPENSE</b>								
Governmental Activities	\$ (1,520,363)	\$ (1,731,926)	\$ (1,865,730)	\$ (1,729,472)	\$ (1,908,696)	\$ (2,003,726)	\$ (2,187,681)	\$ (1,992,482)
Business-Type Activities	(10,452)	(161,672)	(162,758)	(43,550)	(87,500)	(130,580)	(57,835)	28,537
Total Primary Government Net Expense	<u>\$ (1,530,815)</u>	<u>\$ (1,893,598)</u>	<u>\$ (2,028,488)</u>	<u>\$ (1,773,022)</u>	<u>\$ (1,996,196)</u>	<u>\$ (2,134,306)</u>	<u>\$ (2,245,516)</u>	<u>\$ (1,963,945)</u>

CITY OF DEEPHAVEN

Table 2

CHANGES IN NET ASSETS  
Last Eight Fiscal Years  
(Unaudited)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<b>GENERAL REVENUES AND OTHER</b>								
<b>CHANGES IN NET ASSETS</b>								
<b>Governmental Activities</b>								
Property Tax	\$ 1,387,934	\$ 1,569,335	\$ 1,658,764	\$ 1,784,869	\$ 1,780,490	\$ 1,878,584	\$ 1,879,440	\$ 1,909,458
Unrestricted State Aid	-	-	-	33,675	16,673	2,790	2,473	2,515
Unrestricted Investment Earnings	56,143	63,324	100,814	119,352	119,490	69,415	38,224	30,363
Other General Revenues	51,922	31,837	75,375	31,874	34,287	62,461	57,877	86,903
Transfers	166,569	15,775	(15,389)	18,141	20,191	(34,203)	20,590	21,536
Total Governmental Activities	<u>1,662,568</u>	<u>1,680,271</u>	<u>1,819,564</u>	<u>1,987,911</u>	<u>1,971,131</u>	<u>1,979,047</u>	<u>1,998,604</u>	<u>2,050,775</u>
<b>Business-Type Activities</b>								
Unrestricted Investment Earnings	25,795	28,976	46,439	59,692	58,163	33,238	14,918	12,737
Other General Revenues	4,170	-	73,520	6,778	4,424	-	-	-
Transfers	(166,569)	15,775	15,389	(18,141)	(20,191)	34,203	(20,590)	(21,536)
Total Business-Type Activities	<u>(136,604)</u>	<u>44,751</u>	<u>135,348</u>	<u>48,329</u>	<u>42,396</u>	<u>67,441</u>	<u>(5,672)</u>	<u>(8,799)</u>
Total Primary Government	<u>\$ 1,525,964</u>	<u>\$ 1,725,022</u>	<u>\$ 1,954,912</u>	<u>\$ 2,036,240</u>	<u>\$ 2,013,527</u>	<u>\$ 2,046,488</u>	<u>\$ 1,992,932</u>	<u>\$ 2,041,976</u>
<b>CHANGES IN NET ASSETS</b>								
Governmental Activities	\$ 142,205	\$ (51,655)	\$ (46,166)	\$ 258,439	\$ 62,435	\$ (24,679)	\$ (189,077)	\$ 58,293
Business-Type Activities	<u>(147,056)</u>	<u>(116,921)</u>	<u>(27,410)</u>	<u>4,779</u>	<u>(45,104)</u>	<u>(63,139)</u>	<u>(63,507)</u>	<u>19,738</u>
Total Primary Government	<u>\$ (4,851)</u>	<u>\$ (168,576)</u>	<u>\$ (73,576)</u>	<u>\$ 263,218</u>	<u>\$ 17,331</u>	<u>\$ (87,818)</u>	<u>\$ (252,584)</u>	<u>\$ 78,031</u>

**CITY OF DEEPHAVEN**

**FUND BALANCES OF GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  
(Unaudited)**

	Fiscal Year				
	2002	2003	2004	2005	2006
<b>GENERAL FUND</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,203,476	2,026,337	2,043,475	2,119,084	2,213,499
Nonspendable	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total General Fund</b>	<u>\$ 2,203,476</u>	<u>\$ 2,026,337</u>	<u>\$ 2,043,475</u>	<u>\$ 2,119,084</u>	<u>\$ 2,213,499</u>
<b>ALL OTHER GOVERNMENTAL FUNDS</b>					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:					
Capital Projects Funds	552,599	602,243	471,167	416,409	392,600
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u>\$ 552,599</u>	<u>\$ 602,243</u>	<u>\$ 471,167</u>	<u>\$ 416,409</u>	<u>\$ 392,600</u>

Source: City of Deephaven financial records  
Note: GASB 54 was implemented in 2011.

**Table 3**

Fiscal Year				
2007	2008	2009	2010	2011
\$ 18,850	\$ 19,583	\$ 18,392	\$ 22,350	\$ -
2,350,611	2,383,853	2,455,051	2,451,621	-
-	-	-	-	22,348
-	-	-	-	155,000
-	-	-	-	2,383,144
<u>\$ 2,369,461</u>	<u>\$ 2,403,436</u>	<u>\$ 2,473,443</u>	<u>\$ 2,473,971</u>	<u>\$ 2,560,492</u>
\$ 37	\$ 41	\$ -	\$ 54	\$ -
478,295	536,821	433,824	465,546	-
-	-	-	-	97,768
-	-	-	-	360,395
<u>\$ 478,332</u>	<u>\$ 536,862</u>	<u>\$ 433,824</u>	<u>\$ 465,600</u>	<u>\$ 458,163</u>

**CITY OF DEEPHAVEN**

**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Unaudited)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>REVENUES</b>				
Taxes	\$ 1,200,018	\$ 1,316,725	\$ 1,393,045	\$ 1,569,335
Special Assessments	-	-	38,698	7,888
Licenses and Permits	258,634	245,957	213,415	205,680
Intergovernmental	76,733	76,428	75,087	54,804
Charges for Services	267,684	283,497	292,537	298,599
Fines and Penalties	80,626	84,714	62,870	56,473
Franchise Fees	-	-	91,252	99,120
Interest Income	-	-	56,143	63,324
Miscellaneous Revenues	1,725,351	225,095	54,198	26,792
<b>Total Revenues</b>	<u>3,609,046</u>	<u>2,232,416</u>	<u>2,277,245</u>	<u>2,382,015</u>
<b>EXPENDITURES</b>				
General Government	398,482	397,538	395,300	358,497
Public Safety	781,336	881,917	942,149	984,121
Public Works	551,980	564,785	605,582	611,962
Parks and Recreation	51,667	56,756	48,617	63,172
Fixed and Other	84,546	78,121	122,548	92,846
Capital Outlay	2,713,206	396,683	443,556	234,791
<b>Total Expenditures</b>	<u>4,581,217</u>	<u>2,375,800</u>	<u>2,557,752</u>	<u>2,345,389</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Asset	-	-	-	-
Transfers In	335,466	315,889	234,402	18,725
Transfers Out	<u>(320,000)</u>	<u>(300,000)</u>	<u>(67,833)</u>	<u>(34,500)</u>
<b>Total Other Financing     Sources (Uses)</b>	<u>15,466</u>	<u>15,889</u>	<u>166,569</u>	<u>(15,775)</u>
 Net Change in Fund Balances	 <u>\$ (956,705)</u>	 <u>\$ (127,495)</u>	 <u>\$ (113,938)</u>	 <u>\$ 20,851</u>

Table 4

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 1,658,764	\$ 1,779,718	\$ 1,769,182	\$ 1,869,847	\$ 1,900,473	\$ 1,916,148
6,739	2,890	4,707	2,319	2,662	1,743
253,754	228,658	226,195	188,755	198,040	151,989
74,217	90,137	68,873	77,785	58,673	162,439
256,067	283,577	314,121	270,447	313,596	330,612
42,964	42,267	40,785	45,824	72,491	58,016
114,448	88,479	92,667	92,015	91,977	92,953
100,814	119,352	119,490	69,415	38,224	30,363
78,636	171,347	47,421	62,808	59,036	107,682
<u>2,586,403</u>	<u>2,806,425</u>	<u>2,683,441</u>	<u>2,679,215</u>	<u>2,735,172</u>	<u>2,851,945</u>
347,236	444,895	479,541	448,887	486,622	445,153
1,030,852	1,098,381	1,128,643	1,170,420	1,184,430	1,336,875
776,365	674,424	700,035	659,159	742,231	660,783
68,176	78,537	79,017	85,969	72,867	65,952
96,437	-	-	-	-	-
181,342	208,623	232,332	375,063	238,329	293,923
<u>2,500,408</u>	<u>2,504,860</u>	<u>2,619,568</u>	<u>2,739,498</u>	<u>2,724,479</u>	<u>2,802,686</u>
-	11,988	8,441	6,547	1,021	8,289
18,211	18,141	20,191	20,705	20,590	21,536
<u>(33,600)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(15,389)</u>	<u>30,129</u>	<u>28,632</u>	<u>27,252</u>	<u>21,611</u>	<u>29,825</u>
<u>\$ 70,606</u>	<u>\$ 331,694</u>	<u>\$ 92,505</u>	<u>\$ (33,031)</u>	<u>\$ 32,304</u>	<u>\$ 79,084</u>

**CITY OF DEEPHAVEN**

**Tax Capacity and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(Unaudited)**

Levy Year	Collection Year	Real Property		Ratio of Tax Capacity to Total Estimated Actual Value	Total City Levy Amounts
		Tax Capacity	Estimated Market Value		
2001	2002	5,871,354	\$ 546,574,900	1.1%	\$ 1,210,184
2002	2003	6,514,830	607,420,100	1.1%	1,310,407
2003	2004	7,430,513	686,899,600	1.1%	1,386,722
2004	2005	8,648,000	782,311,000	1.1%	1,583,878
2005	2006	9,892,113	939,884,600	1.1%	1,671,165
2006	2007	11,181,602	995,692,300	1.1%	1,784,344
2007	2008	12,494,365	1,103,467,700	1.1%	1,784,344
2008	2009	12,508,003	1,102,852,900	1.1%	1,885,370
2009	2010	12,067,361	1,064,980,400	1.1%	1,885,370
2010	2011	11,178,216	992,653,900	1.1%	1,922,124

*Source: Hennepin County Taxpayer Services Department*

Note - School District Tax Capacity Rate does not include levy referendum

**Table 5**

<u>Tax Capacity Rates</u>					
<u>General Revenue</u>	<u>Special</u>	<u>Total City</u>	<u>Total School</u>	<u>Total County</u>	<u>Total</u>
<u>Tax Capacity per \$ 1,000 of Assessed Value</u>					
20.605	0.000	20.605	20.868	50.789	92.262
20.114	0.000	20.114	24.215	50.607	94.936
18.663	0.000	18.663	23.125	47.324	89.112
18.310	0.000	18.310	21.989	44.172	84.471
16.874	0.000	16.874	22.952	48.801	88.627
15.936	0.000	15.936	24.793	39.129	79.858
14.263	0.000	14.263	17.980	38.571	70.814
15.091	0.000	15.091	17.186	40.413	72.690
15.603	0.000	15.603	18.657	42.640	76.900
17.222	10.740	17.222	21.269	45.840	95.071

**CITY OF DEEPHAVEN**

**Table 6**

**Property Tax Levies and Collections  
Last Ten Fiscal Years  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Total Levy</u>	<u>Collection of Current Year's Levy (1)</u>	<u>Percentage of Levy Collected</u>	<u>Collection of Prior Year's Levy</u>	<u>Total Collections</u>	<u>Percentage of Total Collections to Levy</u>
2002	\$ 1,210,184	\$ 1,200,752	99.22%	\$ 9,432	\$ 1,210,184	100.00%
2003	1,282,253	1,271,974	99.20	10,279	1,282,253	100.00%
2004	1,386,722	1,352,986	97.57	33,736	1,386,722	100.00%
2005	1,583,878	1,555,261	98.19	28,617	1,583,878	100.00%
2006	1,671,165	1,642,735	98.30	28,203	1,670,938	99.99%
2007	1,784,344	1,767,370	99.05	16,974	1,784,344	100.00%
2008	1,784,344	1,751,753	98.17	31,484	1,783,237	99.94%
2009	1,885,370	1,855,373	98.41	27,009	1,882,382	99.84%
2010	1,885,370	1,864,518	98.89	17,086	1,881,604	99.80%
2011	1,922,124	1,897,536	98.72	-	1,897,536	98.72%

(1) Including Fiscal Disparities

**CITY OF DEEPHAVEN**

**Table 7**

**PRINCIPAL TAXPAYERS  
Current Year and Nine Years Ago  
(Unaudited)**

Property ID No.	Type of Business	2011			2002		
		Net Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total Tax Capacity Value
13-117-23-13-0002	Residential	\$ 76,713	1	0.69%	\$ 55,313	3	0.73%
18-117-22-23-0017	Residential	70,488	2	0.63	69,000	1	0.91
13-117-23-43-0006	Residential	69,000	3	0.62	57,250	2	0.75
13-117-23-42-0003	Residential	60,813	4	0.54	42,063	9	0.55
13-117-23-43-0004	Residential	56,288	5	0.50	43,625	7	0.57
13-117-23-13-0001	Residential	55,413	6	0.50	52,900	4	0.70
23-117-23-41-0004	Residential	53,563	7	0.48	35,713	10	0.47
23-117-23-41-0015	Residential	53,538	8	0.48	45,350	5	0.60
24-117-23-14-0002	Residential	53,425	9	0.48	42,725	8	0.56
24-117-23-11-0029	Residential	52,038	10	0.47	30,000		0.39
13-117-23-42-0010	Residential	<u>51,150</u>		<u>0.46</u>	<u>44,250</u>	6	<u>0.58</u>
		<u>\$ 652,429</u>		5.16	<u>\$ 518,189</u>		6.10

**CITY OF DEEPHAVEN**

**Table 8**

**SPECIAL ASSESSMENTS LEVIES AND COLLECTIONS  
Last Ten Fiscal Years  
(Unaudited)**

<u>Year Ended December 31,</u>	<u>Total Levied</u>	<u>Total Collections</u>	<u>Total Outstanding Assessments</u>
2002	\$ 21,929	\$ 21,809	\$ 1,411
2003	48,276	48,747	318
2004	47,110	45,961	3,496
2005	41,160	32,320	3,279
2006	10,000	29,025	3,516
2007	17,010	25,416	3,752
2008	22,021	17,731	5,057
2009	20,109	25,451	4,971
2010	23,206	24,929	2,451
2011	31,847	33,016	1,602

Collection includes Special Assessment principal and interest.  
Source: Hennepin County Tax Settlement Reports

**CITY OF DEEPHAVEN**

**Table 9**

**DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITIES DEBT  
As of December 31, 2011  
(Unaudited)**

<b>GOVERNMENTAL UNIT</b>	<u>Net G.O. Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Direct Debt</b>			
City of Deephaven	\$ -	100.00%	\$ -
<b>Overlapping Debt</b>			
Hennepin County (2)	723,889,101	0.85%	6,153,057
Independent School District No. 276, Minnetonka (3)	88,133,975	14.36%	12,656,039
Three Rivers Park District (2)	64,252,898	1.14%	732,483
Metropolitan Council (2)	142,956,525	0.37%	528,939
Hennepin Regional RR Authority (2)	40,128,161	0.85%	341,089
<b>Total Overlapping Debt</b>	<u>1,059,360,660</u>		<u>20,411,607</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$ 1,059,360,660</u>		<u>\$ 20,411,607</u>

(1) Based on Percentage of Tax Capacity to Total

(2) Source - Hennepin County

(2) Source - Independent School District No. 276, Minnetonka

**CITY OF DEEPHAVEN**

**LEGAL DEBT MARGIN INFORMATION  
Last Ten Fiscal Years  
(Unaudited)**

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Estimated Market Value (2)</b>	<u>\$ 546,574,900</u>	<u>\$ 607,405,800</u>	<u>\$ 686,899,600</u>	<u>\$ 782,311,000</u>
<b>Debt Limit - 2% of Market Value (1)</b>	\$ 10,931,498	\$ 12,148,116	\$ 13,737,992	\$ 15,646,220
<b>Amount of Debt Applicable to Debt Limit</b>				
Net Debt Applicable to Limit (3)	<u>1,481,250</u>	<u>1,779,289</u>	<u>1,779,289</u>	<u>1,726,809</u>
Legal Debt Margin	<u>\$ 9,450,248</u>	<u>\$ 10,368,827</u>	<u>\$ 11,958,703</u>	<u>\$ 13,919,411</u>
<b>Total Net Debt Applicable to the Limit as a Percentage of Debt Limit</b>	13.55%	14.65%	12.95%	11.04%

(1) *Minnesota Statutes* Section 475.53, Limit on Net Debt. Subdivision 1. Generally, except as otherwise provided in Section 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 2% of the market value.

Note: Although the annual lease payment to the five district is not considered as debt service, it does apply to the City's debt limit.

(2) Source: Hennepin County Taxpayer Services Department

(3) Source: City of Deephaven financial records

Table 10

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>\$ 939,884,600</u>	<u>\$ 995,692,300</u>	<u>\$ 1,103,467,700</u>	<u>\$ 1,102,852,900</u>	<u>\$ 1,064,980,400</u>	<u>\$ 992,653,900</u>
\$ 18,797,692	\$ 19,913,846	\$ 22,069,354	\$ 22,057,058	\$ 21,299,608	\$ 19,853,078
<u>1,649,338</u>	<u>1,730,089</u>	<u>1,653,621</u>	<u>1,645,027</u>	<u>1,502,020</u>	<u>1,381,562</u>
<u>\$ 17,148,354</u>	<u>\$ 18,183,757</u>	<u>\$ 20,415,733</u>	<u>\$ 20,412,031</u>	<u>\$ 19,797,588</u>	<u>\$ 18,471,516</u>
8.77%	8.69%	7.49%	7.46%	7.05%	6.96%

**CITY OF DEEPHAVEN**

**Table 11**

**DEMOGRAPHICS AND ECONOMIC STATISTICS  
Last Ten Fiscal Years  
(Unaudited)**

<u>Year</u>	<u>Population (1)</u>	<u>Deephaven Public School Enrollment (2)</u>	<u>Minnesota Unemployment Rate (3)</u>	<u>Median Household Income (4)</u>	<u>Total Personal Income (4)</u>	<u>Per Capita Personal Income (4)</u>
2002	3,853	575	4.7%	(5)	(5)	(5)
2003	3,881	550	4.0%	(5)	(5)	(5)
2004	3,855	558	4.4%	(5)	(5)	(5)
2005	3,900	516	3.8%	(5)	(5)	(5)
2006	3,853	477	3.7%	(5)	(5)	(5)
2007	3,767	484	4.3%	(5)	(5)	(5)
2008	3,774	432	5.9%	(5)	(5)	(5)
2009	3,800	516	7.0%	(5)	(5)	(5)
2010	3,820	559	7.0%	\$124,200	\$ 281,534,000	\$ 73,700
2011	3,642	560	5.7%	(5)	(5)	(5)

(1) Source: Minnesota State Demographer

(2) Source: Minnetonka Public Schools: Estimated Enrollment of Deephaven Elementary School

(3) Source: Bureau of Labor Statistics

(4) Source: Metropolitan Council

(5) Information is not available.

**CITY OF DEEPHAVEN**

**Table 12**

**PRINCIPAL EMPLOYERS  
Current Year and Nine Years Ago  
(Unaudited)**

<u>Employer</u>	<u>Product/Service</u>	<u>2011</u>			<u>2002</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Deephaven Elementary School	Public Education	86	1	36.4 %	72	1	29.8 %
St. Therese Church/School	Religious Church/School	61	2	25.8	63	2	26.0
Streeter & Associates	Building Contractor	36	3	15.3	35	3	14.5
Grace Luthern Church/School	Religious Church/School	16	5	6.8	23	4	9.5
City of Deephaven	City Government	18	4	7.6	20	5	8.3
Steiner & Koppleman	Building Contractor	8	7	3.4	17	6	7.0
Kyle Hunt & Partners, Inc.	Building Contractor	11	6	4.7	12	7	5.0
		<u>236</u>		<u>100.0</u>	<u>242</u>		<u>100.0</u>

Note: The above includes the largest principal employers of the City. Further information is not available.  
Source: City of Deephaven Administrative Office

**CITY OF DEEPHAVEN**

**FULL-TIME EQUIVALENTS BY PROGRAM**  
**Last Ten Fiscal Years**  
**(Unaudited)**

<b>FUNCTION/PROGRAM</b>	<b>Full-Time - Equivalent Employees as of December 31,</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
General Government	6	6	6	5.5	6
Public Safety	8	8	8	8	8
Public Works	5	5	5	5	5
Total	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>	<u>19</u>

Notes: A full-time employee is scheduled to work 40 hours per week. Full-time equivalent employment is calculated by dividing total labor hours by 40.

Source: *City of Deephaven financial records*

**Table 13**

<b>Full-Time - Equivalent Employees as of December 31,</b>				
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>8</b>	<b>7</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>4</b>
<b>19</b>	<b>18</b>	<b>19</b>	<b>19</b>	<b>18</b>

**CITY OF DEEPHAVEN**

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM  
Last Ten Fiscal Years  
(Unaudited)**

<b>FUNCTION/PROGRAM</b>	<u>Full-Time Equivalent Employees as of December 31,</u>			
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Public Safety</b>				
Police Stations	1	1	1	1
Police Patrol Units	4	4	4	4
Fire Stations	1	1	1	1
Fire Response Units	7	7	7	7
<b>Public Works</b>				
Streets (Miles)	32	32	32	32
Traffic Signals	-	-	-	-
<b>Culture and Recreation</b>				
Parks	6	6	6	6
Campgrounds	1	1	1	1
Beaches	6	6	6	6
<b>Marina</b>				
Dock Slips	92	92	92	92
Buoys	53	53	53	53
Slides	125	125	125	125
Canoe Racks	32	32	32	32
<b>Utilities</b>				
Sewer Lift Stations	9	9	9	9

Notes: No capital asset indicators are available for the general government function.

Source: Various City Departments

**Table 14**

Full-Time Equivalent Employees as of December 31,					
2006	2007	2008	2009	2010	2011
1	1	1	1	1	1
4	4	4	4	4	4
1	1	2	2	2	2
7	7	7	7	7	7
32	32	32	32	32	32
-	-	-	-	-	-
6	6	8	8	8	8
1	1	1	1	1	1
6	6	6	6	6	6
92	92	100	112	112	112
53	53	53	53	53	53
125	125	115	115	115	115
32	32	32	32	32	32
9	9	9	9	9	9

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**CITY OF DEEPHAVEN**

**Table 15**

**SCHEDULE OF BUILDING PERMITS AND CONSTRUCTION  
Last 10 Fiscal Years  
(Unaudited)**

<u>Year</u>	<u>Number</u>	<u>Value</u>
2002	649	\$ 15,889,262
2003	605	13,353,874
2004	560	10,975,766
2005	534	9,384,000
2006	622	14,338,000
2007	590	13,532,474
2008	524	16,664,812
2009	399	11,737,115
2010	541	13,268,023
2011	494	7,579,378

Note: Other operating information is not available.

Source: Deephaven Planning Department. Permits include building, plumbing, mechanical, electrical and demolition.

**CITY OF DEEPHAVEN**

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Public Safety</b>				
Police:				
Physical Arrests	(1)	(1)	(1)	(1)
Parking Violations	(1)	(1)	(1)	(1)
Traffic Violations	(1)	(1)	(1)	(1)
Fire:				
Number of Calls Answered	(1)	(1)	(1)	811
Inspections	(1)	(1)	(1)	(1)
<b>Public Works</b>				
Street Maintenance:				
Miles of City Maintained	32	32	32	32
Planning:				
Number of Planning Applications Received	30	22	12	25
Number of Building Permits Reviewed	649	605	560	534
<b>Park and Recreation</b>				
Parks and Trails:				
Number of Parks Maintained	12	12	12	12
Miles of Trail and Sidewalk Maintained	2	2	2	2
Playgrounds	(1)	(1)	(1)	(1)
Ice Skating Rinks	(1)	(1)	(1)	(1)
Beaches	(1)	(1)	(1)	(1)
<b>Municipal Sewer</b>				
Number of Customers	1,429	1,434	1,437	1,439
New Connections	2	5	3	2
The City sewage disposal is through the Metropolitan Waste Control Commission.				
<b>Municipal Water</b>				
Number of Customers	(1)	(1)	(1)	(1)
The City purchases water from the municipalities of Minnetonka and Shorewood.				
<b>Recycling</b>				
Curbside Recycling Picked Up on City-Wide Clean Up Day (In Tons)	502	501	489	498
<b>Marina</b>				
Dock Slips	80	80	80	80
Shore Space	15	15	15	15
Buoys	53	53	53	53
Slides	125	125	125	125
Canoe Racks	32	32	32	32
<b>Storm Water</b>				
Number of Utility Customer Accounts	1,428	1,433	1,435	1,436

(1) Information not available

Note: Indicators are not available for the general government function.  
Source: Various City departments

Table 16

2006	2007	2008	2009	2010	2011
(1)	(1)	59	106	225	220
(1)	(1)	224	172	211	190
(1)	(1)	443	741	2,204	2,971
786	751	733	657	732	651
(1)	(1)	460	524	707	664
32	32	32	32	32	32
15	18	16	13	10	12
622	590	524	399	541	494
12	12	12	13	13	13
2	2	2	2	2	2
(1)	(1)	5	5	5	5
(1)	(1)	4	4	4	4
(1)	(1)	6	6	6	6
1,436	1,460	1,461	1,468	1,468	1,468
0	24	1	7	0	0
(1)	(1)	144	144	145	144
577	557	544	508	474	405
80	80	90	93	93	95
15	15	15	15	15	17
53	53	53	53	53	53
125	125	115	115	115	115
32	32	32	32	32	32
1,435	1,461	1,463	1,470	1,470	1,469