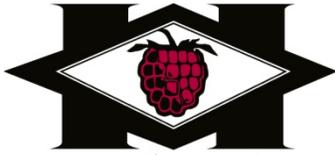


City of Hopkins, Minnesota

Comprehensive Annual Financial Report

for year ended December 31, 2012



City of Hopkins

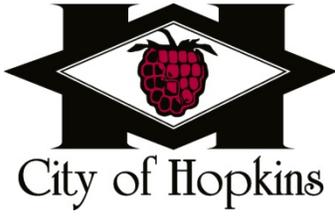
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

CITY OF HOPKINS, MN

For The Year Ended
December 31, 2012

Prepared by the Department of Finance



**THE CITY OF HOPKINS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2012**

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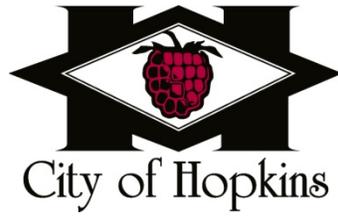
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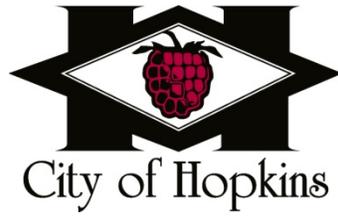


CITY OF HOPKINS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION I

INTRODUCTORY SECTION





June 27, 2013

To the Honorable Mayor, Members of the Hopkins City Council and the Citizens of the City of Hopkins, Minnesota:

The Comprehensive Annual Financial Report (CAFR) of the City of Hopkins, Minnesota (the City) for the fiscal year ended December 31, 2012 is hereby submitted. This report was prepared in accordance with U.S. generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB) and meets the requirements of the State Auditor's Office.

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

The City of Hopkins financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Hopkins for the fiscal year ended December 31, 2012, 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 based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hopkins financial statements for the fiscal year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component 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 in the financial section of this report immediately following the report of the independent auditors.

Profile of the Government

Hopkins was first settled in 1853 and was incorporated as the Village of West Minneapolis in 1893. The name was changed in 1928 to Hopkins after one of the early residents. The original territory of incorporation was three square miles, but successive annexation since 1946 has enlarged this area by one-third. In 1947, the residents of the area adopted a City Charter with a Council/Manager form of government. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the government's manager and the government's attorney. The government's manager is responsible for carrying out the policies and ordinances of the government, for overseeing day-to-day operations of the government and for appointing the heads of the government's departments.

The report includes all funds of the City, including the City's Housing and Redevelopment Authority (HRA). The City provides a full range of services including general government, public safety, highways and streets, urban redevelopment and housing, culture and recreation, and health and welfare. In addition to general municipal activities, the City provides water, sewer, storm sewer and refuse services and operates an ice arena. Low-income rental housing is a function of the HRA. The Hopkins Fire Relief Association has not met the established criteria for inclusion in the reporting entity, and accordingly is excluded from this report.

The annual budget serves as the foundation for the City of Hopkins financial planning and control. All departments of the City of Hopkins are required to submit requests for appropriation to the Finance Director by July of each year. The Finance Director uses these requests as the starting point for developing a proposed budget. The Finance Director then presents this proposed budget to the Council for review prior to September 15th. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than December 31, the close of the City of Hopkins fiscal year.

The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds require approval of the City Council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an annual budget has been adopted. For the General Fund and the major Special Revenue Funds this comparison is presented on pages 37-40 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General fund and major Special Revenue Funds, with annual budgets, this comparison is presented in the combining and individual fund statements and schedules subsection of this report on pages 92-102.

Factors Affecting Financial Condition

The City of Hopkins, consisting of 2,504 acres, is located in Hennepin County on the westerly fringe of the Minneapolis urban area. The City, as part of the Minneapolis-St. Paul metropolitan complex, is readily accessible by the many highways and railways leading into the area. This easy access prompted steady growth for the City of Hopkins during its formative years. In response to this growth the City developed goals of working towards a planned community, with its policies directed toward sound ratios of residential, commercial and industrial components, with the current tax base approximately 76% single family residential and apartments, and 24% commercial-

industrial. The city's population has stabilized due to the fact that the City is largely developed and the national trend toward the lowering of persons per household.

The City Council and staff along with an organized group of concerned partners determined what the Vision and the Mission of the City of Hopkins should be. Participation in this project was very high and the resulting Vision and Mission are as follows:

Community Vision

Creating a Spirit of Unity – Hopkins will be a community where

- People are treated with respect
- People participate in building culture, character and common bonds
- Business growth throughout the City is supported while maintaining a vibrant City center
- People feel safe, support outstanding schools and celebrate cultural heritages
- People enjoy quality public services, parks and housing

City of Hopkins Mission

Partnering with the Community to enhance the quality of life,

- Inspire, Educate, Involve, Communicate

Economic Condition and Outlook

Hopkins continues to show strong economic and redevelopment activities within the city. The valuation of new non-residential construction in 2012 was \$6.8 million dollars. This development activity has been the result of a good development market in the Hopkins area along with successful planning on the part of the city council and city staff.

Significant projects completed or begun in 2012 include the following:

| <u>Activity</u> | <u>Valuation</u> |
|-----------------------------------|------------------|
| Commercial Additions/Alterations: | |
| Marketplace & Main apartments | \$8,350,000 |
| Mayon Plastics rite redevelopment | \$3,000,000 |
| BP Gas Station site redevelopment | \$4,000,000 |

Efforts are being made for continued development and growth for 2013 and beyond. It is anticipated that approximately \$130,000,000 of construction will also take place in the City of Hopkins during the next several years.

Some anticipated projects for 2013-2016 include the following:

| <u>Project</u> | <u>Valuation</u> |
|---|------------------|
| Hopkins Cold Storage Site Redevelopment | \$62,000,000 |
| Marketplace & Main Townhomes | \$ 2,000,000 |
| Fifth Avenue Flats | \$40,000,000 |
| Gallery Flats | \$26,000,000 |

Long-Term Financial Planning

The City of Hopkins has developed a strategic plan for economic development. As a part of this plan, the City of Hopkins intends to pursue various development and redevelopment efforts throughout the City. Several projects are anticipated.

In 2013, projects to be constructed include the redevelopment of the Park Nicollet Clinic site into a retail/housing development of approximately 163 housing units and Phase II of Market Place & Main project with the addition of townhomes. These developments will have major impacts on the community. Specialized planning is taking place to ensure that these developments occur so as to benefit the community and residential neighborhoods.

Major improvements continue to be made along the Hopkins section of Excelsior Boulevard (County Road 3). The first phase of improvements occurred in 1998 - 2000 between Shady Oak Road and 9th Avenue South. The second phase occurred in 2002 – 2004 between Highway 169 and Blake Road. The third phase occurred in 2007 on the segment between Highway 169 and 8th Avenue. The final phase is the section from Blake Road to Meadowbrook Road, has provisional county funding and is tentatively scheduled for 2016-2017.

Significant improvements are in the planning stage for Shady Oak Road (County Road 61). This project is a joint effort between Hennepin County and the Cities of Minnetonka and Hopkins. A number of neighborhood and town meetings have been held to gather input on this project that is projected to re-align the road and facilitate re-development of the area. The project is expected to be under construction in 2014.

Another project in the planning stages is the 14-mile Southwest Corridor Light Rail Transit (LRT) line that will go from Eden Prairie to downtown Minneapolis passing through Hopkins and providing development potential at three transit stations that are planned for Hopkins. In downtown Minneapolis the Southwest LRT will connect with the Hiawatha and Central LRT lines. Construction of the light rail line is expected to begin in 2014 and is expected to be funded with the Counties Transit Improvement Board's transit sales tax in the metro area (30%), and with Hennepin County Regional Railroad Authority (10%), Federal (50%), and State (10%) dollars.

Relevant Financial Policies

The City of Hopkins has adopted a comprehensive set of financial policies. During the current year, the City adopted two new policies, a Debt Management Policy and a Post-Issuance Debt Compliance Policy. The Debt Policy sets forth the framework for planning and review of debt proposals along with the structure under which bond proceeds will be used. The Post-Issuance Debt Compliance Policy sets forth the steps the City will take to help ensure all obligations will be in compliance with all applicable federal regulations.

In addition the City of Hopkins' Fund Balance policy requires that the General Fund's Spendable, Unassigned portion of fund balance be equivalent to a minimum of five months expenditures or 42% of the prior fiscal year General Fund operating expenses. At December 31, 2012 the General Fund spendable, unassigned fund balance is at 42.7% or \$4,488,876 which represents slightly more than five months expenditures of the 2013 budget. Due to sound fiscal policy and close monitoring of budgets we remain at the targeted General Fund balance goal.

Major Initiatives

For 2012, the staff, following specific directives of the council and the city manager, has been involved in a variety of projects throughout the year. These projects reflect the government's commitment to ensuring that its citizens are able to live and work in a safe environment and that the needs for services are met.

In 2012, we accomplished our annual street repair and improvements, at a cost of approximately \$1,903,000. This included the Central Hopkins reclamation project, replacing infrastructure, roadway surface, curb and gutters and alley reconstruction on Minnetonka Mills Road between 11th and 7th Avenues along with other streets in that neighborhood in addition to the 2nd Avenue berm rehab project.

The sewer department completed the Excelsior Boulevard sanitary sewer lining project at a cost of \$191,000 and the water, sewer and storm sewer departments also completed in conjunction with the street improvements, infrastructure reconstruction projects totaling \$580,000.

Other miscellaneous improvement projects in 2012 included an HVAC upgrade at the Activity Center at a cost of \$246,100, Maetzold Field improvements for little league fields - \$224,200, Valley Park playground equipment - \$34,630, and flooring upgrades at the Arts Center - \$15,000 along with other smaller projects.

Future Projects

A systematic citywide sidewalk rehab program was initiated in 1992. Each year one quadrant is inspected and necessary repairs made. A sidewalk/trail plan was developed and implemented in 2003, which guides future improvements and connections to regional trails.

The City has established a street reconstruction and storm sewer program based on a street condition survey and storm water management program. The streets found in poor condition and future problem streets will be systematically included for repairs in the five-year Capital Improvement Plan.

Certificate of Achievement For Excellence in Financial Reporting

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 Hopkins for its comprehensive annual finance report for the fiscal year ended December 31, 2011. In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe 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 its eligibility for another certificate.

Acknowledgments

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

Respectfully submitted,



Michael J. Mornson
City Manager



Christine M. Harkess, CPA, CGFM
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hopkins
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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.



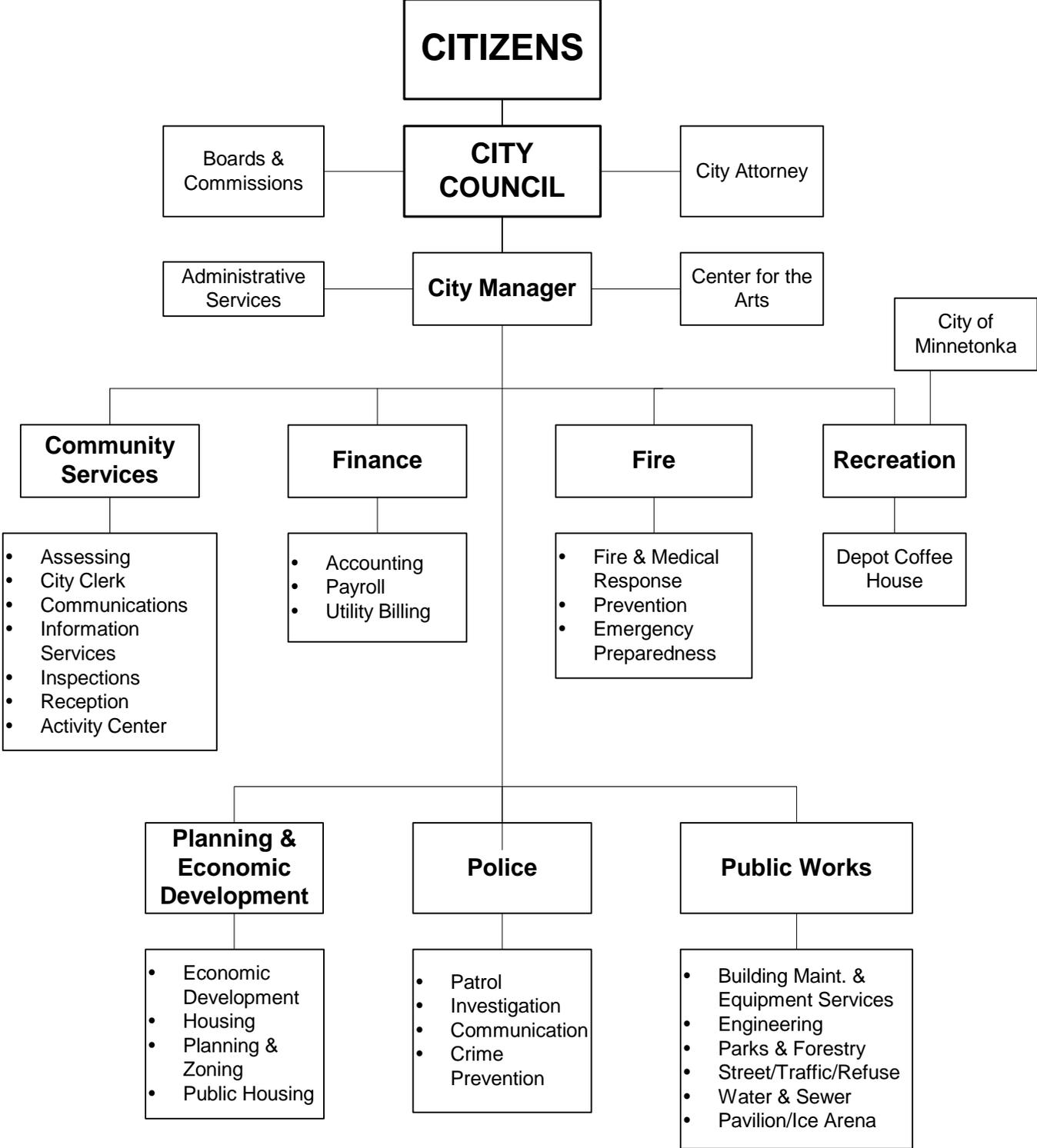
Christopher P. Moirill

President

Jeffrey R. Emer

Executive Director

Organizational Chart



**THE CITY OF HOPKINS, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

CITY OFFICIALS

December 31, 2012

CITY COUNCIL

| | | <u>Term Expires</u> |
|------------------|---------------|---------------------|
| Eugene Maxwell | Mayor | 12-31-13 |
| Molly Cummings | Councilmember | 12-31-15 |
| Jason Gadd | Councilmember | 12-31-15 |
| Kristi Halverson | Councilmember | 12-31-13 |
| Cheryl Youakim | Councilmember | 12-31-13 |

CITY MANAGER

| | |
|--------------------|-----------|
| Michael J. Mornson | Appointed |
|--------------------|-----------|

FINANCE DIRECTOR

| | |
|----------------------|-----------|
| Christine M. Harkess | Appointed |
|----------------------|-----------|

CITY OF HOPKINS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION II

FINANCIAL SECTION



CliftonLarsonAllen

CliftonLarsonAllen LLP
www.cliftonlarsonallen.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hopkins (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 16, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* for the year ended December 31, 2012. The opinion is not modified with the implementation of these GASB Statements.



An independent member of Nexia International

Honorable Mayor and
Members of the City Council
City of Hopkins

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining and individual fund statements and Information for a Comprehensive Annual Financial Report (CAFR) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining and individual fund statements and Information for a Comprehensive Annual Financial Report (CAFR) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and individual fund statements and Information for a Comprehensive Annual Financial Report (CAFR) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 27, 2013

CITY OF HOPKINS, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

This section of the City's comprehensive annual financial report presents a discussion and analysis of the City's financial activities during the fiscal year ended December 31, 2012. This discussion and analysis should be read in conjunction with the letter of transmittal in the introductory section of this report.

Financial Highlights

- The assets of the City of Hopkins exceeded liabilities by approximately \$67.1 million. Of this amount, (unrestricted net assets), approximately \$10.1 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by approximately \$3.0 million.
- As of the close of the current fiscal year, the City of Hopkins governmental funds reported combined ending fund balances of approximately \$18.6 million, a increase of approximately \$3.6 million in comparison with the prior year. The increase was primarily due to proceeds from the 2012 bond sale. Approximately \$7.7million of fund balance is available for spending at the City's discretion (assigned or unassigned fund balance).
- As of December 31, 2012, unassigned fund balance for the General Fund was approximately \$4.5 million, or 43% of total general fund expenditures.
- The City of Hopkins total debt increased by approximately \$2.3 million during the current fiscal year due to the 2012 bond sale for capital improvements.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Hopkins basic financial statements. The City of Hopkins 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 of Hopkins finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the City net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Hopkins 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 of Hopkins include general,

public safety, highways, streets, culture, recreation, urban redevelopment, housing, health and welfare. The business-type activities of the City of Hopkins include water, sewer, refuse, storm sewer utilities, an ice arena, and a housing and redevelopment authority.

The government-wide financial statements include the City of Hopkins itself, but also a legally separate Hopkins Housing and Redevelopment Authority. Although the Hopkins Housing and Redevelopment Authority is legally separate, it functions for all practical purposes as a department of the City of Hopkins, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 28-29 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hopkins, 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 of Hopkins 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 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 financing 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 statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Hopkins maintains thirty-seven individual 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 Fund, Economic Development, Tax Increment District 2-11, Arts Center, 2009B Housing Improvement Bonds of 1999A Refunding Bonds, 2009B Housing Improvement Bonds of 1999B Refunding Bonds, and Permanent Improvement Revolving fund all of which are considered to be major funds. Data from the other thirty funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Hopkins adopts an annual appropriated budget for its general fund and all of its special revenue funds except for the Community Development Block Grant and E-911 Service Fee funds. A budgetary comparison statement has been provided for the General fund and major special revenue funds and schedules are provided for other funds to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 26-40 of this report.

Proprietary funds. The City of Hopkins maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Hopkins uses enterprise funds to account for its water, sewer, refuse, storm sewer utilities, the pavilion ice arena, and the housing and redevelopment authority. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Hopkins various functions. The City of Hopkins uses internal service funds to account for replacement of equipment, insurance deductibles and compensated absences. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, storm sewer and pavilion/ice arena operations, all of which are considered to be major funds of the City of Hopkins. Data from the other two enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is also provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 41-45 of this report.

Notes to the Financial Statements

The notes 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 47-71 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. Required supplementary information can be found on page 73 of this report.

The combining statements referred to earlier in connection with non-major governmental funds, non-major proprietary funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 76-102 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hopkins, assets exceeded liabilities by \$67,098,248 at the close of the most recent fiscal year.

Approximately three quarters (72%) of the City of Hopkins net assets are reflected in its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City of Hopkins uses these capital assets to provide services to citizens. The net capital assets are not available for future spending. Although the City of Hopkins investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources.

City of Hopkins Net Position

December 31

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Assets | | | | | | |
| Current and other assets | \$ 27,970,866 | \$ 23,924,306 | \$ 2,937,340 | \$ 1,260,095 | \$ 30,908,206 | \$ 25,184,401 |
| Capital assets | 47,524,794 | 46,439,544 | 21,060,724 | 20,918,467 | 68,585,518 | 67,358,011 |
| Total assets | <u>75,495,660</u> | <u>70,363,850</u> | <u>23,998,064</u> | <u>22,178,562</u> | <u>99,493,724</u> | <u>92,542,412</u> |
| Liabilities | | | | | | |
| Other liabilities | 2,079,463 | 1,147,322 | 300,911 | 363,285 | 2,380,374 | 1,510,607 |
| Long-term liabilities outstanding | 25,372,537 | 22,951,033 | 5,029,422 | 4,008,319 | 30,401,959 | 26,959,352 |
| Total liabilities | <u>27,452,000</u> | <u>24,098,355</u> | <u>5,330,333</u> | <u>4,371,604</u> | <u>32,782,333</u> | <u>28,469,959</u> |
| Net Position | | | | | | |
| Invested in capital assets, net of related debt | 31,891,229 | 31,666,432 | 16,405,495 | 17,075,284 | 48,296,724 | 48,741,716 |
| Restricted | 8,684,347 | 8,250,360 | - | - | 8,684,347 | 8,250,360 |
| Unrestricted | 7,854,941 | 6,348,703 | 2,262,236 | 731,674 | 10,117,177 | 7,080,377 |
| Total net position | <u>\$ 48,430,517</u> | <u>\$ 46,265,495</u> | <u>\$ 18,667,731</u> | <u>\$ 17,806,958</u> | <u>\$ 67,098,248</u> | <u>\$ 64,072,453</u> |

A portion of the City of Hopkins net position represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$10,117,177) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Hopkins is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its governmental and business-type activities. The City’s net position increased by \$3,025,795 during the current fiscal year.

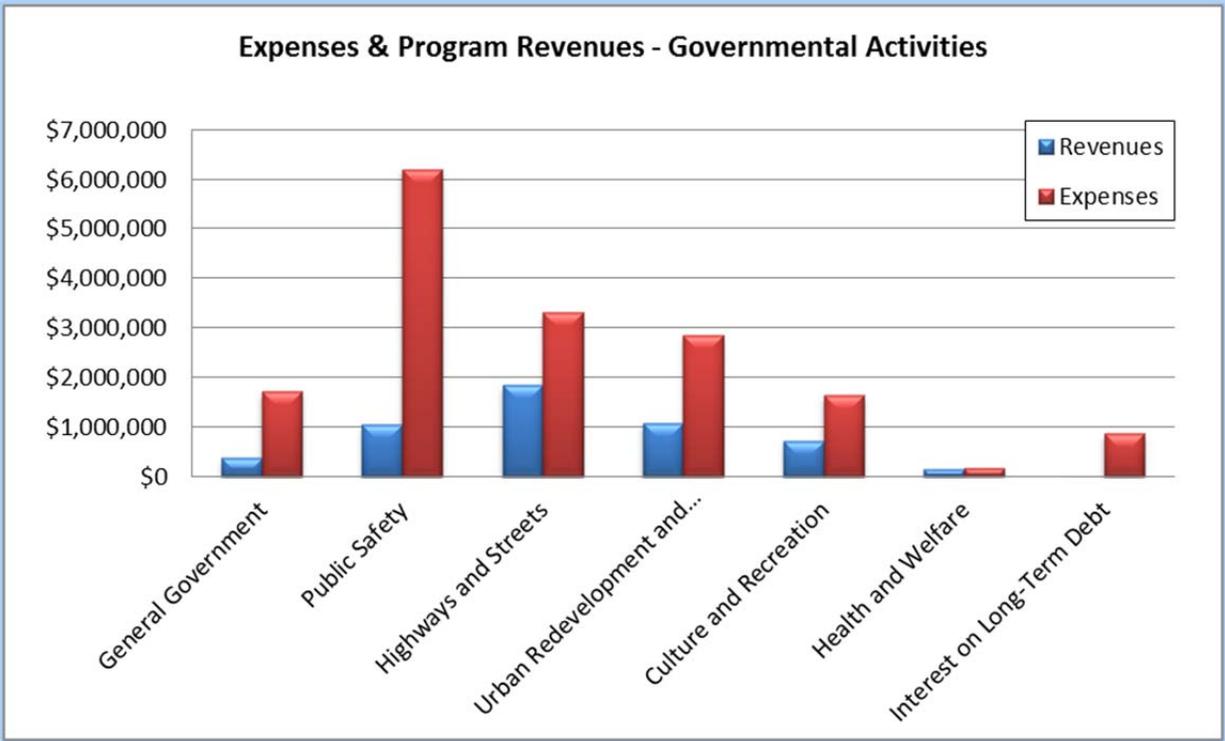
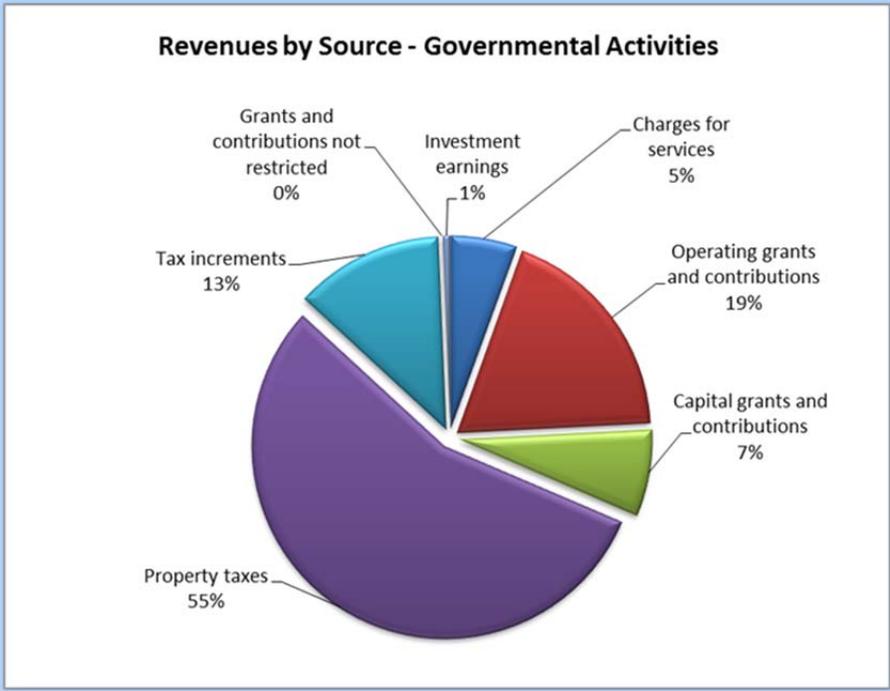
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Governmental and business-type activities. Governmental activities increased the City of Hopkins net position by \$2,165,022 and business-type activities increased net position by \$860,773. Key elements of the increases are as follows:

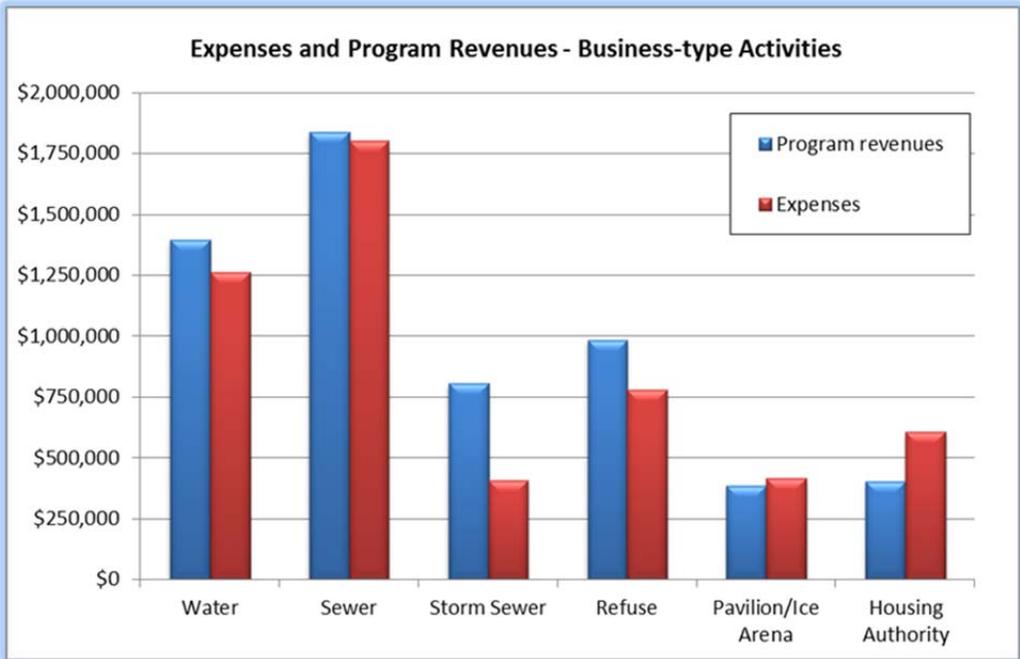
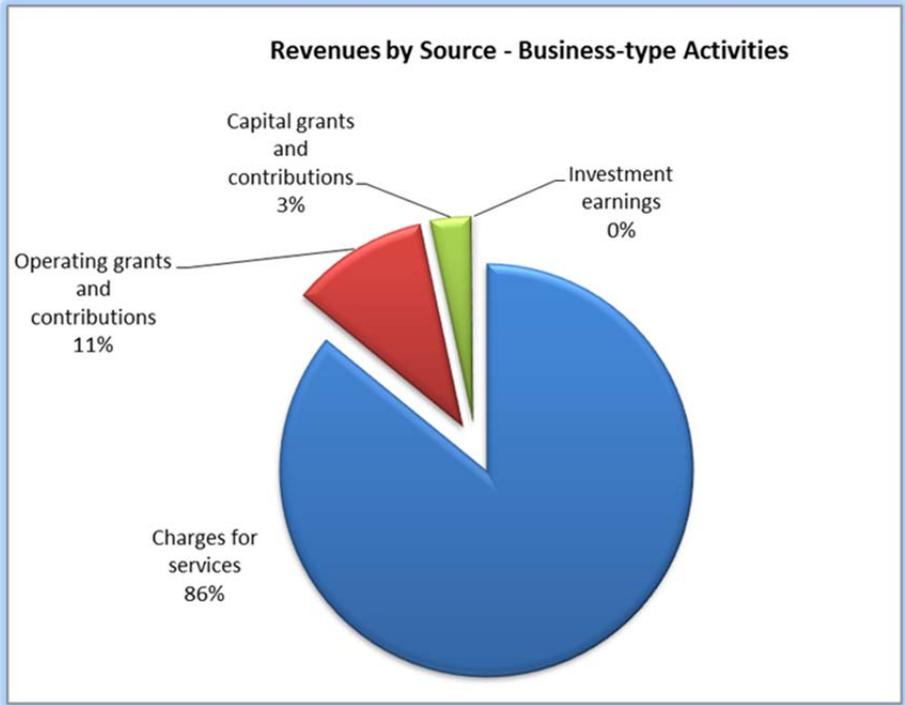
**City of Hopkins Changes in Net Position
For the Year Ended December 31**

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,021,021 | \$ 1,174,120 | \$ 5,572,013 | \$ 5,618,029 | \$ 6,593,034 | \$ 6,792,149 |
| Operating grants and contributions | 3,499,465 | 2,325,158 | 698,769 | 190,442 | 4,198,234 | 2,515,600 |
| Capital grants and contributions | 1,350,147 | 1,751,464 | 206,681 | 28,250 | 1,556,828 | 1,779,714 |
| General revenues: | | | | | | |
| Property taxes | 10,354,188 | 9,952,156 | - | - | 10,354,188 | 9,952,156 |
| Tax increments | 2,332,863 | 2,239,668 | - | - | 2,332,863 | 2,239,668 |
| Grants and contributions not restricted | 20,724 | 312,519 | - | - | 20,724 | 312,519 |
| Investment earnings | 106,304 | 108,956 | 9,800 | 8,319 | 116,104 | 117,275 |
| Gain on sale of capital assets | 38,427 | 42,343 | 8,000 | 26,879 | 46,427 | 69,222 |
| Total revenues | <u>18,723,139</u> | <u>17,906,384</u> | <u>6,495,263</u> | <u>5,871,919</u> | <u>25,218,402</u> | <u>23,778,303</u> |
| Expenses: | | | | | | |
| General government | 2,056,756 | 1,719,970 | - | - | 2,056,756 | 1,719,970 |
| Public safety | 6,382,270 | 6,213,995 | - | - | 6,382,270 | 6,213,995 |
| Health and welfare | 136,528 | 170,018 | - | - | 136,528 | 170,018 |
| Highways and streets | 3,226,807 | 3,332,067 | - | - | 3,226,807 | 3,332,067 |
| Urban redevelopment and housing | 2,362,030 | 2,859,900 | - | - | 2,362,030 | 2,859,900 |
| Culture and recreation | 1,726,812 | 1,644,834 | - | - | 1,726,812 | 1,644,834 |
| Interest on long-term debt | 811,914 | 871,902 | - | - | 811,914 | 871,902 |
| Water | - | - | 1,365,542 | 1,263,835 | 1,365,542 | 1,263,835 |
| Sewer | - | - | 1,816,058 | 1,800,126 | 1,816,058 | 1,800,126 |
| Storm sewer | - | - | 451,659 | 407,057 | 451,659 | 407,057 |
| Refuse | - | - | 862,286 | 778,044 | 862,286 | 778,044 |
| Pavilion/ice arena | - | - | 430,082 | 416,166 | 430,082 | 416,166 |
| Housing and redevelopment authority | - | - | 563,863 | 607,090 | 563,863 | 607,090 |
| Total expenses | <u>16,703,117</u> | <u>16,812,686</u> | <u>5,489,490</u> | <u>5,272,318</u> | <u>22,192,607</u> | <u>22,085,004</u> |
| Increase in net assets before transfers | 2,020,022 | 1,093,698 | 1,005,773 | 599,601 | 3,025,795 | 1,693,299 |
| Transfers | <u>145,000</u> | <u>145,000</u> | <u>(145,000)</u> | <u>(145,000)</u> | <u>-</u> | <u>-</u> |
| Increase in net position | 2,165,022 | 1,238,698 | 860,773 | 454,601 | 3,025,795 | 1,693,299 |
| Net position - January 1 | 46,265,495 | 45,026,797 | 17,806,958 | 17,352,357 | 64,072,453 | 62,379,154 |
| Net position - December 31 | <u>\$ 48,430,517</u> | <u>\$ 46,265,495</u> | <u>\$ 18,667,731</u> | <u>\$ 17,806,958</u> | <u>\$ 67,098,248</u> | <u>\$ 64,072,453</u> |

Governmental activities: Property taxes increased in 2012 as a result of debt service levies and increased operating costs. The City also received a number of program grants for specific programs in addition to state municipal aid for a major street improvement project. Net position increased primarily due to conservative spending, grants for public safety & development activities and increased fee and license revenue.



Business-type activities. Business-type activities had an increase in net position due to an ongoing effort to ensure that rates are adequate to fund all expenditures. A utility master plan was developed in 2007 with scheduled rate increases that are designed to cover operations, debt and capital needs over the next 15 years. As a result the utility funds are in a stronger financial position than they were a couple years ago.



Financial Analysis of the City's Funds

As noted earlier, the City of Hopkins uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Hopkins governmental funds reported combined ending fund balances of \$18,598,845, an increase of \$3,556,610 in comparison with the prior year. The key factor of the increase is the sale of bonds for projects that are not yet complete and development and public safety grants for specific programs.

Approximately 41% of fund balance or \$7,692,572 constitutes assigned and unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is non-spendable, restricted or committed to indicate that it is not available for new spending because it is either in a non-spendable form (inventory, prepaid expenses, rehabilitative loans, or property held for resale); restricted (debt service, tax increment projects) or has already been committed (for economic development, property purchases, parking, communication activities, and the Depot Coffee House operations).

The general fund is the chief operating fund of the City of Hopkins. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,488,876. This represents 86.4% of the general fund's total fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 42.8% of total general fund expenditures while total fund balance represents approximately 49.5% of that same amount.

The fund balance of the City of Hopkins general fund increased by \$161,932 during the current fiscal year. Revenues exceeded expenditures by \$171,932 before transfers. This increase was a result of conservative spending and an increase in public safety program grants for specific programs.

The Economic Development fund has a total fund balance of \$3,681,063 of which \$1,683,148 is non-spendable and \$1,997,915 is committed for economic development. The fund balance increased by \$816,797 primarily as a result of a \$400,000 development grant received for development activities.

The Tax Increment District 2-11 fund has a total fund balance of \$1,169,639 all of which is restricted for the tax increment district activities. The fund balance increased by \$354,842 as a result of higher than expected tax increment revenues and reduced developer expenditures.

The Arts Center fund has a total fund balance of (\$1,109,599) of which \$132 is non-spendable and (\$1,109,731) is unassigned. The fund balance deficit increased by \$41,710 as the Arts Center struggles to balance quality programming with ticket sales, decreased donations and related operating expenditures. Staff and the Friends of the Hopkins Center for the Arts, a non-profit associated with the Arts Center, continue working to identify significant donors and corporate sponsors to underwrite arts programming and decrease the deficit.

The 2009B Housing Improvement refunding bonds of 1999A bond fund has a total fund balance of \$286,570, all of which is restricted for the payment of debt service. The fund balance increased by \$33,674 as special assessment revenues exceeded current debt payment requirements.

The 2009B Housing Improvement refunding bonds of 1999B bond fund has a total fund balance of \$545,381, all of which is restricted for the payment of debt service. The fund balance increased by \$48,737 as special assessment revenues exceeded current debt payment requirements.

The Permanent Improvement Revolving fund has a total fund balance of \$2,389,702 which is assigned for construction projects. The fund balance increased by \$1,826,169 as a result of the 2012 bond sale for a street project that crossed years. Revenues in this fund are derived from special assessments and taxes.

Proprietary funds. The City of Hopkins proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water fund at the end of the year amounted to \$90,075. The unrestricted net position is used to pay for infrastructure improvements. The increase in net assets amounted to \$172,329 and is due to operating revenues exceeding operating expenses. A utility master plan was prepared in 2007 to address the funding shortage and prepare a rate structure that will sustain the water fund in addition to providing for future capital expenditures. The new rate structure which calls for modest annual increases in water rates was implemented in 2008 and along with conservative spending we are seeing the results of the study impacting the water funds financial status.

Unrestricted net assets of the Sewer fund at the end of the year amounted to \$406,989. The unrestricted net assets are used to pay for infrastructure improvements. The increase in net assets amounted to \$338,886 and is due to operating revenues exceeding operating expenses. A utility master plan was prepared in 2007 to address the funding shortage and prepare a rate structure that will sustain the sewer fund in addition to providing for future capital expenditures. The new rate structure which calls for modest annual increases in sewer rates was implemented in 2008 and along with conservative spending we are seeing the results of the study impacting the sewer funds financial status.

Unrestricted net assets of the Storm Sewer Utility fund at the end of the year amounted to \$745,417. The unrestricted net assets are used to pay for infrastructure improvements. The growth in net assets amounted to \$233,869 and is due to operating revenues exceeding operating costs.

Unrestricted net assets of the Pavilion/Ice Arena fund at the end of the year amounted to (\$82,430). The unrestricted net assets are used to pay for operating costs of the Pavilion. Net assets decreased by \$22,282; however the Pavilion continues to work towards eliminating this negative position. User rates have been adjusted and rentals for the facility are actively being sought to increase revenues during the non-ice season. Expenditures are closely monitored and energy saving features have been added to decrease energy costs.

General Fund Budgetary Highlights

The difference between the general fund original budget and the final amended budget resulted in departmental budget changes but did not increase the total expenditure budget. The reason for the inter-departmental amendments was a transfer between expenditure categories to match actual expenditures. The budget changes can be summarized as follows:

- Several departments had small budget modifications, however when departments were combined for reporting purposes the budget changes balanced out and no change was noted.

During the year revenues were over budgetary estimates by \$112,132 due to increases in license and permit revenue, fines, federal grants, recreation fees and donations. This was offset by a decrease in tax revenues, interest income and miscellaneous items.

Expenditures were under the budget by \$49,800 and was due conservative spending, reduced maintenance costs, energy conservation measures and the transfer of dispatch services to the County.

The net effect of these budget impacts was a net budgetary increase in fund balance of \$161,932 after transfers.

Capital Asset and Debt Administration

Capital assets. The City of Hopkins investment in capital assets for its governmental and business type activities as of December 31, 2012, amounts to \$68,585,518 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park facilities, roads, highways, bridges, distribution systems and construction in progress.

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

- Construction in progress additions totaled \$2,720,476 for infrastructure projects.
- A total of \$3,782,727 of assets was transferred from construction in progress to other improvements as infrastructure projects were completed and put into service.
- Vehicle and equipment purchases totaled \$729,688. Major purchases included public works equipment, public safety vehicles and equipment.
- Vehicle and equipment deletions totaled \$603,724. Deletions were a result of scheduled replacements of public works, public safety vehicles and equipment.

City of Hopkins Capital Assets
(net of depreciation)
December 31

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 5,805,711 | \$ 5,805,711 | \$ 228,463 | \$ 228,463 | \$ 6,034,174 | \$ 6,034,174 |
| Buildings | 14,837,699 | 15,070,635 | 3,643,644 | 3,773,624 | 18,481,343 | 18,844,259 |
| Infrastructure | - | - | 8,095,435 | 9,024,203 | 8,095,435 | 9,024,203 |
| Improvements | 21,985,176 | 20,078,683 | 7,934,815 | 6,268,860 | 29,919,991 | 26,347,543 |
| Vehicles | 1,616,141 | 1,769,872 | 383,623 | 444,919 | 1,999,764 | 2,214,791 |
| Equipment | 1,465,495 | 1,283,340 | 196,538 | 145,754 | 1,662,033 | 1,429,094 |
| Construction in progress | 1,814,572 | 2,431,303 | 578,206 | 1,032,644 | 2,392,778 | 3,463,947 |
| | <u>\$ 47,524,794</u> | <u>\$ 46,439,544</u> | <u>\$ 21,060,724</u> | <u>\$ 20,918,467</u> | <u>\$ 68,585,518</u> | <u>\$ 67,358,011</u> |

Additional information on the City of Hopkins capital assets can be found in note 5 on pages 65-66 of this report.

Long-term debt. At the end of the current fiscal year, the City of Hopkins had total bonded debt outstanding of \$28,955,000. Of this amount \$3,590,000 comprises tax increment redevelopment debt,

and \$17,410,000 comprises general obligation and special assessment debt, all of which is backed by the full faith and credit of the government. Another \$3,175,000 is special fees debt for which the government is liable in the event of default by the property owners subject to the fees. The remainder of the City of Hopkins debt, \$4,780,000, represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**City of Hopkins Outstanding Debt
General Obligation and Revenue Bonds
December 31**

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| HRA lease revenue bonds | \$ - | \$ 2,185,000 | \$ - | \$ - | \$ - | \$ 2,185,000 |
| G.O. Tax increment bonds | 3,590,000 | 3,790,000 | - | - | 3,590,000 | 3,790,000 |
| G.O. Housing fee bonds | 3,175,000 | 3,510,000 | - | - | 3,175,000 | 3,510,000 |
| G.O. Equipment certificates | 795,000 | - | - | - | 795,000 | - |
| G.O. Capital improvement bonds | 9,385,000 | 8,005,000 | - | - | 9,385,000 | 8,005,000 |
| G.O. Special assessment bonds | 7,230,000 | 4,385,000 | - | - | 7,230,000 | 4,385,000 |
| Revenue bonds | - | - | 4,780,000 | 3,805,000 | 4,780,000 | 3,805,000 |
| | <u>\$ 24,175,000</u> | <u>\$ 21,875,000</u> | <u>\$ 4,780,000</u> | <u>\$ 3,805,000</u> | <u>\$ 28,955,000</u> | <u>\$ 25,680,000</u> |

The City of Hopkins total bonded debt increased by \$3,275,000 or 12.7% during the current fiscal year. The increase is a result of two bond sales, the 2012A G.O. Capital Improvement Bonds that refinanced the 2003 HRA Lease Revenue Bonds and the 2012B G.O. Bonds that financed equipment and street improvements including water, sewer and storm sewer infrastructure.

General Obligation Bonds are backed by the full faith, credit and taxing power of the City, and are serviced by General and Tax Increment levies and also by fees assessed against benefited properties.

Revenue Bonds are backed by the full faith, credit and taxing power of the City, and are serviced by the Water and Storm Sewer Utility Funds current revenues.

City Special Assessment Bonds are backed by the full faith, credit and taxing power of the City, and repayment monies are generated by the collection of special assessments and general levies.

The City is subject to a statutory limit of bonded indebtedness equaling 3.0 percent of taxable market value. At December 31, 2012, the debt limit for the City is \$42,188,769. Of the total debt, \$10,180,000 of general obligation and revenue bonds is applicable to the limit. The legal debt margin is \$32,786,837.

The City of Hopkins was upgraded to a “AA” rating from Standard & Poor’s in December 2009 which was reaffirmed in 2012 and maintains an “A1” rating from Moody’s.

Additional information on the City of Hopkins long-term debt can be found in note 9 on pages 68-72 of this report.

Economic Factors and Next Year’s Budgets and Rates

A number of factors were taken into consideration when preparing the City of Hopkins 2013 budget. Utility charges were reviewed and as a result of the utility master plan, rates for the water and sewer will be increased by modest amounts annually at least through 2017. The tax capacity rate increased

as a result of economic conditions. Property values continue to remain flat and this was taken into consideration when determining estimated tax revenues. Also taken into consideration is that the City's population would remain constant. In addition during late 2012 the City transferred its dispatch operation to the County which will result in an annual savings of approximately \$300,000. This savings was offset by negotiated union settlements for 2013. As a result of these factors the City prepared a budget for 2013 that included a modest increase of 0.23% in expenditures.

During the current fiscal year, unassigned fund balance in the general fund increased to \$4,488,876 or 43% of general fund expenditures. The Office of the State Auditor recommends unassigned fund balances no less than five months of operating expenditures. The City is meeting the recommendation for the general fund. The unassigned fund balance is used to pay for the City's general fund obligations until it receives its property tax levy revenues in June.

Requests for Information

This financial report is designed to provide a general overview of the City of Hopkins finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Hopkins, 1010 First Street South, Hopkins, MN 55343.

BASIC FINANCIAL STATEMENTS

City of Hopkins

Statement of Net Position
December 31, 2012

| | Primary Government | | Total |
|--|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | |
| Assets | | | |
| Cash and cash equivalents | \$ 19,611,804 | \$ 2,440,931 | \$ 22,052,735 |
| Taxes receivable | 219,805 | - | 219,805 |
| Special assessments receivable | 5,176,148 | - | 5,176,148 |
| Accounts receivable | 292,623 | 445,536 | 738,159 |
| Intergovernmental receivable | 180,910 | 6,076 | 186,986 |
| Interest receivable | 28,552 | 3,455 | 32,007 |
| Internal balances | 56,356 | (56,356) | - |
| Inventories | 104,059 | 30,752 | 134,811 |
| Prepaid items | 93,536 | 16,925 | 110,461 |
| Cash and cash equivalents | 1,503,975 | - | 1,503,975 |
| Long-term receivables | 6,000 | 50,021 | 56,021 |
| Land held for resale | 697,098 | - | 697,098 |
| Capital assets, non depreciable | 7,620,283 | 806,669 | 8,426,952 |
| Capital assets, net of depreciation | 39,904,511 | 20,254,055 | 60,158,566 |
| Total Assets | 75,495,660 | 23,998,064 | 99,493,724 |
| Deferred Outflows of Resources | | | |
| Deferred charge on refunding | 386,857 | - | 386,857 |
| Total Deferred Outflows of Resources | 386,857 | - | 386,857 |
| Liabilities | | | |
| Accounts payable | 1,341,860 | 171,836 | 1,513,696 |
| Salaries payable | 352,816 | 51,883 | 404,699 |
| Due to other governments | 5,085 | 22,173 | 27,258 |
| Accrued interest payable | 318,384 | 49,323 | 367,707 |
| Unearned revenue | 61,318 | 5,696 | 67,014 |
| Non current liabilities: | | | |
| Compensated absences due within one year | 721,147 | 108,079 | 829,226 |
| Compensated absences due in more than one year | 77,907 | 57,107 | 135,014 |
| Net OPEB liability | 167,802 | 31,276 | 199,078 |
| Capital lease due within one year | 41,093 | - | 41,093 |
| Capital lease due in more than one year | 237,990 | - | 237,990 |
| Bonds due within one year | 3,265,000 | 535,000 | 3,800,000 |
| Bonds due in more than one year | 20,861,598 | 4,297,960 | 25,159,558 |
| Total Liabilities | 27,452,000 | 5,330,333 | 32,782,333 |
| Net Position | | | |
| Net investment in capital assets | 31,891,229 | 16,405,495 | 48,296,724 |
| Restricted for: | | | |
| Economic development | 2,057,928 | - | 2,057,928 |
| Park improvements | 83,232 | - | 83,232 |
| Debt service | 6,543,187 | - | 6,543,187 |
| Unrestricted | 7,854,941 | 2,262,236 | 10,117,177 |
| Total Net Position | \$ 48,430,517 | \$ 18,667,731 | \$ 67,098,248 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Activities
For the Year Ended December 31, 2012

| Functions/Programs | Program Revenues | | | | Net Revenues (Expenses) and Changes in Net Position | | |
|---------------------------------------|------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities: | | | | | | | |
| General Government | \$ 2,056,756 | \$ 40,360 | \$ 650,845 | \$ 578,463 | \$ (787,088) | \$ - | \$ (787,088) |
| Public Safety | 6,382,270 | 159,642 | 1,034,176 | - | (5,188,452) | - | (5,188,452) |
| Health and Welfare | 136,528 | 55,331 | 108,208 | - | 27,011 | - | 27,011 |
| Highways and Streets | 3,226,807 | 78,226 | 594,335 | 771,684 | (1,782,562) | - | (1,782,562) |
| Urban Redevelopment and Housing | 2,362,030 | 3,444 | 866,695 | - | (1,491,891) | - | (1,491,891) |
| Culture and Recreation | 1,726,812 | 684,018 | 245,206 | - | (797,588) | - | (797,588) |
| Interest on long-term debt | 811,914 | - | - | - | (811,914) | - | (811,914) |
| Total Governmental activities | 16,703,117 | 1,021,021 | 3,499,465 | 1,350,147 | (10,832,484) | - | (10,832,484) |
| Business-Type Activities: | | | | | | | |
| Water | 1,365,542 | 1,534,071 | 150 | - | - | 168,679 | 168,679 |
| Sewer | 1,816,058 | 2,015,166 | 134,789 | - | - | 333,897 | 333,897 |
| Storm Sewer | 451,659 | 801,345 | - | - | - | 349,686 | 349,686 |
| Refuse | 862,286 | 894,534 | 30,548 | - | - | 62,796 | 62,796 |
| Pavilion/Ice Arena | 430,082 | 70,976 | 335,791 | - | - | (23,315) | (23,315) |
| Housing and Redevelopment Authority | 563,863 | 255,921 | 197,491 | 206,681 | - | 96,230 | 96,230 |
| Total Business-type activities | 5,489,490 | 5,572,013 | 698,769 | 206,681 | - | 987,973 | 987,973 |
| Total Government | \$ 22,192,607 | \$ 6,593,034 | \$ 4,198,234 | \$ 1,556,828 | (10,832,484) | 987,973 | (9,844,511) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 10,354,188 | - | 10,354,188 |
| Tax increments | | | | | 2,332,863 | - | 2,332,863 |
| Grants & contributions not restricted | | | | | 20,724 | - | 20,724 |
| Unrestricted investment earnings | | | | | 106,304 | 9,800 | 116,104 |
| Gain on disposal of capital assets | | | | | 38,427 | 8,000 | 46,427 |
| Transfers | | | | | 145,000 | (145,000) | - |
| Total general revenues | | | | | 12,997,506 | (127,200) | 12,870,306 |
| Change in net position | | | | | 2,165,022 | 860,773 | 3,025,795 |
| Net position - January 1 | | | | | 46,265,495 | 17,806,958 | 64,072,453 |
| Net position - December 31 | | | | | \$ 48,430,517 | \$ 18,667,731 | \$ 67,098,248 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Balance Sheet
Governmental Funds
December 31, 2012

| | General Fund | Economic Development | Tax Increment District 2-11 | Arts Center | Housing Improvement Bonds of 1999A Refunding Bonds of 2009B |
|--|---------------------|----------------------|-----------------------------|--------------------|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 3,983,900 | \$ 2,019,213 | \$ 2,087,231 | \$ 100 | \$ 284,081 |
| Taxes receivable | 187,043 | 3,356 | - | - | - |
| Special assessments receivable | - | - | - | - | 1,025,197 |
| Accounts receivable | 117,348 | 98 | - | 31,228 | - |
| Rehabilitation loans receivable | - | - | - | - | - |
| Due from other governments | 146,219 | - | - | - | - |
| Interest receivable | 7,361 | 2,784 | 3,016 | - | 393 |
| Due from other funds | 1,214,784 | 986,050 | - | - | - |
| Inventories | 104,059 | - | - | - | - |
| Prepaid items | 92,441 | - | - | 132 | - |
| Long-term receivable | - | - | - | - | - |
| Cash - temporarily restricted | - | - | - | - | - |
| Property held for resale | - | 697,098 | - | - | - |
| Total Assets | \$ 5,853,155 | \$ 3,708,599 | \$ 2,090,247 | \$ 31,460 | \$ 1,309,671 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 195,237 | \$ 11,509 | \$ 920,608 | \$ 21,342 | \$ 246 |
| Salaries payable | 322,519 | 6,033 | - | 11,986 | - |
| Accrued interest payable | - | - | - | - | - |
| Due to other funds | - | - | - | 1,083,184 | - |
| Due to other governments | 4,061 | - | - | 134 | - |
| Deferred revenue | 4,093 | 7,856 | - | 24,413 | - |
| Total Liabilities | 525,910 | 25,398 | 920,608 | 1,141,059 | 246 |
| Deferred Inflows of Resources | | | | | |
| Taxes and special assessments | 133,102 | 2,138 | - | - | 1,022,855 |
| Total Deferred Inflows of Resources | 133,102 | 2,138 | - | - | 1,022,855 |
| Fund balances: | | | | | |
| Non-spendable | 196,500 | 1,683,148 | - | 132 | - |
| Restricted | - | - | 1,169,639 | - | 286,570 |
| Committed | - | 1,997,915 | - | - | - |
| Assigned | 508,767 | - | - | - | - |
| Unassigned | 4,488,876 | - | - | (1,109,731) | - |
| Total Fund Balances | 5,194,143 | 3,681,063 | 1,169,639 | (1,109,599) | 286,570 |
| Total Liabilities and Fund Balances | \$ 5,853,155 | \$ 3,708,599 | \$ 2,090,247 | \$ 31,460 | \$ 1,309,671 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Balance Sheet
Governmental Funds
December 31, 2012

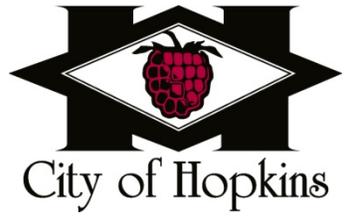
| | Housing Improvement Bonds of 1999B Refunding Bonds of 2009B | Permanent Improvement Revolving Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---|--|-----------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 539,154 | \$ 2,534,549 | \$ 5,886,245 | \$ 17,334,473 |
| Taxes receivable | - | - | 29,406 | 219,805 |
| Special assessments receivable | 1,813,297 | 1,450,072 | 887,582 | 5,176,148 |
| Accounts receivable | - | 264 | 115,587 | 264,525 |
| Rehabilitation loans receivable | - | - | 28,098 | 28,098 |
| Due from other governments | - | - | 34,691 | 180,910 |
| Interest receivable | 760 | 2,750 | 8,320 | 25,384 |
| Due from other funds | - | - | - | 2,200,834 |
| Inventories | - | - | - | 104,059 |
| Prepaid items | - | - | 963 | 93,536 |
| Long-term receivable | - | - | 6,000 | 6,000 |
| Cash - temporarily restricted | - | - | 1,503,975 | 1,503,975 |
| Property held for resale | - | - | - | 697,098 |
| Total Assets | \$ 2,353,211 | \$ 3,987,635 | \$ 8,500,867 | \$ 27,834,845 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 483 | \$ 159,515 | \$ 20,015 | \$ 1,328,955 |
| Salaries payable | - | - | 12,278 | 352,816 |
| Accrued interest payable | - | - | 526 | 526 |
| Due to other funds | - | - | 1,083,114 | 2,166,298 |
| Due to other governments | - | - | 890 | 5,085 |
| Deferred revenue | - | - | 36,905 | 73,267 |
| Total Liabilities | 483 | 159,515 | 1,153,728 | 3,926,947 |
| Deferred Inflows of Resources | | | | |
| Taxes and special assessments | 1,807,347 | 1,438,418 | 905,193 | 5,309,053 |
| Total Deferred Inflows of Resources | 1,807,347 | 1,438,418 | 905,193 | 5,309,053 |
| Fund balances: | | | | |
| Non-spendable | - | - | 35,061 | 1,914,841 |
| Restricted | 545,381 | - | 4,310,453 | 6,312,043 |
| Committed | - | - | 681,474 | 2,679,389 |
| Assigned | - | 2,389,702 | 2,396,015 | 5,294,484 |
| Unassigned | - | - | (981,057) | 2,398,088 |
| Total Fund Balances | 545,381 | 2,389,702 | 6,441,946 | 18,598,845 |
| Total Liabilities and Fund Balances | \$ 2,353,211 | \$ 3,987,635 | \$ 8,500,867 | \$ 27,834,845 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
December 31, 2012

| | |
|---|----------------------|
| Fund balances of governmental funds | \$ 18,598,845 |
| Amounts reported for <i>governmental activities</i> in the statement of net position are different because: | |
| Capital Assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds. | |
| Capital assets | 66,105,260 |
| Less accumulated depreciation | (21,358,163) |
| Other long-term assets not available to pay current period expenditures and, therefore, are deferred in the governmental funds. | |
| | 5,321,002 |
| Internal service funds are used by the City to charge the costs of certain activities, such as replacement of City vehicles and equipment. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position. | |
| | 3,986,420 |
| Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds. | |
| Long-term liabilities | (24,609,704) |
| Less deferred charges | 386,857 |
| Net assets of governmental activities | <u>\$ 48,430,517</u> |



City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2012

| | General Fund | Economic Development | Tax Increment District 2-11 | Arts Center | Housing Improvement Bonds of 1999A Refunding Bonds of 2009B |
|--|-------------------|-------------------------|--------------------------------|-----------------|--|
| Revenues | | | | | |
| Property taxes | \$ 8,721,264 | \$ 264,352 | \$ - | \$ - | \$ - |
| Tax increments | - | - | 2,132,273 | - | - |
| Special assessments | - | - | - | - | 152,210 |
| Intergovernmental | 570,370 | 424,264 | - | 2,222 | - |
| Fees, licenses and permits | 476,296 | - | - | - | - |
| Charges for services | 302,432 | - | - | 334,653 | - |
| Fines | 231,110 | - | - | - | - |
| Investment earnings | 11,149 | 29,257 | 7,663 | - | 873 |
| Other miscellaneous revenues | 356,036 | 421,275 | - | 239,041 | - |
| Total Revenues | 10,668,657 | 1,139,148 | 2,139,936 | 575,916 | 153,083 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 1,665,732 | - | - | - | 668 |
| Public safety | 5,988,798 | - | - | - | - |
| Health and welfare | 136,169 | - | - | - | - |
| Highways and streets | 2,090,562 | - | - | - | - |
| Urban redevelopment and housing | 83,705 | 261,351 | 1,572,779 | - | - |
| Culture and recreation | 524,872 | - | - | 765,546 | - |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | 85,000 |
| Interest and fiscal fees | - | - | - | - | 33,741 |
| Capital Outlay | 6,887 | - | - | - | - |
| Total Expenditures | 10,496,725 | 261,351 | 1,572,779 | 765,546 | 119,409 |
| Excess (deficiency) of revenues over expenditures | 171,932 | 877,797 | 567,157 | (189,630) | 33,674 |
| Other financing sources (uses) | | | | | |
| Improvement bonds issued | - | - | - | - | - |
| Discount on improvement bonds | - | - | - | - | - |
| Premium on improvement bonds | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - |
| Transfer in | - | - | - | 147,920 | - |
| Transfer out | (10,000) | (61,000) | (212,315) | - | - |
| Total Other Financing Sources (Uses) | (10,000) | (61,000) | (212,315) | 147,920 | - |
| Net change in fund balances | 161,932 | 816,797 | 354,842 | (41,710) | 33,674 |
| Fund Balance (Deficit) - January 1 | 5,032,211 | 2,864,266 | 814,797 | (1,067,889) | 252,896 |
| Fund Balance (Deficit) - December 31 | \$ 5,194,143 | \$ 3,681,063 | \$ 1,169,639 | \$ (1,109,599) | \$ 286,570 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2012

| | Housing Improvement Bonds of 1999B Refunding Bonds of 2009B | Permanent Improvement Revolving Fund | Non-major Governmental Funds | Total Governmental Funds |
|---|---|---|------------------------------------|--------------------------------|
| Revenues | | | | |
| Property taxes | \$ - | \$ 5,919 | \$ 1,412,410 | \$ 10,403,945 |
| Tax increments | - | - | 200,590 | 2,332,863 |
| Special assessments | 252,793 | 729,486 | 173,460 | 1,307,949 |
| Intergovernmental | - | - | 552,608 | 1,549,464 |
| Fees, licenses and permits | - | - | - | 476,296 |
| Charges for services | - | - | 150,639 | 787,724 |
| Fines | - | - | 22,420 | 253,530 |
| Investment earnings | 1,841 | 1,412 | 42,040 | 94,235 |
| Other miscellaneous revenues | - | - | 864,995 | 1,881,347 |
| Total Revenues | 254,634 | 736,817 | 3,419,162 | 19,087,353 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 891 | - | 211,811 | 1,879,102 |
| Public safety | - | - | 155,408 | 6,144,206 |
| Health and welfare | - | - | - | 136,169 |
| Highways and streets | - | 26,155 | 45,772 | 2,162,489 |
| Urban redevelopment and housing | - | - | 430,859 | 2,348,694 |
| Culture and recreation | - | - | 282,540 | 1,572,958 |
| Debt service: | | | | |
| Principal retirement | 145,000 | - | 1,405,000 | 1,635,000 |
| Interest and fiscal fees | 60,006 | - | 725,491 | 819,238 |
| Capital Outlay | - | 1,895,355 | 607,455 | 2,509,697 |
| Total Expenditures | 205,897 | 1,921,510 | 3,864,336 | 19,207,553 |
| Excess (deficiency) of revenues over expenditures | 48,737 | (1,184,693) | (445,174) | (120,200) |
| Other financing sources (uses) | | | | |
| Improvement bonds issued | - | - | 5,985,000 | 5,985,000 |
| Discount on improvement bonds | - | - | (12,830) | (12,830) |
| Premium on improvement bonds | - | - | 65,705 | 65,705 |
| Payment to refunded bond escrow agent | - | - | (2,159,791) | (2,159,791) |
| Transfer in | - | 3,297,573 | 1,342,686 | 4,788,179 |
| Transfer out | - | (286,711) | (4,419,427) | (4,989,453) |
| Total Other Financing Sources (Uses) | - | 3,010,862 | 801,343 | 3,676,810 |
| Net change in fund balances | 48,737 | 1,826,169 | 356,169 | 3,556,610 |
| Fund Balance (Deficit) - January 1 | 496,644 | 563,533 | 6,085,777 | 15,042,235 |
| Fund Balance (Deficit) - December 31 | \$ 545,381 | \$ 2,389,702 | \$ 6,441,946 | \$ 18,598,845 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities

For the Year Ended December 31, 2012

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

| | |
|---|---------------------|
| Net change in fund balances total governmental funds | \$ 3,556,610 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 1,050,645 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is a decrease to net position. | (9,407) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds | (414,710) |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt related items. | (2,366,315) |
| External revenues and expenditures of the internal service funds reported in the statement of activities are not reported as revenues and expenditures in governmental funds. | 348,199 |
| Change in net position of governmental activities | <u>\$ 2,165,022</u> |

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 General Fund
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|---|---------------------|-----------------------------|---------------------|---|
| Revenues | | | | |
| Property taxes | \$ 8,889,091 | \$ 8,889,091 | \$ 8,721,264 | \$ (167,827) |
| Intergovernmental | 512,370 | 512,370 | 570,370 | 58,000 |
| Fees, licenses and permits | 360,115 | 360,115 | 476,296 | 116,181 |
| Charges for services | 245,150 | 245,150 | 302,432 | 57,282 |
| Fines | 125,500 | 125,500 | 231,110 | 105,610 |
| Investment earnings | 25,000 | 25,000 | 11,149 | (13,851) |
| Other miscellaneous revenues | 399,299 | 399,299 | 356,036 | (43,263) |
| Total Revenues | 10,556,525 | 10,556,525 | 10,668,657 | 112,132 |
| Expenditures | | | | |
| General government | 1,734,362 | 1,728,832 | 1,665,732 | 63,100 |
| Public safety | 5,858,103 | 5,858,633 | 5,988,798 | (130,165) |
| Health and welfare | 140,520 | 140,520 | 136,169 | 4,351 |
| Highways and streets | 2,168,677 | 2,168,677 | 2,090,562 | 78,115 |
| Urban redevelopment and housing | 85,999 | 85,999 | 83,705 | 2,294 |
| Culture and recreation | 528,864 | 533,864 | 524,872 | 8,992 |
| Capital Outlay | 30,000 | 30,000 | 6,887 | 23,113 |
| Total Expenditures | 10,546,525 | 10,546,525 | 10,496,725 | 49,800 |
| Excess (deficiency) of revenues over expenditures | 10,000 | 10,000 | 171,932 | 161,932 |
| Other Financing Sources (Uses): | | | | |
| Transfer out | (10,000) | (10,000) | (10,000) | - |
| Total Other Financing Sources (Uses) | (10,000) | (10,000) | (10,000) | - |
| Net change in fund balance | - | - | 161,932 | 161,932 |
| Fund balance - January 1 | 5,032,211 | 5,032,211 | 5,032,211 | - |
| Fund balance - December 31 | \$ 5,032,211 | \$ 5,032,211 | \$ 5,194,143 | \$ 161,932 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Major Special Revenue Funds
 Economic Development
 Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|---------------------------------|----------------------------|-----------------------------|----------------------------|---|
| Revenues: | | | | |
| Property taxes | \$ 175,000 | \$ 175,000 | \$ 264,352 | \$ 89,352 |
| Intergovernmental | - | - | 424,264 | 424,264 |
| Investment earnings | 1,500 | 1,500 | 29,257 | 27,757 |
| Other miscellaneous revenues | 12,000 | 12,000 | 421,275 | 409,275 |
| | | | | |
| Total Revenues | <u>188,500</u> | <u>188,500</u> | <u>1,139,148</u> | <u>950,648</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Urban redevelopment and housing | <u>207,553</u> | <u>207,553</u> | <u>261,351</u> | <u>(53,798)</u> |
| | | | | |
| Total Expenditures | <u>207,553</u> | <u>207,553</u> | <u>261,351</u> | <u>(53,798)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfer out | <u>(61,000)</u> | <u>(61,000)</u> | <u>(61,000)</u> | <u>-</u> |
| | | | | |
| Net change in fund balance | <u>(80,053)</u> | <u>(80,053)</u> | <u>816,797</u> | <u>896,850</u> |
| | | | | |
| Fund balance - January 1 | <u>2,864,266</u> | <u>2,864,266</u> | <u>2,864,266</u> | <u>-</u> |
| | | | | |
| Fund balance - December 31 | <u><u>\$ 2,784,213</u></u> | <u><u>\$ 2,784,213</u></u> | <u><u>\$ 3,681,063</u></u> | <u><u>\$ 896,850</u></u> |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Major Special Revenue Funds
 Tax Increment District 2-11
 Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|---------------------------------|--------------------|-----------------------------|---------------------|---|
| Revenues: | | | | |
| Tax increments | \$ 2,030,000 | \$ 2,030,000 | \$ 2,132,273 | \$ 102,273 |
| Investment earnings | 3,000 | 3,000 | 7,663 | 4,663 |
| | | | | |
| Total Revenues | <u>2,033,000</u> | <u>2,033,000</u> | <u>2,139,936</u> | <u>106,936</u> |
| | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Urban redevelopment and housing | <u>1,749,708</u> | <u>1,749,708</u> | <u>1,572,779</u> | <u>176,929</u> |
| | | | | |
| Total Expenditures | <u>1,749,708</u> | <u>1,749,708</u> | <u>1,572,779</u> | <u>176,929</u> |
| | | | | |
| Other Financing Sources (Uses) | | | | |
| Transfer out | <u>(188,000)</u> | <u>(188,000)</u> | <u>(212,315)</u> | <u>(24,315)</u> |
| | | | | |
| Net change in fund balance | <u>95,292</u> | <u>95,292</u> | <u>354,842</u> | <u>259,550</u> |
| | | | | |
| Fund balance - January 1 | <u>814,797</u> | <u>814,797</u> | <u>814,797</u> | <u>-</u> |
| | | | | |
| Fund balance - December 31 | <u>\$ 910,089</u> | <u>\$ 910,089</u> | <u>\$ 1,169,639</u> | <u>\$ 259,550</u> |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Major Special Revenue Funds
 Arts Center
 Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|--------------------------------------|-----------------------|-----------------------------|-----------------------|---|
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ - | \$ 2,222 | \$ 2,222 |
| Charges for services | 353,153 | 353,153 | 334,653 | (18,500) |
| Other miscellaneous revenues | 280,174 | 280,174 | 239,041 | (41,133) |
| | | | | |
| Total Revenues | 633,327 | 633,327 | 575,916 | (57,411) |
| | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 779,452 | 779,452 | 765,546 | 13,906 |
| | | | | |
| Total Expenditures | 779,452 | 779,452 | 765,546 | 13,906 |
| | | | | |
| Other Financing Sources (Uses) | | | | |
| Transfer in | 147,920 | 147,920 | 147,920 | - |
| | | | | |
| Net change in fund balance | 1,795 | 1,795 | (41,710) | (43,505) |
| | | | | |
| Fund Balance (Deficit) - January 1 | (1,067,889) | (1,067,889) | (1,067,889) | - |
| | | | | |
| Fund Balance (Deficit) - December 31 | <u>\$ (1,066,094)</u> | <u>\$ (1,066,094)</u> | <u>\$ (1,109,599)</u> | <u>\$ (43,505)</u> |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Net Position
Proprietary Funds
December 31, 2012

Business-Type Activities-Enterprise Funds

| | Water Utility | Sewer Utility | Storm Sewer Utility | Pavilion/ Ice Arena | Nonmajor Proprietary Funds | Totals | Governmental Activities Internal Service Funds |
|---------------------------------|------------------|------------------|------------------------|------------------------|----------------------------------|--------------|---|
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and investments | \$ 118,303 | \$ 303,973 | \$ 778,896 | \$ 37,506 | \$ 1,202,253 | \$ 2,440,931 | \$ 2,277,331 |
| Accounts receivable | 119,408 | 192,087 | 9,194 | 83,205 | 41,642 | 445,536 | - |
| Accrued interest receivable | 516 | 618 | 1,385 | - | 936 | 3,455 | 3,168 |
| Due from other governments | - | - | - | - | 6,076 | 6,076 | - |
| Advances to other funds | - | - | - | - | - | - | 21,820 |
| Loan receivable | - | - | - | 50,021 | - | 50,021 | - |
| Inventory | 13,203 | 12,579 | 1,103 | - | 3,867 | 30,752 | - |
| Prepaid expenses | - | - | - | 292 | 16,633 | 16,925 | - |
| Total current assets | 251,430 | 509,257 | 790,578 | 171,024 | 1,271,407 | 2,993,696 | 2,302,319 |
| Noncurrent assets | | | | | | | |
| Capital Assets, non depreciable | | | | | | | |
| Land | 16,447 | 5,150 | 26,800 | - | 180,066 | 228,463 | - |
| Construction in progress | 241,035 | 127,956 | 200,965 | - | 8,250 | 578,206 | - |
| Capital Assets, depreciable | | | | | | | |
| Building and structures | 44,486 | - | - | 3,283,581 | 4,485,823 | 7,813,890 | - |
| Distribution system | 10,774,799 | 7,305,416 | 10,286,767 | 128,242 | 2,584 | 28,497,808 | - |
| Machinery and equipment | 442,847 | 345,905 | 11,264 | 81,935 | 713,372 | 1,595,323 | 6,760,671 |
| Less accumulated depreciation | (5,769,269) | (3,918,020) | (3,316,004) | (1,259,829) | (3,389,844) | (17,652,966) | (3,982,974) |
| Total noncurrent assets | 5,750,345 | 3,866,407 | 7,209,792 | 2,233,929 | 2,000,251 | 21,060,724 | 2,777,697 |
| Total Assets | 6,001,775 | 4,375,664 | 8,000,370 | 2,404,953 | 3,271,658 | 24,054,420 | 5,080,016 |
| Liabilities | | | | | | | |
| Current liabilities: | | | | | | | |
| Accounts payable | \$ 44,994 | \$ 14,032 | \$ 23,434 | \$ 24,331 | \$ 65,045 | \$ 171,836 | \$ 12,905 |
| Salaries payable | 15,203 | 6,391 | 1,758 | 8,882 | 19,649 | 51,883 | - |
| Due to other funds | - | - | - | - | 34,536 | 34,536 | - |
| Due to other governments | 1,271 | 14,734 | - | 396 | 5,772 | 22,173 | - |
| Compensated absences | 33,777 | 17,739 | 5,845 | 17,010 | 33,708 | 108,079 | 721,147 |
| Unearned revenue | 3,528 | - | - | 2,168 | - | 5,696 | - |
| Accrued interest payable | 21,127 | 14,424 | 12,656 | 1,116 | - | 49,323 | 2,554 |
| Capital lease - current | - | - | - | - | - | - | 20,299 |
| Revenue bonds - current | 260,000 | 70,000 | 205,000 | - | - | 535,000 | - |
| Total current liabilities | 379,900 | 137,320 | 248,693 | 53,903 | 158,710 | 978,526 | 756,905 |

City of Hopkins

Statement of Net Position
Proprietary Funds
December 31, 2012

Business-Type Activities-Enterprise Funds

| | Water Utility | Sewer Utility | Storm Sewer Utility | Pavilion/ Ice Arena | Nonmajor Proprietary Funds | Totals | Governmental Activities Internal Service Funds |
|--|------------------|------------------|------------------------|------------------------|----------------------------------|---------------|---|
| Noncurrent liabilities: | | | | | | | |
| Compensated absences | 31,073 | 24,566 | 1,468 | - | - | 57,107 | 77,907 |
| Net OPEB liability | 10,382 | 10,382 | - | - | 10,512 | 31,276 | - |
| Advance from other funds | - | - | - | 21,820 | - | 21,820 | - |
| Capital lease payable | - | - | - | - | - | - | 258,784 |
| Revenue bonds payable (net of unamortized discounts and premium) | 1,794,669 | 1,021,523 | 1,304,037 | 177,731 | - | 4,297,960 | - |
| Total noncurrent liabilities | 1,836,124 | 1,056,471 | 1,305,505 | 199,551 | 10,512 | 4,408,163 | 336,691 |
| Total Liabilities | 2,216,024 | 1,193,791 | 1,554,198 | 253,454 | 169,222 | 5,386,689 | 1,093,596 |
| Net Position | | | | | | | |
| Net investment in capital assets | 3,695,676 | 2,774,884 | 5,700,755 | 2,233,929 | 2,000,251 | 16,405,495 | 2,498,614 |
| Unrestricted | 90,075 | 406,989 | 745,417 | (82,430) | 1,102,185 | 2,262,236 | 1,487,806 |
| Total Net Position | \$ 3,785,751 | \$ 3,181,873 | \$ 6,446,172 | \$ 2,151,499 | \$ 3,102,436 | \$ 18,667,731 | \$ 3,986,420 |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended December 31, 2012

Business-Type Activities-Enterprise Funds

| | Water Utility | Sewer Utility | Storm Sewer Utility | Pavilion/ Ice Arena | Nonmajor Proprietary Funds | Total | Governmental Activities Internal Service Funds |
|--|---------------------|---------------------|------------------------|------------------------|-------------------------------|----------------------|---|
| Operating revenues | | | | | | | |
| Charges for services | \$ 1,519,658 | \$ 2,131,881 | \$ 795,755 | \$ 398,774 | \$ 1,134,999 | \$ 5,981,067 | \$ 436,614 |
| Other | 14,563 | 18,074 | 5,590 | 7,993 | 28,209 | 74,429 | - |
| Total operating revenues | <u>1,534,221</u> | <u>2,149,955</u> | <u>801,345</u> | <u>406,767</u> | <u>1,163,208</u> | <u>6,055,496</u> | <u>436,614</u> |
| Operating expenses | | | | | | | |
| Cost of sales and services | 865,811 | 1,459,026 | 116,524 | 343,506 | 749,770 | 3,534,637 | 34,929 |
| Administration | 214,263 | 148,874 | 77,247 | 14,010 | 465,835 | 920,229 | 12,941 |
| Depreciation | 223,867 | 164,931 | 215,432 | 69,390 | 210,544 | 884,164 | 432,022 |
| Total operating expenses | <u>1,303,941</u> | <u>1,772,831</u> | <u>409,203</u> | <u>426,906</u> | <u>1,426,149</u> | <u>5,339,030</u> | <u>479,892</u> |
| Operating income (loss) | <u>230,280</u> | <u>377,124</u> | <u>392,142</u> | <u>(20,139)</u> | <u>(262,941)</u> | <u>716,466</u> | <u>(43,278)</u> |
| Nonoperating revenues (expenses) | | | | | | | |
| Investment earnings | - | 639 | 4,183 | 1,033 | 3,945 | 9,800 | 12,069 |
| Interest/fiscal agent expense | (61,601) | (43,227) | (42,456) | (3,176) | - | (150,460) | (14,700) |
| Intergovernmental grants | - | - | - | - | 215,286 | 215,286 | - |
| Gain on sale of assets | 3,650 | 4,350 | - | - | - | 8,000 | 47,834 |
| Total nonoperating revenues (expenses) | <u>(57,951)</u> | <u>(38,238)</u> | <u>(38,273)</u> | <u>(2,143)</u> | <u>219,231</u> | <u>82,626</u> | <u>45,203</u> |
| Income (loss) before contributions and transfers | <u>172,329</u> | <u>338,886</u> | <u>353,869</u> | <u>(22,282)</u> | <u>(43,710)</u> | <u>799,092</u> | <u>1,925</u> |
| Transfers and contributions | | | | | | | |
| Capital contributions | - | - | - | - | 206,681 | 206,681 | - |
| Transfers | - | - | (120,000) | - | (25,000) | (145,000) | 346,274 |
| Change in net position | <u>172,329</u> | <u>338,886</u> | <u>233,869</u> | <u>(22,282)</u> | <u>137,971</u> | <u>860,773</u> | <u>348,199</u> |
| Total net position - January 1 | <u>3,613,422</u> | <u>2,842,987</u> | <u>6,212,303</u> | <u>2,173,781</u> | <u>2,964,465</u> | <u>17,806,958</u> | <u>3,638,221</u> |
| Total net position - December 31 | <u>\$ 3,785,751</u> | <u>\$ 3,181,873</u> | <u>\$ 6,446,172</u> | <u>\$ 2,151,499</u> | <u>\$ 3,102,436</u> | <u>\$ 18,667,731</u> | <u>\$ 3,986,420</u> |

The notes to the financial statements are an integral part of this statement.

City of Hopkins

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-type Activities-Enterprise Funds | | | | | | Governmental Activities Internal Service Funds |
|---|---|-------------------|------------------------|------------------------|----------------------------------|---------------------|---|
| | Water Utility | Sewer Utility | Storm Sewer Utility | Pavilion/ Ice Arena | Nonmajor Proprietary Funds | Totals | |
| Cash Flows from Operating Activities | | | | | | | |
| Receipts from customers and users | \$ 1,539,316 | 2,143,659 | \$ 804,130 | \$ 401,363 | \$ 1,244,693 | \$ 6,133,161 | \$ 119,830 |
| Receipts from interfund services provided | - | - | - | - | - | - | 340,678 |
| Internal activity-payments to other funds | (504,036) | - | - | (122,735) | - | (626,771) | - |
| Internal activity-payments from other funds | - | - | - | - | - | - | - |
| Payments to suppliers | (420,355) | (1,353,717) | (41,348) | (146,818) | (699,786) | (2,662,024) | (36,840) |
| Payments to employees | (407,315) | (203,255) | (53,961) | (212,545) | (389,301) | (1,266,377) | - |
| Payments for interfund services used | - | - | - | - | - | - | 26,271 |
| Payments for interfund services used | (214,263) | (148,874) | (77,247) | (14,010) | (339,874) | (794,268) | (12,941) |
| Miscellaneous revenues | - | - | - | - | - | - | - |
| Net cash provided by (used in) by operating activities | <u>(6,653)</u> | <u>437,813</u> | <u>631,574</u> | <u>(94,745)</u> | <u>(184,268)</u> | <u>783,721</u> | <u>436,998</u> |
| Cash Flows from Noncapital Financing Activities | | | | | | | |
| Intergovernmental grants | - | - | - | - | 421,967 | 421,967 | - |
| Transfers in (out) | - | - | (120,000) | - | (25,000) | (145,000) | - |
| Net cash provided by (used in) noncapital financing activities | <u>-</u> | <u>-</u> | <u>(120,000)</u> | <u>-</u> | <u>396,967</u> | <u>276,967</u> | <u>-</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | |
| Proceeds from capital debt | 760,000 | 170,000 | 320,000 | 175,000 | - | 1,425,000 | 346,274 |
| Purchases of capital assets | - | - | - | - | (23,855) | (23,855) | (476,034) |
| Construction of capital assets | (388,050) | (319,960) | (249,503) | (45,053) | - | (1,002,566) | - |
| Proceeds from sales of capital assets | 3,650 | 4,350 | - | - | - | 8,000 | 47,834 |
| Loss on disposal of capital assets | - | - | - | - | - | - | - |
| Interest and other payments | (40,644) | (32,223) | (25,859) | 671 | - | (98,055) | (15,058) |
| Capital lease payments | - | - | - | - | - | - | (39,158) |
| Bond payments | (210,000) | (60,000) | (180,000) | - | - | (450,000) | - |
| Net cash provided by (used in) capital and related financing activities | <u>124,956</u> | <u>(237,833)</u> | <u>(135,362)</u> | <u>130,618</u> | <u>(23,855)</u> | <u>(141,476)</u> | <u>(136,142)</u> |
| Cash Flows From Investing Activities | | | | | | | |
| Interest received | - | 680 | 4,619 | 1,033 | 4,888 | 11,220 | 15,895 |
| Net increase (decrease) in cash and investments | 118,303 | 200,660 | 380,831 | 36,906 | 193,732 | 930,432 | 316,751 |
| Cash and investments - January 1 | - | 103,313 | 398,065 | 600 | 1,008,521 | 1,510,499 | 1,960,580 |
| Cash and investments - December 31 | <u>\$ 118,303</u> | <u>\$ 303,973</u> | <u>\$ 778,896</u> | <u>\$ 37,506</u> | <u>\$ 1,202,253</u> | <u>\$ 2,440,931</u> | <u>\$ 2,277,331</u> |

City of Hopkins
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-type Activities-Enterprise Funds | | | | | | Governmental Activities Internal Service Funds |
|--|---|-------------------|------------------------|------------------------|----------------------------------|-------------------|---|
| | Water Utility | Sewer Utility | Storm Sewer Utility | Pavilion/ Ice Arena | Nonmajor Proprietary Funds | Totals | |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | | | |
| Operating income (loss) | \$ 230,280 | \$ 377,124 | \$ 392,142 | \$ (20,139) | \$ (262,941) | \$ 716,466 | \$ (43,278) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | | |
| Depreciation expense | 223,867 | 164,931 | 215,432 | 69,390 | 210,544 | 884,164 | 432,022 |
| Miscellaneous income | - | - | - | - | - | - | - |
| (Increase) decrease in: | | | | | | | |
| Accounts receivable | (3,287) | (6,296) | 2,785 | (21,720) | 81,485 | 52,967 | 264 |
| Due from other funds | - | - | - | - | - | - | 23,630 |
| Due from other governments | - | - | - | - | - | - | - |
| Inventory | (219) | (167) | (248) | - | (1,271) | (1,905) | - |
| Prepaid expense | - | - | - | (22) | (16,633) | (16,655) | - |
| Increase (decrease) in: | | | | | | | |
| Accounts, compensated absences and accrued interest payable | 38,203 | (93,245) | 21,463 | (15,619) | (6,987) | (56,185) | 24,360 |
| Due to other funds | (504,036) | - | - | (122,735) | (188,442) | (815,213) | - |
| Due to other governments | 157 | (4,534) | - | (216) | (23) | (4,616) | - |
| Unearned revenue | 8,382 | - | - | 16,316 | - | 24,698 | - |
| Net cash provided (used) by operating activities | <u>\$ (6,653)</u> | <u>\$ 437,813</u> | <u>\$ 631,574</u> | <u>\$ (94,745)</u> | <u>\$ (184,268)</u> | <u>\$ 783,721</u> | <u>\$ 436,998</u> |
| Noncash investing, capital, and financing activities: | | | | | | | |
| Capital contributions | \$ - | \$ - | \$ - | \$ - | \$ 206,681 | \$ 206,681 | \$ - |

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNT POLICIES

The City of Hopkins, Minnesota (the City) is a charter City, which was approved December 2, 1947. The City operates pursuant to applicable Minnesota laws and statutes. The governing body of the City is a Council – Manager form of government.

The financial statements of the City have been prepared in conformity with U.S. generally accepted accounting principles as applied to governmental units by the Government Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

A. REPORTING ENTITY

In accordance with GASB pronouncements, the City’s financial statements include all funds and departments of the City and its component units, for which the City is considered to be financially accountable. A blended component unit, although legally separate entity is, in substance, part of the City’s operations and so data from this unit is combined with data of the primary government. The City’s blended component unit has a March 31 year-end, however when blended with the City it is shown with a December 31 year-end.

Blended Component Unit

Housing and Redevelopment Authority in and for the City of Hopkins (HRA)

The HRA was created by the City to carry out certain redevelopment projects and low-income rental housing. Individuals on the City Council represent the governing board of the HRA. The housing activity is supported in part by federal subsidies. There is an extensive trust agreement between the HRA and HUD regarding the facility. The HRA is included in the City’s enterprise funds. Separate financials are not prepared.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all activities of the primary government and its component units. The interfund services provided and used are not eliminated in the process of consolidation. 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.

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

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

revenue as soon as all eligibility requirements have been met. Unbilled utility service receivables are recorded at year-end.

Governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within sixty days thereafter to be used to pay liabilities of the current period.

Major revenues that are susceptible to accrual include property taxes, special assessments, intergovernmental revenues, charges for services, and investment earnings. Major revenues that are not susceptible to accrual include fees and miscellaneous revenues; such revenues are recorded only as received because they are not measurable until collected.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt and compensated absences that are recognized when due and payable.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *economic development special revenue fund* accounts for development opportunities of the city. Sources of funds are derived from the administration of loans and an annual tax levy.

The *tax increment district 2.11 special revenue fund* accounts for the repayment of debt on the re-development district tax increment project.

The *arts center special revenue fund* accounts for the activities of the Hopkins Center for the Arts. Sources of funds are derived from leases, ticket sales, admission fees, grants and donations

The *2009B taxable housing improvement bonds of 1999A refunding bond debt service fund* accounts for resources accumulated and payments made for principal and interest on long-term debt issued to pay for Valley View Home improvements. The owners of these town homes pay an annual fee, which in turn pays for the bond issue.

The *2009B taxable housing improvement bonds of 1999B refunding bond debt service fund* accounts for resources accumulated and payments made for principal and interest on long-term debt issued to pay for Westbrook Patio Home improvements. The owners of these town homes pay an annual fee, which in turn pays for the bond issue.

The *permanent improvement revolving capital projects fund* accounts for resources and accumulated payments for street improvements funded with bonds and special assessments levied on benefited property.

The City reports the following major proprietary funds:

The *water utility fund* accounts for the operations of the City-owned water distribution system. The water bonds of 2000 and 2009A are included as part of this fund since revenues of the water fund are pledged to pay principal and interest on this bond.

The *sewer utility fund* accounts for the operations of the City-owned sewer lift stations and disposal system. The sewer bonds of 2009A are included as part of this fund since revenues of the sewer fund are pledged to pay principal and interest on this bond.

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

The *storm sewer utility fund* accounts for the operations and improvements of the storm water drainage system. The storm water bond issues of 1999C, 2001, 2003A and 2009A are included as part of this fund since revenues of the storm sewer fund are pledged to pay principal and interest on these bonds.

The *Pavilion/Ice Arena fund* accounts for the operations and improvements of the city-owned Pavilion/Ice Arena.

Additionally, the City reports the following fund types:

Governmental Funds

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed by Council to expenditures for specified purposes.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and infrastructure, other than those financed by proprietary funds or special revenue funds.

Proprietary Funds

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

Internal Service Funds – Internal service funds are used to account for the financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis. Internal service funds are used for equipment replacement, insurance deductions and employee benefits.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements, however interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

D. CASH AND INVESTMENTS

Cash balances from all funds are combined and invested to the extent available in authorized investments pursuant to Minnesota Statutes (see note 4). Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. Investments in certificates of deposit and commercial paper with a maturity date of less than one year at the date of purchase are reported at cost or amortized cost, which approximates fair value. Investments other than commercial paper held longer than one year are reported at fair value, based on quoted market prices.

The City accounts for its cash, cash equivalents and investments in an entity-wide cash management pool, which is used essentially as a demand deposit account. For purposes of the statement of cash flows, the proprietary funds consider all investments to be cash equivalents. Restricted cash and investments are reported separately on the financial statement.

E. INTERFUND RECEIVABLES/PAYABLES

Activity between funds that is representative of lending/borrowing arrangements and transactions between funds that are outstanding at the end of the fiscal year are referred to "due to/from other funds" Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The non-current portion of due to/from other funds is offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

F. INVENTORIES AND PREPAID ITEMS

All inventories are accounted for using the consumption method and are valued at cost using the first-in/first-out (FIFO) method.

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

G. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. The City defines capital assets 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. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Assets not being depreciated include land and construction in progress. Buildings, equipment, and infrastructure of the City and the HRA are depreciated using the straight-line method over the estimated useful lives as follows:

| | |
|-----------------|---------------|
| Buildings | 30 - 40 years |
| Mains and Lines | 40 - 50 years |
| Streets | 20 - 25 years |
| Improvements | 10 - 20 years |
| Vehicles | 3 - 30 years |
| Equipment | 3 - 20 years |

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

H. COMPENSATED ABSENCES

The City compensates all employees upon termination for unused vacation or flex leave. Employees hired prior to August 1, 1998 may opt to have sick leave, at the rate of 8 hours for each calendar month of full-time service, instead of flex leave.

Employees hired prior to August 1, 1998, that have not opted for flex leave, shall be entitled to severance pay, after completion of five years of continuous City employment. Severance pay is calculated by multiplying the total number of continuous years in the City employ and/or accumulated sick leave by the daily wage rate prevailing at date of severance, at one day per year of such employment, to a maximum of 20 days. Such severance money shall be paid in case of separation caused by death, eligible retirements, or medically attested disability preventing an employee from performing the major duties of the position or separation for non-disciplinary reasons.

Accumulated vacation, flex and vested severance pay is reported as an expense and an accrued liability as the benefits accrue to employees in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if benefits have matured as a result of employee resignations and retirements. The employee benefits internal service fund reports the governmental funds' liability for compensated absences on the accrual basis.

I. LONG-TERM OBLIGATIONS

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

In the governmental fund financial statements bond premiums and discounts, as well as bond issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. NET POSITION/FUND EQUITY

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position invested in capital assets consists of capital assets net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

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

Nonspendable – portions of fund balance related to prepaids, inventories, long-term receivables, and land held for resale.

Restricted – funds are constrained by external parties (statute, grantors, bond agreements, etc.).

Committed – fund constraints are established and modified by a resolution approved by the City Council.

Assigned – consists of internally imposed constraints. These constraints are established by the City Council and/or management. The City Council also delegates the authority to assign fund balance to the Finance Director per City Legislative Policy 6-G, Fund Balance.

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

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

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City’s policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned, and unassigned amounts are available, it is the City’s policy to use committed first, then assigned, and finally unassigned amounts.

The City formally adopted a fund balance policy for the General Fund. The policy establishes an unassigned fund of a minimum of 5 months or 42% of the previous year’s budgeted expenditures.

K. INTERFUND TRANSACTIONS

Inter-fund services provided and used are accounted for as revenues and expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions are reported as transfers.

L. PROPERTY TAXES

Property tax levies are set by the City Council in December of each year, and are certified to Hennepin County (the County) for collection in the following year. In the State of Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over assessable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date.

Real property taxes are payable by taxpayers in two equal installments, on May 15 and October 15. Personal property taxes are also payable by taxpayers in two equal installments, on February 28 and June 30. The County provides tax settlements to cities and other local governments three times a year, on or before January 25, July 5 and December 5.

In the governmental fund financial statements property taxes are accrued and recognized as revenue for collections within 60 days of year-end. Taxes that remain unpaid at the County on December 31 are classified as delinquent taxes receivable, and are fully offset by deferred inflows because they are not available to finance current expenditures. No allowance for uncollectible taxes has been provided because such amounts are not expected to be material.

M. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Commercial Development Revenue Notes/Bonds in accordance with the Minnesota Municipal Industrial Development Act. These obligations are issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The obligations are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the obligations, ownership of the acquired facilities transfers from the bond holder to the private-sector entity served by the debt issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the obligations. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012, there were 8 notes/bond issues outstanding, with an aggregate principal amount payable of approximately \$31.5 million.

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

N. 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Details of this difference are as follows:

| | |
|--|----------------------|
| Bonds payable | \$ 24,126,598 |
| Accrued interest payable | 315,304 |
| Net OPEB obligation | <u>167,802</u> |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities | <u>\$ 24,609,704</u> |

B. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and change in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

| | |
|--|---------------------|
| Capital outlay | \$ 2,470,049 |
| Depreciation expense | <u>(1,419,404)</u> |
| Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities | <u>\$ 1,050,645</u> |

Another element of that reconciliation explains that, “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses financial resources of the governmental funds. Neither of these transactions has any effect on the net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of these differences are as follows:

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

| | |
|--|-------------------------|
| Principal repayments | \$ (1,635,000) |
| Refunded debt | (2,050,000) |
| Issuance of general obligation bonds | 5,985,000 |
| Less discounts | (12,830) |
| Less deferred costs on refunding | (235,120) |
| Add premium | 65,704 |
| OPEB expense | 41,613 |
| Amortization of deferred losses on refunding | 189,068 |
| Amortization of bond premium and discount | 39,904 |
| Prior year interest expense | (337,328) |
| Accrue interest expense for current year | <u>315,304</u> |
| Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities | <u><u>2,366,315</u></u> |

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds except the Section 8 and Hennepin County CDBG special revenue funds, the debt service funds and the capital projects funds, which are not budgeted. A capital improvement plan is reviewed annually by the City Council for the capital projects funds and utility funds. However, appropriations for major projects are not adopted until the actual bid award of the improvement. The appropriations are not reflected in the financial statements. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary data reflected in the financial statements and set forth in Section 7.04 of the City Charter.

1. The City Manager shall, at the first regular council meeting in September, submit to the Council a proposed budget and an explanatory budget message in a form and manner as prescribed by the City Charter.
2. The Council shall determine the plan and time of the public hearings on the budget to obtain taxpayer comments.
3. The Council shall adopt the tax levy by resolution no later than a December date, which is annually established by law for the county auditor to levy taxes. The budget shall set forth the total for each budgeted fund with such segregation as to objects and purposes of expenditures as the Council deems necessary for purposes of budget control.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council and are limited to the amount revenues exceed the budgets or authorize the transfer of sums from unexpended balances to other purposes. Budgeted expenditure appropriations lapse at year-end. The level of legal control is at the fund level.
5. The Council made no supplemental budgetary appropriation throughout the year.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended December 31, 2012, actual expenditures exceeded the budgeted amounts in the following funds:

| | |
|---|-----------|
| State Chemical Assessment Team | \$ 33,763 |
| Economic Development | 53,798 |
| Parking | 4,724 |
| Communications | 43,903 |
| Depot Coffee House | 166,002 |
| Tax Increment District Entertainment District | 12,097 |
| Tax Increment District Sonoma | 9,926 |
| Tax Increment District Oaks of Mainstreet | 389 |
| Tax Increment Marketplace & Main | 398,529 |

These over expenditures were funded by greater than anticipated revenues of the State Chemical Assessment Team, Economic Development, Parking, and Tax Increment District Sonoma funds, from fund balance in the Communication fund, and by future revenues in the Tax Increment District Sonoma and Oaks Districts. The Depot Coffee House brought the coffee business back under the City’s operation which added additional unbudgeted revenue, however not quite sufficient to cover first year costs of the operation. The remaining shortfall will be covered by future operation and partnership revenues.

Budgets are adopted for some special revenue fund types but not all. Excluded from the budget adoption process are funds that are completely reimbursable from the federal and state governments. The E-911 Service Fee and Community Development Block Grant Funds are non-budgeted funds.

C. FUND BALANCE DEFICITS

At December 31, 2012, the following funds had deficit fund balances or net position. These deficits will be funded through future tax levies, contributions, grants, charges for services or developer payments:

| | |
|---|--------------|
| Art Center | \$ 1,109,599 |
| Tax Increment District Entertainment District | 157,278 |
| Tax Increment District Sonoma | 241,099 |
| 5th Avenue Flats | 373,915 |
| Tax Increment District Marketplace & Main | 208,765 |

D. NET ASSETS RESTRICTED BY ENABLING LEGISLATION

The government-wide statement of net position reports \$2,057,928 in restricted net position for economic development, of which \$1,614,057 is restricted by enabling legislation.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

4. DEPOSITS AND INVESTMENTS

As of December 31, 2012 the City had the following deposits and investments:

| <u>Investment Type</u> | <u>Fair Value</u> |
|------------------------------------|----------------------|
| Government securities | \$ 248,378 |
| Municipal obligations | 4,841,645 |
| Negotiable certificates of deposit | 5,162,098 |
| Money market | 11,270,492 |
| Deposits | 530,122 |
| Total fair value | <u>\$ 22,052,735</u> |

Interest rate risk – Interest rate risk is the risk that the fair value of investments will be adversely affected by a change in interest rates. In accordance with City of Hopkins Legislative Policy 6-B, Standards of Investments, the city manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

At December 31, 2012 the City had the following investment maturities:

| Investment Type: | Fair Value | Investment Maturities (in Years) | | | |
|------------------------------------|----------------------|----------------------------------|---------------------|-------------------|----------------------|
| | | Less than One | 1-5 | 10-15 | No Maturity |
| Government securities | | | | | |
| FNMA | \$ 248,378 | \$ - | \$ - | \$ 248,378 | \$ - |
| Municipal obligations | 4,841,645 | 2,063,078 | 2,269,830 | 148,737 | - |
| Negotiable certificates of deposit | 5,162,098 | 3,929,854 | 1,232,244 | - | - |
| Money market | 11,270,492 | - | - | - | 11,270,492 |
| Demand deposits | 530,122 | - | - | - | 530,122 |
| | <u>\$ 22,052,735</u> | <u>\$ 5,992,932</u> | <u>\$ 3,502,074</u> | <u>\$ 397,115</u> | <u>\$ 11,800,614</u> |

Credit risk – Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor’s and Moody’s. According to the City’s investment policy commercial paper shall be restricted to issues, which mature in 270 days or less with a rating of A-1 (Moody’s), P-1 (Standard & Poor’s) or F-1 (Fitch) among at least two of the three rating agencies.

The City is authorized by Minnesota Statutes to invest in the following:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above
- (c) General obligations in the State of Minnesota or any of its municipalities
- (d) Bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturity in 270 days or less; and
- (f) Guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their subsidiaries
- (g) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. Government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

The following table lists the credit quality ratings per Moody's and/or Standard and Poor's and/or Fitch of the City's investments at December 31, 2012.

| Investment Type: | Fair Value | Quality Ratings | | |
|------------------------------------|----------------------|---------------------|---------------------|----------------------|
| | | AAA | AA | FDIC Insured |
| Government securities | | | | |
| FNMA | \$ 248,378 | \$ 248,378 | \$ - | \$ - |
| Municipal obligations | 4,841,645 | 1,009,203 | 3,832,442 | - |
| Negotiable certificates of deposit | 5,162,098 | - | - | 5,162,098 |
| Money market | 11,270,492 | - | - | 11,270,492 |
| Demand deposits | 530,122 | - | - | 530,122 |
| | <u>\$ 22,052,735</u> | <u>\$ 1,257,581</u> | <u>\$ 3,832,442</u> | <u>\$ 16,962,712</u> |

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. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Authorized collateral includes the legal investments described above, as well as certain first mortgage notes, and certain other state or local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasurer or in a financial institution other than that furnishing the collateral. At December 31, 2012 the City had no deposits that were uninsured or uncollateralized. The deposits were insured or collateralized by securities held by the City's agent in the City's name.

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. All investments held by the City are insured or registered or are held by the City or its agent in the City's name. The City has the ability and intent to hold its investments to maturity and therefore intends to recover the full carrying value of its investment portfolio upon maturity.

Concentration of credit risk – This is the risk associated with investing a significant portion of the City's investments (considered 5% or more) in the securities of a single issuer, excluding U.S. explicitly guaranteed investments (Treasuries), investment pools, and mutual funds. As of December 31, 2012, the city had no investments exceeding 5% or more for a single issuer.

Restricted Cash – Restricted cash totals \$1,503,975 all of which is held in escrow for the payment of Tax Increment Bonds of 2002A which will be called February 2013.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

5. CAPITAL ASSETS

Capital asset activities for the year ended December 31, 2012 were as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|----------------------|---------------------|---------------------|--------------------|----------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 5,805,711 | \$ - | \$ - | \$ - | \$ 5,805,711 |
| Construction in progress | 2,431,303 | 2,094,459 | (8,918) | (2,702,272) | 1,814,572 |
| Total not being depreciated | <u>8,237,014</u> | <u>2,094,459</u> | <u>(8,918)</u> | <u>(2,702,272)</u> | <u>7,620,283</u> |
| Capital assets, being depreciated | | | | | |
| Buildings | 19,792,972 | - | - | 249,308 | 20,042,280 |
| Other Improvements | 33,561,631 | 312,830 | - | 2,452,964 | 36,327,425 |
| Vehicles | 3,854,683 | 180,641 | (560,543) | - | 3,474,781 |
| Machinery & equipment | 4,946,656 | 463,348 | (8,841) | - | 5,401,163 |
| Total being depreciated | <u>62,155,942</u> | <u>956,819</u> | <u>(569,384)</u> | <u>2,702,272</u> | <u>65,245,649</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (4,722,337) | (482,244) | - | - | (5,204,581) |
| Other Improvements | (13,482,948) | (859,301) | - | - | (14,342,249) |
| Vehicles | (2,084,811) | (231,291) | 457,462 | - | (1,858,640) |
| Machinery & equipment | (3,663,316) | (278,590) | 6,238 | - | (3,935,668) |
| Total accumulated depreciation | <u>(23,953,412)</u> | <u>(1,851,426)</u> | <u>463,700</u> | <u>-</u> | <u>(25,341,138)</u> |
| Total capital assets, being depreciated, net | <u>38,202,530</u> | <u>(894,607)</u> | <u>(105,684)</u> | <u>2,702,272</u> | <u>39,904,511</u> |
| Governmental activities capital assets, net | <u>\$ 46,439,544</u> | <u>\$ 1,199,852</u> | <u>\$ (114,602)</u> | <u>\$ -</u> | <u>\$ 47,524,794</u> |

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City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

| | December 31, 2012 | | | | Ending Balance |
|--|----------------------|-------------------|-----------------|--------------------|----------------------|
| | Beginning Balance | Increases | Decreases | Transfers | |
| Business-type Activities: | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 228,463 | \$ - | \$ - | \$ - | \$ 228,463 |
| Construction in progress | 1,032,644 | 626,017 | - | (1,080,455) | 578,206 |
| Total not being depreciated | <u>1,261,107</u> | <u>626,017</u> | <u>-</u> | <u>(1,080,455)</u> | <u>806,669</u> |
| Capital assets, being depreciated | | | | | |
| Buildings | 7,723,171 | 23,855 | - | 66,863 | 7,813,889 |
| Infrastructure | 19,095,763 | 54,700 | - | - | 19,150,463 |
| Other Improvements | 8,097,605 | 236,150 | - | 1,013,592 | 9,347,347 |
| Vehicles | 788,447 | - | (34,340) | - | 754,107 |
| Machinery & equipment | 755,517 | 85,699 | - | - | 841,216 |
| Total being depreciated | <u>36,460,503</u> | <u>400,404</u> | <u>(34,340)</u> | <u>1,080,455</u> | <u>37,907,022</u> |
| Less accumulated depreciation | | | | | |
| Buildings | (3,949,547) | (220,698) | - | - | (4,170,245) |
| Infrastructure | (10,667,611) | (387,417) | - | - | (11,055,028) |
| Other Improvements | (1,232,694) | (179,838) | - | - | (1,412,532) |
| Vehicles | (343,528) | (61,296) | 34,340 | - | (370,484) |
| Machinery & equipment | (609,763) | (34,915) | - | - | (644,678) |
| Total accumulated depreciation | <u>(16,803,143)</u> | <u>(884,164)</u> | <u>34,340</u> | <u>-</u> | <u>(17,652,967)</u> |
| Total capital assets, being depreciated, net | <u>19,657,360</u> | <u>(483,760)</u> | <u>-</u> | <u>1,080,455</u> | <u>20,254,055</u> |
| Business-type activities capital assets, net | \$ <u>20,918,467</u> | \$ <u>142,257</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>21,060,724</u> |

Depreciation expense was charged to City functions as follows:

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 49,951 |
| Public safety | 227,704 |
| Highways and streets | 1,007,961 |
| Urban redevelopment and housing | 614 |
| Culture and recreation | 133,174 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 432,022 |
| Total depreciation expense - governmental activities | <u>\$ 1,851,426</u> |

| | |
|---|-------------------|
| Business-type activities: | |
| Water | \$ 223,867 |
| Sewer | 164,931 |
| Storm Sewer | 215,432 |
| Refuse | 55,094 |
| Pavilion/Ice arena | 69,390 |
| Housing and Redevelopment Authority | 155,450 |
| Total depreciation expense - business-type activities | <u>\$ 884,164</u> |

Construction commitments

The City has active construction projects as of December 31, 2012. The projects include street improvements. The City's commitment with contractors related to these projects is \$40,859.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

6. INTERFUND RECEIVABLES AND PAYABLES

The following funds had amounts receivable from other funds, and the respective funds had equal amounts payable to other funds at December 31, 2012:

| | Due from Other Funds | | |
|--------------------------|----------------------|----------------------|--------------|
| | General | Economic Development | Total |
| Due to other funds: | | | |
| Non-major governmental | \$ 397,064 | \$ 686,050 | \$ 1,083,114 |
| Arts Center | 783,184 | 300,000 | 1,083,184 |
| Non-major proprietary | 34,536 | - | 34,536 |
| Total due to other funds | \$ 1,214,784 | \$ 986,050 | \$ 2,200,834 |

| | Advances from other funds | |
|-------------------------------|---------------------------|-----------|
| | Internal Service | Total |
| Advanced to other funds: | | |
| Pavilion/Ice Arena | \$ 21,820 | \$ 21,820 |
| Total advances to other funds | \$ 21,820 | \$ 21,820 |

The interfund receivables and payables are to eliminate negative cash between funds and to allow for development loans or to facilitate a project or operations of another fund.

7. INTERFUND TRANSFERS

The following is a summary of transfers between funds as of December 31, 2012:

| | Transfers in | | | | |
|---------------------------------|--------------|---------------------------------|------------------------|------------------|--------------|
| | Art Center | Permanent Improvement Revolving | Non-major Governmental | Internal Service | Total |
| Transfers out: | | | | | |
| General | \$ - | \$ - | \$ 10,000 | \$ - | \$ 10,000 |
| Economic Development | 61,000 | - | - | - | 61,000 |
| Tax Increment District 2.11 | - | - | 212,315 | - | 212,315 |
| Permanent Improvement Revolving | - | - | 286,711 | - | 286,711 |
| Storm Sewer | - | - | 120,000 | - | 120,000 |
| Non-major governmental | 86,920 | 3,297,573 | 688,660 | 346,274 | 4,419,427 |
| Non-major business-type | - | - | 25,000 | - | 25,000 |
| Total transfers out | \$ 147,920 | \$ 3,297,573 | \$ 1,342,686 | \$ 346,274 | \$ 5,134,453 |

Interfund transfers allow the City to allocate financial resources to debt service funds that are paying the general obligation debt.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

Non-routine transfers include the following:

- 6) Annual transfers from storm sewer and refuse funds for lease payments on new public works facility.
- 7) An annual transfer, from the Economic Development and non-major governmental Communication funds to the Art Center Fund totaling \$147,920 to pay the original debt for building the facility.
- 8) Annual transfers from Tax Increment Special Revenue funds to Debt Service funds for debt payments.
- 9) Transfers from non-major governmental funds to Permanent Improvement Revolving and Internal Service Fund for bond proceeds.

8. LEASES

The city has entered into a lease agreement as a lessee for financing the acquisition of an aerial lift fire truck with a down payment of \$445,427. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The asset acquired through the capital lease is as follows:

| | <u>Governmental Activities</u> |
|--------------------------------|--------------------------------|
| Asset: | |
| Machinery and equipment | \$ 870,427 |
| Less: Accumulated depreciation | <u>(181,271)</u> |
| Total | <u>\$ 689,156</u> |

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2012 are as follows:

| <u>Year Ending December 31,</u> | <u>Governmental Activities</u> |
|---|------------------------------------|
| 2013 | \$ 54,217 |
| 2014 | 54,217 |
| 2015 | 54,217 |
| 2016 | 54,217 |
| 2017 | 54,217 |
| 2018 | <u>54,217</u> |
| Total minimum lease payments | 325,302 |
| Less: amount representing interest | <u>(46,219)</u> |
| Present value of minimum lease payments | <u>\$ 279,083</u> |

9. LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities.

General Obligation Bonds are backed by the full faith, credit and taxing power of the City, and are serviced by General and Tax Increment levies and also by fees assessed against benefited properties. These bonds generally are issued as 20-year serial bonds.

On September 13, 2012 the City issued \$1,905,000 series 2012A General Obligation Capital Improvement Bonds for the purpose of refunding the 2003 HRA Lease Revenue Bonds and \$795,000 series 2012B General Obligation Equipment Certificates for purposes of purchasing a fire truck and public works vehicles.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

Refunding

On November 17, 2010 the City issued \$1,585,000 General Obligation Refunding Bonds, Series 2010B for a crossover refunding of \$1,490,000 General Obligation Tax Increment Bonds, Series 2002A. Future debt service payments will be reduced by \$109,172 with a present value savings of \$92,997. The refunded bonds will be called and paid on February 1, 2013.

General obligation bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Original Amount</u> | <u>Current Amount</u> |
|-------------------------------------|-----------------------|------------------------|-----------------------|
| Governmental activities | 0.35 – 5.00% | \$15,070,000 | \$11,785,000 |
| Governmental activities – refunding | 0.50 – 5.15% | 6,275,000 | 5,160,000 |

Annual debt service requirements to maturity for general obligation bonds are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2013 | \$ 2,790,000 | \$ 543,885 |
| 2014 | 1,415,000 | 471,592 |
| 2015 | 1,450,000 | 427,143 |
| 2016 | 1,525,000 | 378,359 |
| 2017 | 1,455,000 | 327,682 |
| 2018-2022 | 7,105,000 | 857,611 |
| 2023-2027 | 1,205,000 | 22,614 |
| | <u>\$ 16,945,000</u> | <u>\$ 3,028,886</u> |

The City also has special assessment bonds, which are backed by the full faith, credit and taxing power of the City, and repayment monies are generated by the collection of special assessments and general levies. On September 13, 2012 the City issued \$3,285,000 General Obligation Bonds, Series 2012B for the 2012 street improvement project.

General obligation bonds currently outstanding are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Original Amount</u> | <u>Current Amount</u> |
|---------------------------------|-----------------------|------------------------|-----------------------|
| Street Improvements | 0.50 – 4.25% | \$7,950,000 | \$7,130,000 |
| Street Improvements – refunding | 0.50 – 0.700% | 220,000 | 100,000 |

Annual debt service requirements to maturity for special assessment bonds are as follows:

| <u>Year Ending</u> <u>December 31</u> | <u>Governmental Activities</u> | |
|--|--------------------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2013 | \$ 475,000 | \$ 165,881 |
| 2014 | 555,000 | 161,434 |
| 2015 | 570,000 | 147,034 |
| 2016 | 585,000 | 131,777 |
| 2017 | 600,000 | 115,634 |
| 2018-2022 | 2,235,000 | 386,236 |
| 2023-2027 | 1,960,000 | 138,392 |
| 2028 | 250,000 | 2,750 |
| | <u>\$ 7,230,000</u> | <u>\$ 1,249,138</u> |

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

Revenue Bonds

The City also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. On September 13, 2012 the City issued \$1,250,000 General Obligation Bonds, Series 2012B for the water (\$760,000), sewer (\$170,000) and storm sewer (\$320,000) portion of the 2012 street improvement project along with \$175,000 in equipment certificates for the Pavilion ice machine.

Revenue bonds outstanding at year-end are as follows:

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Original Amount</u> | <u>Current Amount</u> |
|---|-----------------------|------------------------|-----------------------|
| Water refunding | 2.0 – 4.0% | \$ 850,000 | \$ 525,000 |
| Water construction & replacement | 2.0 – 4.0% | 820,000 | 735,000 |
| Water construction & replacement | 2.0 – 2.2% | 760,000 | 760,000 |
| Sanitary sewer construction & replacement | 2.0 – 4.0% | 1,020,000 | 910,000 |
| Sanitary sewer construction & replacement | 2.0 – 2.2% | 170,000 | 170,000 |
| Storm sewer – refunding | 2.0 – 4.0% | 605,000 | 370,000 |
| Storm sewer – refunding | 0.5 – 2.9% | 875,000 | 815,000 |
| Storm sewer construction & replacement | 2.0 – 2.2% | 320,000 | 320,000 |
| Pavilion equipment certificates | 2.0 – 2.0% | 175,000 | 175,000 |

Revenue bond debt service requirements to maturity are as follows:

| <u>Year Ending</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------|---------------------|-------------------|
| <u>December 31</u> | | |
| 2013 | \$ 535,000 | \$ 117,083 |
| 2014 | 555,000 | 109,281 |
| 2015 | 575,000 | 95,469 |
| 2016 | 280,000 | 84,706 |
| 2017 | 280,000 | 77,931 |
| 2018-2022 | 1,510,000 | 268,913 |
| 2023-2027 | 950,000 | 61,017 |
| 2028 | 95,000 | 1,045 |
| | <u>\$ 4,780,000</u> | <u>\$ 815,445</u> |

The City is subject to a statutory limit of bonded indebtedness equaling 3.0 percent of taxable market value. At December 31, 2012, the debt limit for the City is \$42,188,769. Of the total debt, \$10,180,000 of general obligation and revenue bonds is applicable to the limit. The legal debt margin is \$32,786,837.

Advance Refunding

On August 14, 2007 the City issued \$9,920,000 in General Obligation Capital Improvement Bonds, Series 2007A for the purpose of refunding the \$10,760,000 HRA Lease Revenue Bonds, Series 2002A. Future debt service payments will be reduced by \$120,340 with a present value savings of \$89,973. As of December 31, 2012, \$7,265,000 remained outstanding.

On September 13, 2012 the City issued \$1,905,000 in General Obligation Capital Improvement Bonds, Series 2012A for the purpose of refunding the \$3,050,000 HRA Lease Revenue Bonds, Series 2003. Future debt service payments will be reduced by \$214,280 with a present value savings of \$206,557. As of December 31, 2012, \$1,905,000 remained outstanding.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2012, was as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------|---------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| G.O. tax increment bonds | \$ 7,300,000 | \$ - | \$ 535,000 | \$ 6,765,000 | \$ 2,045,000 |
| General obligation bonds | 8,005,000 | 2,700,000 | 525,000 | 10,180,000 | 745,000 |
| Total general obligation bonds | 15,305,000 | 2,700,000 | 1,060,000 | 16,945,000 | 2,790,000 |
| Special assessment bonds | 4,385,000 | 3,285,000 | 440,000 | 7,230,000 | 475,000 |
| Public facility lease bonds | 2,185,000 | - | 2,185,000 | - | - |
| Less deferred amounts | | | | | |
| For issuance discounts | (129,194) | (12,830) | 39,463 | (102,561) | - |
| For issuance premiums | 4,646 | 65,704 | (2,065) | 68,285 | - |
| On refunding | (16,632) | - | 2,506 | (14,126) | - |
| Total bonds payable | 21,733,820 | 6,037,874 | 3,724,904 | 24,126,598 | 3,265,000 |
| Compensated absences | 772,783 | 747,418 | 721,147 | 799,054 | 721,147 |
| Net OPEB liability | 126,189 | 167,857 | 126,244 | 167,802 | - |
| Capital lease payable | 318,241 | - | 39,158 | 279,083 | 41,093 |
| Governmental activity long-term liabilities | <u>\$ 22,951,033</u> | <u>\$ 6,953,149</u> | <u>\$ 4,611,453</u> | <u>\$ 25,372,537</u> | <u>\$ 4,027,240</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds | \$ 3,805,000 | \$ 1,425,000 | \$ 450,000 | \$ 4,780,000 | \$ 535,000 |
| Less deferred amounts | | | | | |
| For issuance discounts | (7,944) | - | 717 | (7,227) | - |
| For issuance premiums | 46,127 | 22,948 | (8,888) | 60,187 | - |
| Compensated absences | 138,353 | 136,638 | 109,805 | 165,186 | 108,079 |
| Net OPEB liability | 26,783 | 31,285 | 26,792 | 31,276 | - |
| Business-type activity long-term liabilities | <u>\$ 4,008,319</u> | <u>\$ 1,615,871</u> | <u>\$ 578,426</u> | <u>\$ 5,029,422</u> | <u>\$ 643,079</u> |

For the governmental activities, compensated absences and the net OPEB liability are generally liquidated by the general and special revenue funds.

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City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

10. FUND BALANCES

At December 31, 2012, the City had various fund balances through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2012 are shown on the various balance sheets as segregations of the fund balance. The fund balances are as follows:

| | Total | Nonspendable | Restricted | Committed | Assigned | Unassigned |
|------------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|
| General Fund | \$ 4,488,876 | \$ - | \$ - | \$ - | \$ - | \$ 4,488,876 |
| Inventories | 104,059 | 104,059 | - | - | - | - |
| Prepaid items | 92,441 | 92,441 | - | - | - | - |
| Community development | 508,767 | - | - | - | 508,767 | - |
| Total General Fund | 5,194,143 | 196,500 | - | - | 508,767 | 4,488,876 |
| Economic Development | | | | | | |
| Long term receivable | 986,050 | 986,050 | - | - | - | - |
| Property held for resale | 697,098 | 697,098 | - | - | - | - |
| Economic Development | 1,997,915 | - | - | 1,997,915 | - | - |
| Total Economic Development Fund | 3,681,063 | 1,683,148 | - | 1,997,915 | - | - |
| Tax Increment District 2-11 | | | | | | |
| Tax Increment | 1,169,639 | - | 1,169,639 | - | - | - |
| Arts Center | | | | | | |
| Prepaid items | 132 | 132 | - | - | - | - |
| Deficit Fund Balance | (1,109,731) | - | - | - | - | (1,109,731) |
| Total Arts Center Fund | (1,109,599) | 132 | - | - | - | (1,109,731) |
| Housing Improvement Bonds of 1999A | | | | | | |
| Refundinh | | | | | | |
| Bonds of 2009B | | | | | | |
| Debt service | 286,570 | - | 286,570 | - | - | - |
| Housing Improvement Bonds of 1999B | | | | | | |
| Refunding | | | | | | |
| Bonds of 2009B | | | | | | |
| Debt service | 545,381 | - | 545,381 | - | - | - |
| Permanent Improvement Revolving | | | | | | |
| Capital asset replacement | 2,389,702 | - | - | - | 2,389,702 | - |
| Nonmajor Governmental Funds | | | | | | |
| Prepaid items | 963 | 963 | - | - | - | - |
| Rehab loans | 28,098 | 28,098 | - | - | - | - |
| Long term receivable | 6,000 | 6,000 | - | - | - | - |
| Debt service | 3,786,187 | - | 3,786,187 | - | - | - |
| Public safety | 2,947 | - | 2,947 | - | - | - |
| Tax increment | 444,418 | - | 444,418 | - | - | - |
| Park improvements | 76,901 | - | 76,901 | - | - | - |
| Economic development | 116,041 | - | - | 116,041 | - | - |
| Parking improvements | 176,721 | - | - | 176,721 | - | - |
| Communications | 380,349 | - | - | 380,349 | - | - |
| Depot youth project | 8,363 | - | - | 8,363 | - | - |
| Capital asset replacement | 2,396,015 | - | - | - | 2,396,015 | - |
| Deficit fund balance | (981,057) | - | - | - | - | (981,057) |
| Total Nonmajor Funds | 6,441,946 | 35,061 | 4,310,453 | 681,474 | 2,396,015 | (981,057) |
| Total Fund Balances | \$ 18,598,845 | \$ 1,914,841 | \$ 6,312,043 | \$ 2,679,389 | \$ 5,294,484 | \$ 2,398,088 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2012

11. PENSION PLAN OBLIGATIONS

1. Defined Benefit Pension Plans - Statewide

A. Plan Description

All full-time and certain part-time employees of the City of Hopkins 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 Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters and peace officers that qualify for membership by statute are covered by 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.

Two methods are used to compute benefits for GERF'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 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and GERF 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 members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not 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 web at mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

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. GERS 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 2012. The City of Hopkins is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERS members, 7.25% for Coordinated Plan GERS members and 14.4% for PEPFF members. The City's contributions to the General Employees Retirement Fund for the years ending December 31, 2012, 2011 and 2010 were \$341,474, \$343,546, and \$328,513, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2012, 2011 and 2010 were \$317,772, \$311,058, and \$299,165, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute. The City's pension obligation is funded by the General, Special Revenue and Enterprise Funds.

2. Hopkins Fire Relief Association (HFRA)

A. Plan Description

The City contributes to the Hopkins Fire Relief Association (Association); a single employer defined benefit plan. The Association administers the plan and issues separate financial statements that can be obtained by contacting the Association.

Volunteer firefighters of the City are members of the Association. The plan provides for permanent and short term disability benefits, death benefits and pensions with a set value for the annual withdrawal amount. Full vesting in the plan requires a member to have served for at least 5 years, to have reached the age of 50 years and to have been a member of the Association for at least 20 years. These benefit provisions and all other requirements are consistent with enabling statutes.

B. Funding Policy and Annual Pension Information

The governing board of the Association requests changes in benefit levels and contribution requirements that must be approved by the City Council. The funding policy provides that contributions from the City and from the State of Minnesota are in amounts sufficient to accumulate assets to pay benefits when due. The City passes through state aids allocated to the plan, in accordance with state statutes. The annual pension information is as follows:

| | | |
|-------------------------------|-----------------------|-----------|
| 2012 Contributions: | City | \$ 32,166 |
| | State | \$ 67,169 |
| Actuarial valuation date: | 12/31/11 | |
| Actuarial cost method: | Entry age normal | |
| Amortization method | Level dollar – closed | |
| Remaining amortization period | | |
| Normal cost | 20 years | |
| Prior year service cost | 5 years | |
| Asset valuation method | Market | |
| Actuarial assumptions | | |
| Investment rate of return | 7% | |
| Projected salary increases | N/A | |
| Inflation rate | N/A | |
| Cost of living adjustments | None | |

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

Annual Pension Benefit Cost for Past Three Years (the most current available)

| <u>Year Ended</u> | <u>Annual Pension Cost (APC)</u> | <u>% of Annual Pension Cost Contributed</u> | <u>Net Pension Obligation At Year Ended</u> |
|-------------------|----------------------------------|---|---|
| 12/31/2011 | \$ 100,105 | 100% | \$ 0 |
| 12/31/2010 | \$ 263,957 | 100% | \$ 0 |
| 12/31/2009 | \$ 100,698 | 100% | \$ 0 |

Schedule of Funding Progress (Required Supplemental Information) (the most recent available)

| <u>Actuarial Valuation Date</u> | <u>Actuarial Value of Assets</u> | <u>Actuarial Accrued Liability (AAL) Entry Age</u> | <u>Excess (Under) Of Assets Over AAL</u> | <u>Funded Ratio (a/b)</u> | |
|---------------------------------|----------------------------------|--|--|---------------------------|---|
| 12/31/2011 | \$ 1,935,986 | \$ 1,791,803 | \$ 144,183 | 108 | % |
| 12/31/2010 | \$ 1,913,421 | \$ 1,636,772 | \$ 276,649 | 117 | % |
| 12/31/2011 | \$ 1,816,577 | \$ 2,190,083 | \$ (373,506) | 83 | % |

The estimated accrued liability of \$1,791,803 at December 31, 2011 was calculated using the State of Minnesota Schedule I form for lump sum pension plans. This results in excess (deficit) net assets available for benefits of \$144,183 as of December 31, 2011. The Hopkins Fire Department is a volunteer organization and therefore does not have payroll to disclose.

12. OTHER POST EMPLOYMENT BENEFIT PLAN

At December 31, 2008, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2010, for this single employer defined benefit OPEB plan.

1. Plan Description

The City, a single-employer postemployment benefit plan, provides benefits for retirees as required by *Minnesota Statute* §471.61 subdivision 2b. Active employees, who were hired prior to July 1, 1993 and have been with the City for at least ten years and are either (1) age 60 years or older or (2) eligible for full PERA retirement benefits. Employees retiring by June 30, 2007 will receive full single health and life insurance coverage until age 65; employees retiring between July 1, 2007 and December 31, 2009 will receive \$500 per month towards the cost of single health and life insurance until age 65; and employees retiring after December 31, 2009 will receive \$15 per month times years of service (maximum of \$500 per month) towards the cost of single health and life insurance until age 65. Currently 19 employees meet those eligibility requirements. As of December 31, 2012 there were approximately 83 active participants and 17 retired participants receiving benefits from the City's health plans.

2. Funding Policy

The City funds its OPEB obligation on a pay as you go basis. For fiscal year 2012, the City contributed \$153,036 to the plan. The City's OPEB pension obligation is funded by the General and Enterprise Funds.

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

3. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any un-funded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

| | |
|--|--------------------------|
| Annual Required Contribution | \$ 201,793 |
| Interest on Net OPEB Obligation | 6,884 |
| Adjustment to Annual Required Contribution | <u>(9,535)</u> |
| Annual OPEB Cost (Expense) | 199,142 |
| Contributions Made | <u>(153,036)</u> |
| Increase in Net OPEB Obligation | 46,106 |
| Net OPEB Obligation - Beginning of Year | <u>152,972</u> |
| Net OPEB Obligation - End of Year | <u><u>\$ 199,078</u></u> |

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------------|------------------------|---|---------------------------|
| 12/31/2009 | 235,557 | 79.2 % | 131,847 |
| 12/31/2010 | 199,721 | 102.0 % | 127,854 |
| 12/31/2011 | 199,657 | 76.8 % | 152,972 |
| 12/31/2012 | 199,142 | 76.8 % | 199,078 |

4. Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$2,145,167. The annual payroll for active employees covered by the plan in the actuarial valuation was \$6,244,081 for a ratio of UAAL to covered payroll of 34.36%.

Actuarial valuations of an ongoing plan 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 healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. 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 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

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 9%, reduced by decrements to an ultimate rate of 5% after nine years. Both rates include a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payrolls on an open basis over a period not to exceed 30 years.

13. REHABILITATION LOANS RECEIVABLE

The City makes rehabilitation loans to residential and commercial entities within the City. Residential loans are made for 20 year periods at 3% interest. A mortgage against the property improved is required and City staff is responsible to follow-up any delinquent accounts. Loan repayments are made to Matrix Financial Services, a loan service bureau, which charges a fee of \$5.95 per month per loan. Principal and interest are forwarded to the City monthly with loan collection and loan status reports. Rehabilitation loan activity is a function of the Economic Development Fund, and the Hennepin County CDBG Funds. Loans become due in full upon sale of property. Rehabilitation loans receivable amounted to \$28,098 at December 31, 2012 and are recorded in the Hennepin County CDBG non-major special revenue funds.

14. CLAIMS AND LITIGATION

The City had the usual and customary types of miscellaneous claims pending at year-end, which are of a minor nature and usually all covered by insurance carried for that purpose. The City carries a \$1,000,000 Public Official Liability Insurance policy with public entity and employee endorsement.

15. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in a public entity risk pool to mitigate its exposure to these risks. Workers compensation and property and liability coverage are provided through a pooled self-insurance plan with other cities. Settled claims have not exceeded insurance coverage in any of the past three fiscal years and no significant reductions in coverage from the prior year. The City pays an annual premium based on prior claims history for its workers compensation coverage. The public entity risk pool is responsible for the payment of all associated claims. The City has a \$20,000 deductible per occurrence with a maximum per year out of pocket of \$40,000, for its property and liability coverage. The public entity risk pool is responsible for all losses in excess of \$20,000 per occurrence and all losses occurring after the \$40,000 maximum City out of pocket costs.

16. ACCOUNTING CHANGE

During fiscal year 2012, the City implemented several new accounting pronouncements issued by the Government Accounting Standard Board (GASB), including Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and Statement No. 65 "Items Previously Reported as Assets and Liabilities". Changes related to these standards are reflected in the financial statements and schedules and related disclosures.

City of Hopkins, Minnesota

NOTES TO FINANCIAL STATEMENTS, (CONT.)

December 31, 2012

17. SUBSEQUENT EVENT

On April 25, 2013, the government issued \$3,650,000 general obligation bonds to fund the 2013 street improvement project. The interest rate on the bonds is 2.0-2.5% and the maturity date is February 1, 2029

REQUIRED SUPPLEMENTARY INFORMATION

City of Hopkins, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Funding Progress

December 31, 2012

OTHER POSTEMPLOYMENT BENEFITS PLAN

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|--------------------------|--------------------------|---------------------------|---|
| 01/01/07 | \$ - | \$ 2,297,909 | \$ 2,297,909 | - | \$ 5,621,587 | 40.88 % |
| 01/01/10 | - | 2,145,617 | 2,145,617 | - | 6,244,081 | 34.36 % |

CITY OF HOPKINS, MINNESOTA

NONMAJOR GOVERNMENTAL FUNDS STATEMENTS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other earmarked revenue sources. Expenditures are restricted by law or administrative regulation for specified purposes.

State Chemical Assessment Fund – This fund is entirely supported by state aid for the purpose of chemical assessment training and activity for the State of Minnesota.

Real Estate Purchases and Sales Fund - This fund records the acquisition and disposition of various properties with the proceeds used to improve city buildings.

E-911 Service Fee - This fund was established to account for the receipt of state funds specifically to be used for the E-911 service.

Hennepin County CDBG - This fund accounts for receipt for Community Development Block Grant funds and the issuance of loans and grants for housing rehabilitation.

Parking Fund - This fund acquired land, improves and maintains parking lots and a parking ramp and collects monthly maintenance fees from users.

Communications Fund - This fund records the City's share of a five-city joint venture cable TV franchise administered under the Southwest Suburban Cable Commission.

Depot Coffee House Fund – This fund accounts for the operations of the coffee house business and the teen center operations that are supported through grant funds.

Tax Increment Funds - These funds were established to record the use of tax increment receipts and bond proceeds as applied in various Tax Increment Districts.

5th Avenue Flats Fund - This fund was established to account for the project costs of the 5th Avenue Flats project. Originally shown as a tax increment fund the project changed scope and is no longer in a tax increment district.

DEBT SERVICE FUNDS

Debt Service Funds are established to finance and account for the payment of interest and principal on all general obligation debt other than debt issued for and serviced by a governmental enterprise. Provisions are made in the City's general property tax levy for money sufficient to meet the general obligation debt.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are established to account for the resources expended to acquire assets of a relatively permanent nature. (Special revenue and enterprise fund resources are not included in this category.) These funds evolve from the needs for special accounting for bond proceeds, grants and contributions for the acquisition of capital assets.

Park Improvements Fund - This fund was established to record construction and improvement costs for park facilities.

Capital Improvement Fund - This fund accounts for funds set aside for the construction and improvement of City facility and infrastructure.

Municipal State Aid Fund - This fund is used to account for the City's allocation of the state collected highway user tax. The allocation is based on population and need for construction of designated state aid streets in the City.

Street Improvement Franchise Fees Fund - This fund accounts for funds set aside for street improvements from the 2012 increase in gas and electric franchise fees. Funds will be used to decrease the annual debt levy for street improvement bonds.

City of Hopkins

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2012

Special Revenue Funds

| | State Chemical Assessment | Real Estate Purchases & Sales | E-911 Service Fee | Hennepin County CDBG | Parking |
|--|---------------------------------|-------------------------------------|----------------------|----------------------------|-------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ - | \$ 115,879 | \$ - | \$ - | \$ 214,745 |
| Taxes receivable | - | - | - | - | - |
| Accounts receivable | - | - | - | - | - |
| Rehabilitation loans receivable | - | - | - | 28,098 | - |
| Due from other governments | 33,014 | - | - | - | 1,677 |
| Interest receivable | - | 162 | - | - | 303 |
| Prepaid items | - | - | - | - | - |
| Total Assets | \$ 33,014 | \$ 116,041 | \$ - | \$ 28,098 | \$ 216,725 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 4,155 | \$ - | \$ - | \$ - | \$ 1,482 |
| Salaries payable | 1,912 | - | - | - | 1,617 |
| Accrued interest payable | - | - | - | - | - |
| Due to other funds | 24,000 | - | - | - | - |
| Due to other governments | - | - | - | - | - |
| Deferred revenue | - | - | - | - | 36,905 |
| Total Liabilities | 30,067 | - | - | - | 40,004 |
| Fund balances: | | | | | |
| Non-spendable | - | - | - | 28,098 | - |
| Restricted | 2,947 | - | - | - | - |
| Committed | - | 116,041 | - | - | 176,721 |
| Unassigned | - | - | - | - | - |
| Total Fund Balances | 2,947 | 116,041 | - | 28,098 | 176,721 |
| Total Liabilities and Fund Balances | \$ 33,014 | \$ 116,041 | \$ - | \$ 28,098 | \$ 216,725 |

City of Hopkins

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

Special Revenue Funds

| | Communications | Depot Coffee House | Tax Increment District Entertainment District | Tax Increment District R.L. Johnson | Tax Increment District Sonoma |
|--|-------------------|--------------------------|---|--|--|
| Assets | | | | | |
| Cash and cash equivalents | \$ 320,412 | \$ 22,807 | \$ 76,345 | \$ - | \$ 1,233 |
| Taxes receivable | - | - | - | - | - |
| Accounts receivable | 63,319 | 413 | - | - | - |
| Rehabilitation loans receivable | - | - | - | - | - |
| Due from other governments | - | - | - | - | - |
| Interest receivable | 451 | 31 | 108 | - | 31 |
| Prepaid items | 831 | 132 | - | - | - |
| Total Assets | \$ 385,013 | \$ 23,383 | \$ 76,453 | \$ - | \$ 1,264 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 2,628 | \$ 6,454 | \$ 40 | \$ - | \$ 4 |
| Salaries payable | 1,205 | 7,544 | - | - | - |
| Accrued interest payable | - | - | - | - | - |
| Due to other funds | - | - | 233,691 | - | 242,359 |
| Due to other governments | - | 890 | - | - | - |
| Deferred revenue | - | - | - | - | - |
| Total Liabilities | 3,833 | 14,888 | 233,731 | - | 242,363 |
| Fund balances: | | | | | |
| Non-spendable | 831 | 132 | - | - | - |
| Restricted | - | - | - | - | - |
| Committed | 380,349 | 8,363 | - | - | - |
| Unassigned | - | - | (157,278) | - | (241,099) |
| Total Fund Balances | 381,180 | 8,495 | (157,278) | - | (241,099) |
| Total Liabilities and Fund Balances | \$ 385,013 | \$ 23,383 | \$ 76,453 | \$ - | \$ 1,264 |

City of Hopkins

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

Special Revenue Funds

| | Tax Increment District Oaks of Mainstreet | 5th Ave Flats | Tax Increment District Marketplace & Main | Total |
|--|---|------------------|---|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 443,509 | \$ - | \$ - | \$ 1,194,930 |
| Taxes receivable | 704 | - | - | 704 |
| Accounts receivable | - | - | 1,267 | 64,999 |
| Rehabilitation loans receivable | - | - | - | 28,098 |
| Due from other governments | - | - | - | 34,691 |
| Interest receivable | 626 | - | 1 | 1,713 |
| Prepaid items | - | - | - | 963 |
| Total Assets | \$ 444,839 | \$ - | \$ 1,268 | \$ 1,326,098 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 421 | \$ 351 | \$ 7 | \$ 15,542 |
| Salaries payable | - | - | - | 12,278 |
| Accrued interest payable | - | 526 | - | 526 |
| Due to other funds | - | 373,038 | 210,026 | 1,083,114 |
| Due to other governments | - | - | - | 890 |
| Deferred revenue | - | - | - | 36,905 |
| Total Liabilities | 421 | 373,915 | 210,033 | 1,149,255 |
| Fund balances: | | | | |
| Non-spendable | - | - | - | 29,061 |
| Restricted | 444,418 | - | - | 447,365 |
| Committed | - | - | - | 681,474 |
| Unassigned | - | (373,915) | (208,765) | (981,057) |
| Total Fund Balances | 444,418 | (373,915) | (208,765) | 176,843 |
| Total Liabilities and Fund Balances | \$ 444,839 | \$ - | \$ 1,268 | \$ 1,326,098 |

City of Hopkins

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2012

Debt Service Funds

| | Housing Bonds of 1995 | Tax Increment Bonds of 2002 | HRA Lease Revenue Bonds of 2003 | Tax Increment Bonds of 1996C Refunding Bonds of 2005A | Taxable Tax Increment Bonds of 1997 Refunding Bonds of 2005B |
|--|-----------------------------|--------------------------------------|--|--|--|
| Assets | | | | | |
| Cash and cash equivalents | \$ 137,296 | \$ 120,670 | \$ - | \$ 161,318 | \$ 406,634 |
| Taxes receivable | - | - | - | - | - |
| Special assessments receivable | 1,273 | - | - | - | 886,309 |
| Interest receivable | 193 | 170 | - | 227 | 573 |
| Cash - temporarily restricted | - | 1,503,975 | - | - | - |
| Total Assets | \$ 138,762 | \$ 1,624,815 | \$ - | \$ 161,545 | \$ 1,293,516 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 133 | \$ 151 | \$ - | \$ 147 | \$ 374 |
| Total Liabilities | 133 | 151 | - | 147 | 374 |
| Deferred Inflows of Resources: | | | | | |
| Taxes and special assessments | 1,273 | - | - | - | 883,030 |
| Total Deferred Inflows of Resources | 1,273 | - | - | - | 883,030 |
| Fund balances: | | | | | |
| Restricted | 137,356 | 1,624,664 | - | 161,398 | 410,112 |
| Total Fund Balances | 137,356 | 1,624,664 | - | 161,398 | 410,112 |
| Total Liabilities and Fund Balances | \$ 138,762 | \$ 1,624,815 | \$ - | \$ 161,545 | \$ 1,293,516 |

City of Hopkins

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2012

Debt Service Funds

| | Capital Improvement Bonds of 2007A | Improvement Revolving Bonds of 2007B | Improvement Revolving Bonds of 2010A | Improvement Bonds of 2002 Refunding Bonds of 2010B | Tax Increment Bonds of 2002 Refunding Bonds of 2010B |
|--|---|---|---|---|---|
| Assets | | | | | |
| Cash and cash equivalents | \$ 311,198 | \$ 211,789 | \$ 211,033 | \$ 118,732 | \$ 59,483 |
| Taxes receivable | 15,397 | 3,705 | 1,446 | 1,227 | - |
| Special assessments receivable | - | - | - | - | - |
| Interest receivable | 439 | 299 | 298 | 167 | 84 |
| Cash - temporarily restricted | - | - | - | - | - |
| Total Assets | \$ 327,034 | \$ 215,793 | \$ 212,777 | \$ 120,126 | \$ 59,567 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 271 | \$ 198 | \$ - | \$ - | \$ - |
| Total Liabilities | 271 | 198 | - | - | - |
| Deferred Inflows of Resources: | | | | | |
| Taxes and special assessments | 11,101 | 2,671 | 1,027 | 891 | - |
| Total Deferred Inflows of Resources | 11,101 | 2,671 | 1,027 | 891 | - |
| Fund balances: | | | | | |
| Restricted | 315,662 | 212,924 | 211,750 | 119,235 | 59,567 |
| Total Fund Balances | 315,662 | 212,924 | 211,750 | 119,235 | 59,567 |
| Total Liabilities and Fund Balances | \$ 327,034 | \$ 215,793 | \$ 212,777 | \$ 120,126 | \$ 59,567 |

City of Hopkins

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

Debt Service Funds

| | Capital Improvement Bonds of 2012A | Equipment Certificates of 2012B | Improvement Bonds of 2012B | Total |
|--|--|---------------------------------------|-------------------------------|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 69,771 | \$ 453,680 | \$ 8,079 | \$ 2,269,683 |
| Taxes receivable | 4,479 | - | - | 26,254 |
| Special assessments receivable | - | - | - | 887,582 |
| Interest receivable | 100 | 639 | 9 | 3,198 |
| Cash - temporarily restricted | - | - | - | 1,503,975 |
| Total Assets | \$ 74,350 | \$ 454,319 | \$ 8,088 | \$ 4,690,692 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 1,274 |
| Total Liabilities | - | - | - | 1,274 |
| Deferred Inflows of Resources: | | | | |
| Taxes and special assessments | 3,238 | - | - | 903,231 |
| Total Deferred Inflows of Resources | 3,238 | - | - | 903,231 |
| Fund balances: | | | | |
| Restricted | 71,112 | 454,319 | 8,088 | 3,786,187 |
| Total Fund Balances | 71,112 | 454,319 | 8,088 | 3,786,187 |
| Total Liabilities and Fund Balances | \$ 74,350 | \$ 454,319 | \$ 8,088 | \$ 4,690,692 |

City of Hopkins

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

Capital Project Funds

| | Park Improvements | Capital Improvement Funds | Municipal State Aid Fund | Street Improvement Franchise Fees | Total |
|--|----------------------|---------------------------------|-----------------------------|---|---------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 76,858 | \$ 136,446 | \$ 2,062,940 | \$ 145,388 | \$ 2,421,632 |
| Taxes receivable | 379 | 2,069 | - | - | 2,448 |
| Accounts receivable | - | - | - | 50,588 | 50,588 |
| Interest receivable | 108 | 191 | 2,905 | 205 | 3,409 |
| Long-term receivable | 6,000 | - | - | - | 6,000 |
| Total Assets | \$ 83,345 | \$ 138,706 | \$ 2,065,845 | \$ 196,181 | \$ 2,484,077 |
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 113 | \$ 1,389 | \$ 1,697 | \$ - | \$ 3,199 |
| Total Liabilities | 113 | 1,389 | 1,697 | - | 3,199 |
| Deferred Inflows of Resources | | | | | |
| Taxes and special assessments | 331 | 1,631 | - | - | 1,962 |
| Total Deferred Inflows of Resources | 331 | 1,631 | - | - | 1,962 |
| Fund balances: | | | | | |
| Non-spendable | 6,000 | - | - | - | 6,000 |
| Restricted | 76,901 | - | - | - | 76,901 |
| Assigned | - | 135,686 | 2,064,148 | 196,181 | 2,396,015 |
| Total Fund Balances | 82,901 | 135,686 | 2,064,148 | 196,181 | 2,478,916 |
| Total Liabilities and Fund Balances | \$ 83,345 | \$ 138,706 | \$ 2,065,845 | \$ 196,181 | \$ 2,484,077 |

City of Hopkins

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

| | Special Revenue | Debt Service | Capital Projects | Total Non-major Governmental Funds |
|--|---------------------|---------------------|---------------------|---|
| Assets | | | | |
| Cash and cash equivalents | \$ 1,194,930 | \$ 2,269,683 | \$ 2,421,632 | \$ 5,886,245 |
| Taxes receivable | 704 | 26,254 | 2,448 | 29,406 |
| Special assessments receivable | - | 887,582 | - | 887,582 |
| Accounts receivable | 64,999 | - | 50,588 | 115,587 |
| Rehabilitation loans receivable | 28,098 | - | - | 28,098 |
| Due from other governments | 34,691 | - | - | 34,691 |
| Interest receivable | 1,713 | 3,198 | 3,409 | 8,320 |
| Prepaid items | 963 | - | - | 963 |
| Long-term receivable | - | - | 6,000 | 6,000 |
| Cash - temporarily restricted | - | 1,503,975 | - | 1,503,975 |
| Total Assets | \$ 1,326,098 | \$ 4,690,692 | \$ 2,484,077 | \$ 8,500,867 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 15,542 | \$ 1,274 | \$ 3,199 | \$ 20,015 |
| Salaries payable | 12,278 | - | - | 12,278 |
| Accrued interest payable | 526 | - | - | 526 |
| Due to other funds | 1,083,114 | - | - | 1,083,114 |
| Due to other governments | 890 | - | - | 890 |
| Deferred revenue | 36,905 | - | - | 36,905 |
| Total Liabilities | 1,149,255 | 1,274 | 3,199 | 1,153,728 |
| Deferred Inflows of Resources | | | | |
| Taxes and special assessments | - | 903,231 | 1,962 | 905,193 |
| Total Deferred Inflows of Resources | - | 903,231 | 1,962 | 905,193 |
| Fund balances: | | | | |
| Non-spendable | 29,061 | - | 6,000 | 35,061 |
| Restricted | 447,365 | 3,786,187 | 76,901 | 4,310,453 |
| Committed | 681,474 | - | - | 681,474 |
| Assigned | - | - | 2,396,015 | 2,396,015 |
| Unassigned | (981,057) | - | - | (981,057) |
| Total Fund Balances | 176,843 | 3,786,187 | 2,478,916 | 6,441,946 |
| Total Liabilities and Fund Balances | \$ 1,326,098 | \$ 4,690,692 | \$ 2,484,077 | \$ 8,500,867 |

City of Hopkins

Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Special Revenue Funds | | | | |
|--|---------------------------------|-------------------------------------|----------------------|----------------------------|---------------|
| | State Chemical Assessment | Real Estate Purchases & Sales | E-911 Service Fee | Hennepin County CDBG | Parking |
| Revenues | | | | | |
| Tax increments | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 73,629 | - | 17,969 | 13,574 | - |
| Charges for services | - | 3,700 | - | - | 74,884 |
| Fines | - | - | - | - | 22,420 |
| Investment earnings | - | 835 | 41 | - | 1,219 |
| Other miscellaneous revenues | 9,429 | - | - | - | - |
| Total Revenues | 83,058 | 4,535 | 18,010 | 13,574 | 98,523 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | - |
| Public safety | 78,763 | - | 18,060 | - | 58,585 |
| Highways and streets | - | - | - | - | 34,269 |
| Urban redevelopment and housing | - | - | - | 11,482 | - |
| Culture and recreation | - | - | - | - | - |
| Debt service: | | | | | |
| Interest and fiscal fees | - | - | - | - | - |
| Capital Outlay | - | - | - | - | - |
| Total Expenditures | 78,763 | - | 18,060 | 11,482 | 92,854 |
| Excess (deficiency) of revenues over expenditures | 4,295 | 4,535 | (50) | 2,092 | 5,669 |
| Other Financing Sources (Uses) | | | | | |
| Transfer in | - | - | - | - | - |
| Transfer out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | - | - | - | - | - |
| Net change in fund balances | 4,295 | 4,535 | (50) | 2,092 | 5,669 |
| Fund Balance (Deficit) - January 1 | (1,348) | 111,506 | 50 | 26,006 | 171,052 |
| Fund Balance (Deficit) - December 31 | \$ 2,947 | \$ 116,041 | \$ - | \$ 28,098 | \$ 176,721 |

City of Hopkins

Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

Special Revenue Funds

| | Communications | Depot Coffee House | Tax Increment District Entertainment District | Tax Increment District R.L. Johnson | Tax Increment District Sonoma |
|--|-----------------|--------------------------|---|--|--|
| Revenues | | | | | |
| Tax increments | \$ - | \$ - | \$ 58,172 | \$ - | \$ 9,384 |
| Intergovernmental | - | 6,000 | - | - | - |
| Charges for services | - | 72,055 | - | - | - |
| Fines | - | - | - | - | - |
| Investment earnings | 2,214 | 123 | 293 | 53 | 93 |
| Other miscellaneous revenues | 231,472 | 192,181 | - | - | 9,640 |
| Total Revenues | 233,686 | 270,359 | 58,465 | 53 | 19,117 |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 114,773 | - | - | - | - |
| Public safety | - | - | - | - | - |
| Highways and streets | - | - | - | - | - |
| Urban redevelopment and housing | - | - | 3,110 | - | 2,521 |
| Culture and recreation | - | 282,540 | - | - | - |
| Debt service: | | | | | |
| Interest and fiscal fees | - | - | 11,987 | - | 9,355 |
| Capital Outlay | 52,236 | 3,637 | - | - | - |
| Total Expenditures | 167,009 | 286,177 | 15,097 | - | 11,876 |
| Excess (deficiency) of revenues over expenditures | 66,677 | (15,818) | 43,368 | 53 | 7,241 |
| Other Financing Sources (Uses) | | | | | |
| Transfer in | - | 10,000 | - | - | 24,315 |
| Transfer out | (86,920) | - | - | (201,625) | - |
| Total Other Financing Sources (Uses) | (86,920) | 10,000 | - | (201,625) | 24,315 |
| Net change in fund balances | (20,243) | (5,818) | 43,368 | (201,572) | 31,556 |
| Fund Balance (Deficit) - January 1 | 401,423 | 14,313 | (200,646) | 201,572 | (272,655) |
| Fund Balance (Deficit) - December 31 | \$ 381,180 | \$ 8,495 | \$ (157,278) | \$ - | \$ (241,099) |

City of Hopkins

Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Special Revenue Funds | | | |
|--|---|----------------|--|------------------|
| | Tax Increment District Oaks of Mainstreet | 5th Ave Flats | Tax Increment District Marketplace & Main | Total |
| Revenues | | | | |
| Tax increments | \$ 133,034 | \$ - | \$ - | \$ 200,590 |
| Intergovernmental | 192 | - | - | 111,364 |
| Charges for services | - | - | - | 150,639 |
| Fines | - | - | - | 22,420 |
| Investment earnings | 2,501 | - | - | 7,372 |
| Other miscellaneous revenues | - | - | 1,386 | 444,108 |
| Total Revenues | 135,727 | - | 1,386 | 936,493 |
| Expenditures | | | | |
| Current: | | | | |
| General government | - | - | - | 114,773 |
| Public safety | - | - | - | 155,408 |
| Highways and streets | - | - | - | 34,269 |
| Urban redevelopment and housing | 4,841 | 3,646 | 405,259 | 430,859 |
| Culture and recreation | - | - | - | 282,540 |
| Debt service: | | | | |
| Interest and fiscal fees | - | 1,964 | 620 | 23,926 |
| Capital Outlay | - | - | - | 55,873 |
| Total Expenditures | 4,841 | 5,610 | 405,879 | 1,097,648 |
| Excess (deficiency) of revenues over expenditures | 130,886 | (5,610) | (404,493) | (161,155) |
| Other Financing Sources (Uses) | | | | |
| Transfer in | - | - | 201,625 | 235,940 |
| Transfer out | (118,000) | - | - | (406,545) |
| Total Other Financing Sources (Uses) | (118,000) | - | 201,625 | (170,605) |
| Net change in fund balances | 12,886 | (5,610) | (202,868) | (331,760) |
| Fund Balance (Deficit) - January 1 | 431,532 | (368,305) | (5,897) | 508,603 |
| Fund Balance (Deficit) - December 31 | \$ 444,418 | \$ (373,915) | \$ (208,765) | \$ 176,843 |

City of Hopkins

Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Debt Service Funds | | | | |
|--|-----------------------------|--------------------------------------|--|--|--|
| | Housing Bonds of 1995 | Tax Increment Bonds of 2002 | HRA Lease Revenue Bonds of 2003 | Tax Increment Bonds of 1996C Refunding Bonds of 2005A | Taxable Tax Increment Bonds of 1997 Refunding Bonds of 2005B |
| Revenues | | | | | |
| Property taxes | \$ - | \$ - | \$ 215,806 | \$ - | \$ - |
| Special assessments | 1,167 | - | - | - | 172,293 |
| Investment earnings | 784 | 5,250 | - | 237 | 1,451 |
| Other miscellaneous revenues | - | - | 10,500 | - | - |
| Total Revenues | <u>1,951</u> | <u>5,250</u> | <u>226,306</u> | <u>237</u> | <u>173,744</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 1,160 | 151 | 1,760 | 147 | 1,096 |
| Debt Service: | | | | | |
| Principal retirement | - | 110,000 | 135,000 | 90,000 | 105,000 |
| Interest and fiscal fees | - | 109,658 | 83,601 | 16,868 | 40,815 |
| Total Expenditures | <u>1,160</u> | <u>219,809</u> | <u>220,361</u> | <u>107,015</u> | <u>146,911</u> |
| Excess (deficiency) of revenues over expenditures | <u>791</u> | <u>(214,559)</u> | <u>5,945</u> | <u>(106,778)</u> | <u>26,833</u> |
| Other Financing Sources (Uses) | | | | | |
| Improvement bonds issued | - | - | - | - | - |
| Discount on improvement bonds | - | - | - | - | - |
| Premium on improvement bonds | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - |
| Transfer in | - | 153,000 | - | 118,000 | - |
| Transfer out | - | - | (369,035) | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>153,000</u> | <u>(369,035)</u> | <u>118,000</u> | <u>-</u> |
| Net change in fund balances | <u>791</u> | <u>(61,559)</u> | <u>(363,090)</u> | <u>11,222</u> | <u>26,833</u> |
| Fund Balance (Deficit) - January 1 | <u>136,565</u> | <u>1,686,223</u> | <u>363,090</u> | <u>150,176</u> | <u>383,279</u> |
| Fund Balance (Deficit) - December 31 | <u>\$ 137,356</u> | <u>\$ 1,624,664</u> | <u>\$ -</u> | <u>\$ 161,398</u> | <u>\$ 410,112</u> |

City of Hopkins

Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Debt Service Funds | | | | |
|--|---|---|---|--|---|
| | Capital Improvement Bonds of 2007A | Improvement Revolving Bonds of 2007B | Improvement Revolving Bonds of 2010A | Improvement Bonds of 2002 Refunding Bonds of 2010B | Tax Increment Bonds of 2002 Refunding Bonds of 2010B |
| Revenues | | | | | |
| Property taxes | \$ 755,714 | \$ 182,059 | \$ 76,000 | \$ 58,193 | \$ - |
| Special assessments | - | - | - | - | - |
| Investment earnings | - | - | - | - | 237 |
| Other miscellaneous revenues | - | - | - | - | - |
| Total Revenues | <u>755,714</u> | <u>182,059</u> | <u>76,000</u> | <u>58,193</u> | <u>237</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 5,799 | 5,198 | - | - | - |
| Debt Service: | | | | | |
| Principal retirement | 525,000 | 180,000 | 140,000 | 120,000 | - |
| Interest and fiscal fees | <u>332,179</u> | <u>58,796</u> | <u>58,225</u> | <u>1,158</u> | <u>265</u> |
| Total Expenditures | <u>862,978</u> | <u>243,994</u> | <u>198,225</u> | <u>121,158</u> | <u>265</u> |
| Excess (deficiency) of revenues over expenditures | <u>(107,264)</u> | <u>(61,935)</u> | <u>(122,225)</u> | <u>(62,965)</u> | <u>(28)</u> |
| Other Financing Sources (Uses) | | | | | |
| Improvement bonds issued | - | - | - | - | - |
| Discount on improvement bonds | - | - | - | - | - |
| Premium on improvement bonds | - | - | - | - | - |
| Payment to refunded bond escrow agent | - | - | - | - | - |
| Transfer in | 145,000 | 71,900 | 156,592 | 58,219 | 35,000 |
| Transfer out | - | - | - | - | - |
| Total Other Financing Sources (Uses) | <u>145,000</u> | <u>71,900</u> | <u>156,592</u> | <u>58,219</u> | <u>35,000</u> |
| Net change in fund balances | <u>37,736</u> | <u>9,965</u> | <u>34,367</u> | <u>(4,746)</u> | <u>34,972</u> |
| Fund Balance (Deficit) - January 1 | <u>277,926</u> | <u>202,959</u> | <u>177,383</u> | <u>123,981</u> | <u>24,595</u> |
| Fund Balance (Deficit) - December 31 | <u>\$ 315,662</u> | <u>\$ 212,924</u> | <u>\$ 211,750</u> | <u>\$ 119,235</u> | <u>\$ 59,567</u> |

City of Hopkins

Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Debt Service Funds | | | Total |
|--|--|---------------------------------------|-------------------------------|---------------------|
| | Capital Improvement Bonds of 2012A | Equipment Certificates of 2012B | Improvement Bonds of 2012B | |
| Revenues | | | | |
| Property taxes | \$ 1,241 | \$ - | \$ - | \$ 1,289,013 |
| Special assessments | - | - | - | 173,460 |
| Investment earnings | 95 | 2,550 | 8,088 | 18,692 |
| Other miscellaneous revenues | - | - | - | 10,500 |
| Total Revenues | <u>1,336</u> | <u>2,550</u> | <u>8,088</u> | <u>1,491,665</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 31,638 | 9,760 | 40,329 | 97,038 |
| Debt Service: | | | | |
| Principal retirement | - | - | - | 1,405,000 |
| Interest and fiscal fees | - | - | - | 701,565 |
| Total Expenditures | <u>31,638</u> | <u>9,760</u> | <u>40,329</u> | <u>2,203,603</u> |
| Excess (deficiency) of revenues over expenditures | <u>(30,302)</u> | <u>(7,210)</u> | <u>(32,241)</u> | <u>(711,938)</u> |
| Other Financing Sources (Uses) | | | | |
| Improvement bonds issued | 1,905,000 | 795,000 | 3,285,000 | 5,985,000 |
| Discount on improvement bonds | (12,830) | - | - | (12,830) |
| Premium on improvement bonds | - | 12,803 | 52,902 | 65,705 |
| Payment to refunded bond escrow agent | (2,159,791) | - | - | (2,159,791) |
| Transfer in | 369,035 | - | - | 1,106,746 |
| Transfer out | - | (346,274) | (3,297,573) | (4,012,882) |
| Total Other Financing Sources (Uses) | <u>101,414</u> | <u>461,529</u> | <u>40,329</u> | <u>971,948</u> |
| Net change in fund balances | <u>71,112</u> | <u>454,319</u> | <u>8,088</u> | <u>260,010</u> |
| Fund Balance (Deficit) - January 1 | - | - | - | 3,526,177 |
| Fund Balance (Deficit) - December 31 | <u>\$ 71,112</u> | <u>\$ 454,319</u> | <u>\$ 8,088</u> | <u>\$ 3,786,187</u> |

City of Hopkins

Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Capital Projects Funds | | | | |
|--|------------------------|--------------------------------|-----------------------------|---|----------------|
| | Park Improvements | Capital Improvement Fund | Municipal State Aid Fund | Street Improvement Franchise Fees | Total |
| Revenues | | | | | |
| Property taxes | \$ - | \$ 123,397 | \$ - | \$ - | \$ 123,397 |
| Intergovernmental | 30,000 | - | 411,244 | - | 441,244 |
| Investment earnings | 699 | 916 | 13,795 | 566 | 15,976 |
| Other miscellaneous revenues | 214,772 | - | - | 195,615 | 410,387 |
| Total Revenues | 245,471 | 124,313 | 425,039 | 196,181 | 991,004 |
| Expenditures | | | | | |
| Current: | | | | | |
| Highways and streets | - | - | 11,503 | - | 11,503 |
| Capital Outlay | 274,764 | 261,098 | 15,720 | - | 551,582 |
| Total Expenditures | 274,764 | 261,098 | 27,223 | - | 563,085 |
| Excess (deficiency) of revenues over expenditures | (29,293) | (136,785) | 397,816 | 196,181 | 427,919 |
| Fund Balance (Deficit) - January 1 | 112,194 | 272,471 | 1,666,332 | - | 2,050,997 |
| Fund Balance (Deficit) - December 31 | \$ 82,901 | \$ 135,686 | \$ 2,064,148 | \$ 196,181 | \$ 2,478,916 |

City of Hopkins

Statement of Revenues, Expenditures and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2012

| | Special Revenue | Debt Service | Capital Projects | Total Nonmajor Governmental Funds |
|---|------------------|------------------|------------------|-----------------------------------|
| Revenues | | | | |
| Property taxes | \$ - | \$ 1,289,013 | \$ 123,397 | \$ 1,412,410 |
| Tax increments | 200,590 | - | - | 200,590 |
| Special assessments | - | 173,460 | - | 173,460 |
| Intergovernmental | 111,364 | - | 441,244 | 552,608 |
| Charges for services | 150,639 | - | - | 150,639 |
| Fines | 22,420 | - | - | 22,420 |
| Investment earnings | 7,372 | 18,692 | 15,976 | 42,040 |
| Other miscellaneous revenues | 444,108 | 10,500 | 410,387 | 864,995 |
| Total Revenues | 936,493 | 1,491,665 | 991,004 | 3,419,162 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 114,773 | 97,038 | - | 211,811 |
| Public safety | 155,408 | - | - | 155,408 |
| Highways and streets | 34,269 | - | 11,503 | 45,772 |
| Urban redevelopment and housing | 430,859 | - | - | 430,859 |
| Culture and recreation | 282,540 | - | - | 282,540 |
| Debt service: | | | | |
| Principal retirement | - | 1,405,000 | - | 1,405,000 |
| Interest and fiscal fees | 23,926 | 701,565 | - | 725,491 |
| Capital Outlay | 55,873 | - | 551,582 | 607,455 |
| Total Expenditures | 1,097,648 | 2,203,603 | 563,085 | 3,864,336 |
| Excess (deficiency) of revenues over expenditures | (161,155) | (711,938) | 427,919 | (445,174) |
| Other Financing Sources (Uses) | | | | |
| Improvement bonds issued | - | 5,985,000 | - | 5,985,000 |
| Discount on improvement bonds | - | (12,830) | - | (12,830) |
| Premium on improvement bonds | - | 65,705 | - | 65,705 |
| Payment to refunded bond escrow agent | - | (2,159,791) | - | (2,159,791) |
| Transfer in | 235,940 | 1,106,746 | - | 1,342,686 |
| Transfer out | (406,545) | (4,012,882) | - | (4,419,427) |
| Total Other Financing Sources (Uses) | (170,605) | 971,948 | - | 801,343 |
| Net change in fund balances | (331,760) | 260,010 | 427,919 | 356,169 |
| Fund Balance (Deficit) - January 31 | 508,603 | 3,526,177 | 2,050,997 | 6,085,777 |
| Fund Balance (Deficit) - December 31 | \$ 176,843 | \$ 3,786,187 | \$ 2,478,916 | \$ 6,441,946 |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 State Chemical Assessment
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|------------------------------|--------------------|-----------------------------|-----------|---|
| Revenues | | | | |
| Intergovernmental | \$ 45,000 | \$ 45,000 | \$ 73,629 | \$ 28,629 |
| Other miscellaneous revenues | - | - | 9,429 | 9,429 |
| Total Revenues | 45,000 | 45,000 | 83,058 | 38,058 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 45,000 | 45,000 | 78,763 | (33,763) |
| Total expenditures | 45,000 | 45,000 | 78,763 | (33,763) |
| Net change in fund balance | - | - | 4,295 | 4,295 |
| Fund balance - January 1 | (1,348) | (1,348) | (1,348) | - |
| Fund balance - December 31 | \$ (1,348) | \$ (1,348) | \$ 2,947 | \$ 4,295 |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Real Estate Purchases & Sales
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|----------------------------|--------------------|-----------------------------|------------|---|
| Revenues | | | | |
| Charges for services | \$ 3,700 | \$ 3,700 | \$ 3,700 | \$ - |
| Investment earnings | 2,100 | 2,100 | 835 | (1,265) |
| | | | | |
| Total Revenues | 5,800 | 5,800 | 4,535 | (1,265) |
| | | | | |
| Net change in fund balance | 5,800 | 5,800 | 4,535 | (1,265) |
| | | | | |
| Fund balance - January 1 | 111,506 | 111,506 | 111,506 | - |
| | | | | |
| Fund balance - December 31 | \$ 117,306 | \$ 117,306 | \$ 116,041 | \$ (1,265) |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Parking
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|----------------------------|--------------------|-----------------------------|---------------|---|
| Revenues | | | | |
| Charges for services | \$ 67,000 | \$ 67,000 | \$ 74,884 | \$ 7,884 |
| Fines | 20,000 | 20,000 | 22,420 | 2,420 |
| Investment earnings | 1,500 | 1,500 | 1,219 | (281) |
| Total Revenues | 88,500 | 88,500 | 98,523 | 10,023 |
| Expenditures | | | | |
| Current: | | | | |
| Public safety | 59,236 | 59,236 | 58,585 | 651 |
| Highways and streets | 28,894 | 28,894 | 34,269 | (5,375) |
| Total expenditures | 88,130 | 88,130 | 92,854 | (4,724) |
| | | | | |
| Net change in fund balance | 370 | 370 | 5,669 | 5,299 |
| | | | | |
| Fund balance - January 1 | 171,052 | 171,052 | 171,052 | - |
| | | | | |
| Fund balance - December 31 | \$ 171,422 | \$ 171,422 | \$ 176,721 | \$ 5,299 |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Communications
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|--|--------------------|-----------------------------|-------------------|---|
| Revenues | | | | |
| Investment earnings | \$ 1,500 | \$ 1,500 | \$ 2,214 | \$ 714 |
| Other miscellaneous revenues | 200,000 | 200,000 | 231,472 | 31,472 |
| Total Revenues | 201,500 | 201,500 | 233,686 | 32,186 |
| Expenditures | | | | |
| Current: | | | | |
| General government | 123,106 | 123,106 | 114,773 | 8,333 |
| Capital Outlay | - | - | 52,236 | (52,236) |
| Total expenditures | 123,106 | 123,106 | 167,009 | (43,903) |
| Excess (deficiency) of revenues over expenditures | 78,394 | 78,394 | 66,677 | (11,717) |
| Other financing sources (uses) | | | | |
| Transfer out | (86,920) | (86,920) | (86,920) | - |
| Total other financing sources (uses) | (86,920) | (86,920) | (86,920) | - |
| Net change in fund balance | (8,526) | (8,526) | (20,243) | (11,717) |
| Fund balance - January 1 | 401,423 | 401,423 | 401,423 | - |
| Fund balance - December 31 | \$ 392,897 | \$ 392,897 | \$ 381,180 | \$ (11,717) |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Depot Coffee House
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|--|--------------------|-----------------------------|-----------------|---|
| Revenues | | | | |
| Intergovernmental | \$ 10,000 | \$ 10,000 | \$ 6,000 | \$ (4,000) |
| Charges for services | 51,000 | 51,000 | 72,055 | 21,055 |
| Investment earnings | - | - | 123 | 123 |
| Other miscellaneous revenues | 59,000 | 59,000 | 192,181 | 133,181 |
| Total Revenues | 120,000 | 120,000 | 270,359 | 150,359 |
| Expenditures | | | | |
| Current: | | | | |
| Culture and recreation | 115,175 | 115,175 | 282,540 | (167,365) |
| Capital Outlay | 5,000 | 5,000 | 3,637 | 1,363 |
| Total expenditures | 120,175 | 120,175 | 286,177 | (166,002) |
| Excess (deficiency) of revenues over expenditures | (175) | (175) | (15,818) | (15,643) |
| Other financing sources (uses) | | | | |
| Transfer in | 10,000 | 10,000 | 10,000 | - |
| Total other financing sources (uses) | 10,000 | 10,000 | 10,000 | - |
| Net change in fund balance | 9,825 | 9,825 | (5,818) | (15,643) |
| Fund balance - January 1 | 14,313 | 14,313 | 14,313 | - |
| Fund balance - December 31 | \$ 24,138 | \$ 24,138 | \$ 8,495 | \$ (15,643) |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Tax Increment District Entertainment District
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|---------------------------------|--------------------|-----------------------------|--------------|---|
| Revenues | | | | |
| Tax increments | \$ 55,000 | \$ 55,000 | \$ 58,172 | \$ 3,172 |
| Investment earnings | 500 | 500 | 293 | (207) |
| Total Revenues | 55,500 | 55,500 | 58,465 | 2,965 |
| Expenditures | | | | |
| Current: | | | | |
| Urban redevelopment and housing | 3,000 | 3,000 | 3,110 | (110) |
| Debt Service: | | | | |
| Interest and fiscal fees | - | - | 11,987 | (11,987) |
| Total expenditures | 3,000 | 3,000 | 15,097 | (12,097) |
| Net change in fund balance | 52,500 | 52,500 | 43,368 | (9,132) |
| Fund balance - January 1 | (200,646) | (200,646) | (200,646) | - |
| Fund balance - December 31 | \$ (148,146) | \$ (148,146) | \$ (157,278) | \$ (9,132) |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Tax Increment District RL Johnson
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|--------------------------------------|--------------------|-----------------------------|-----------|---|
| Revenues | | | | |
| Investment earnings | \$ 100 | \$ 100 | \$ 53 | \$ (47) |
| Total Revenues | 100 | 100 | 53 | (47) |
| Other financing sources (uses) | | | | |
| Transfer out | - | - | (201,625) | (201,625) |
| Total other financing sources (uses) | - | - | (201,625) | (201,625) |
| Net change in fund balance | 100 | 100 | (201,572) | (201,672) |
| Fund balance - January 1 | 201,572 | 201,572 | 201,572 | - |
| Fund balance - December 31 | \$ 201,672 | \$ 201,672 | \$ - | \$ (201,672) |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Tax Increment District Sonoma
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|--|---------------------|-----------------------------|---------------------|---|
| Revenues | | | | |
| Tax increments | \$ 9,500 | \$ 9,500 | \$ 9,384 | \$ (116) |
| Investment earnings | 100 | 100 | 93 | (7) |
| Other miscellaneous revenues | 9,524 | 9,524 | 9,640 | 116 |
| Total Revenues | 19,124 | 19,124 | 19,117 | (7) |
| Expenditures | | | | |
| Current: | | | | |
| Urban redevelopment and housing | 1,950 | 1,950 | 2,521 | (571) |
| Debt service: | | | | |
| Interest and fiscal fees | - | - | 9,355 | (9,355) |
| Total expenditures | 1,950 | 1,950 | 11,876 | (9,926) |
| Excess (deficiency) of revenues over expenditures | 17,174 | 17,174 | 7,241 | (9,933) |
| Other financing sources (uses) | | | | |
| Transfer in | - | - | 24,315 | 24,315 |
| Total other financing sources (uses) | - | - | 24,315 | 24,315 |
| Net change in fund balance | 17,174 | 17,174 | 31,556 | 14,382 |
| Fund balance - January 1 | (272,655) | (272,655) | (272,655) | - |
| Fund balance - December 31 | \$ (255,481) | \$ (255,481) | \$ (241,099) | \$ 14,382 |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Tax Increment District Oaks of Mainstreet
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|--|--------------------|-----------------------------|-------------------|---|
| Revenues | | | | |
| Tax increments | \$ 140,000 | \$ 140,000 | \$ 133,034 | \$ (6,966) |
| Intergovernmental | - | - | 192 | 192 |
| Investment earnings | 2,500 | 2,500 | 2,501 | 1 |
| Total Revenues | <u>142,500</u> | <u>142,500</u> | <u>135,727</u> | <u>(6,773)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Urban redevelopment and housing | 4,452 | 4,452 | 4,841 | (389) |
| Total expenditures | <u>4,452</u> | <u>4,452</u> | <u>4,841</u> | <u>(389)</u> |
| Excess (deficiency) of revenues over expenditures | <u>138,048</u> | <u>138,048</u> | <u>130,886</u> | <u>(7,162)</u> |
| Other financing sources (uses) | | | | |
| Transfer out | (118,000) | (118,000) | (118,000) | - |
| Total other financing sources (uses) | <u>(118,000)</u> | <u>(118,000)</u> | <u>(118,000)</u> | <u>-</u> |
| Net change in fund balance | 20,048 | 20,048 | 12,886 | (7,162) |
| Fund balance - January 1 | <u>431,532</u> | <u>431,532</u> | <u>431,532</u> | <u>-</u> |
| Fund balance - December 31 | <u>\$ 451,580</u> | <u>\$ 451,580</u> | <u>\$ 444,418</u> | <u>\$ (7,162)</u> |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 5th Ave Flats
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|---------------------------------|--------------------|-----------------------------|--------------|---|
| Revenues | | | | |
| Tax increments | \$ 10,800 | \$ 10,800 | \$ - | \$ (10,800) |
| Other miscellaneous revenues | 3,000 | 3,000 | - | (3,000) |
| Total Revenues | 13,800 | 13,800 | - | (13,800) |
| Expenditures | | | | |
| Current: | | | | |
| Urban redevelopment and housing | 6,350 | 6,350 | 3,646 | 2,704 |
| Debt service: | | | | |
| Interest and fiscal fees | - | - | 1,964 | (1,964) |
| Total expenditures | 6,350 | 6,350 | 5,610 | 740 |
| | | | | |
| Net change in fund balance | 7,450 | 7,450 | (5,610) | (13,060) |
| | | | | |
| Fund balance - January 1 | (368,305) | (368,305) | (368,305) | - |
| | | | | |
| Fund balance - December 31 | \$ (360,855) | \$ (360,855) | \$ (373,915) | \$ (13,060) |

City of Hopkins

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 Tax Increment District Marketplace & Main
 For the Year Ended December 31, 2012

| | Original Budget | Final Approved Budget | Actual | Variance with Final Budget Over/Under |
|--|--------------------|-----------------------------|---------------------|---|
| Revenues | | | | |
| Other miscellaneous revenues | \$ - | \$ - | \$ 1,386 | \$ 1,386 |
| Total Revenues | - | - | 1,386 | 1,386 |
| Expenditures | | | | |
| Current: | | | | |
| Urban redevelopment and housing | 7,350 | 7,350 | 405,259 | (397,909) |
| Debt service: | | | | |
| Interest and fiscal fees | - | - | 620 | (620) |
| Total expenditures | 7,350 | 7,350 | 405,879 | (398,529) |
| Excess (deficiency) of revenues over expenditures | (7,350) | (7,350) | (404,493) | (397,143) |
| Other financing sources (uses) | | | | |
| Transfer in | - | - | 201,625 | 201,625 |
| Total other financing sources (uses) | - | - | 201,625 | 201,625 |
| Net change in fund balance | (7,350) | (7,350) | (202,868) | (195,518) |
| Fund balance - January 1 | (5,897) | (5,897) | (5,897) | - |
| Fund balance - December 31 | \$ (13,247) | \$ (13,247) | \$ (208,765) | \$ (195,518) |

CITY OF HOPKINS, MINNESOTA

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds are established to account for the financing of self-supporting activities of governmental units, which render services to the general public on a user charge basis. Records are maintained on the accrual basis of accounting.

The Authority for these types of funds is derived from Section 11.01 of the City Charter, which allows for utility or other public service enterprise funds.

The City has six Enterprise Funds, two of which are considered to be nonmajor, they are:

Refuse Utility Fund – This fund accounts operations of the city owned refuse service.

Housing Authority Fund – This fund accounts for the operations of the city owned federally subsidized apartment building.

City of Hopkins

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 December 31, 2012

| | Nonmajor Business-type Activities-Enterprise Funds | | |
|--|--|----------------------|---------------------|
| | Refuse Utility | Housing Authority | Total |
| Assets | | | |
| Current assets | | | |
| Cash and investments | \$ 665,423 | \$ 536,830 | \$ 1,202,253 |
| Accounts receivable | 41,642 | - | 41,642 |
| Accrued interest receivable | 936 | - | 936 |
| Due from other governments | - | 6,076 | 6,076 |
| Inventory | 3,867 | - | 3,867 |
| Total current assets | <u>711,868</u> | <u>542,906</u> | <u>1,254,774</u> |
| Noncurrent assets | | | |
| Prepaid expenses | - | 16,633 | 16,633 |
| Capital Assets, nondepreciable: | | | |
| Land | - | 180,066 | 180,066 |
| Construction in progress | - | 8,250 | 8,250 |
| Capital Assets, depreciable: | | | |
| Building and structures | 302,727 | 4,183,096 | 4,485,823 |
| Distribution system | 2,584 | - | 2,584 |
| Machinery and equipment | 662,933 | 50,439 | 713,372 |
| Less accumulated depreciation | (459,639) | (2,930,205) | (3,389,844) |
| Total noncurrent assets | <u>508,605</u> | <u>1,508,279</u> | <u>2,016,884</u> |
| Total Assets | <u>1,220,473</u> | <u>2,051,185</u> | <u>3,271,658</u> |
| Liabilities | | | |
| Current Liabilities: | | | |
| Accounts payable | 39,145 | 25,900 | 65,045 |
| Salaries payable | 19,649 | - | 19,649 |
| Due to other funds | - | 34,536 | 34,536 |
| Due to other governments | 5,772 | - | 5,772 |
| Compensated absences | 16,086 | 17,622 | 33,708 |
| Total current liabilities | <u>80,652</u> | <u>78,058</u> | <u>158,710</u> |
| Noncurrent Liabilities: | | | |
| Net OPEB liability | - | 10,512 | 10,512 |
| Total Liabilities | <u>80,652</u> | <u>88,570</u> | <u>169,222</u> |
| Net Position | | | |
| Net investment in capital assets | 508,605 | 1,491,646 | 2,000,251 |
| Unrestricted | 631,216 | 470,969 | 1,102,185 |
| Total Net Position | <u>\$ 1,139,821</u> | <u>\$ 1,962,615</u> | <u>\$ 3,102,436</u> |

City of Hopkins

Combining Statement of Revenues, Expenses and Changes in Net Position
 Nonmajor Enterprise Activities
 For the Year Ended December 31, 2012

| | Nonmajor Business-type Activities-Enterprise Funds | | |
|--|--|----------------------|---------------------------------------|
| | Refuse Utility | Housing Authority | Nonmajor Enterprise Funds Total |
| Operating revenues | | | |
| Charges for services | \$ 895,846 | \$ 239,153 | \$ 1,134,999 |
| Other | 11,441 | 16,768 | 28,209 |
| Total operating revenues | <u>907,287</u> | <u>255,921</u> | <u>1,163,208</u> |
| Operating expenses | | | |
| Cost of sales and services | 655,760 | 94,010 | 749,770 |
| Administration | 151,432 | 314,403 | 465,835 |
| Depreciation | 55,094 | 155,450 | 210,544 |
| Total operating expenses | <u>862,286</u> | <u>563,863</u> | <u>1,426,149</u> |
| Operating income (loss) | <u>45,001</u> | <u>(307,942)</u> | <u>(262,941)</u> |
| Nonoperating revenues (expenses) | | | |
| Investment earnings | 3,945 | - | 3,945 |
| Intergovernmental grants | 17,795 | 197,491 | 215,286 |
| Total nonoperating revenues (expenses) | <u>21,740</u> | <u>197,491</u> | <u>219,231</u> |
| Income (loss) before contributions and transfers | 66,741 | (110,451) | (43,710) |
| Capital contributions | | | |
| Building improvements | - | 206,681 | 206,681 |
| Transfers | (25,000) | - | (25,000) |
| Change in net position | <u>41,741</u> | <u>96,230</u> | <u>137,971</u> |
| Total net position - January 1 | <u>1,098,080</u> | <u>1,866,385</u> | <u>2,964,465</u> |
| Total net position - December 31 | <u>\$ 1,139,821</u> | <u>\$ 1,962,615</u> | <u>\$ 3,102,436</u> |

City of Hopkins

Combining Statement of Cash Flows
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2012

| | Nonmajor Business-type Activities-Enterprise Funds | | |
|---|--|----------------------|--|
| | Refuse Utility | Housing Authority | Nonmajor Enterprise Funds Total |
| Cash Flows from Operating Activities | | | |
| Receipts from customers and users | \$ 912,344 | \$ 332,349 | \$ 1,244,693 |
| Payments to suppliers | (342,847) | (356,939) | (699,786) |
| Payments to employees | (299,753) | (89,548) | (389,301) |
| Payments for interfund services used | (151,432) | (188,442) | (339,874) |
| Net cash used by operating activities | <u>118,312</u> | <u>(302,580)</u> | <u>(184,268)</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Intergovernmental grants | 17,795 | 404,172 | 421,967 |
| Transfers (to) from other funds | (25,000) | - | (25,000) |
| Net cash provided (used) by noncapital and related financing activities | <u>(7,205)</u> | <u>404,172</u> | <u>396,967</u> |
| Cash Flows from Capital and Related Financing Activities: | | | |
| Purchases of capital assets | - | (23,855) | (23,855) |
| Proceeds from sales of capital assets | - | - | - |
| Net cash provided (used) by capital and related financing activities | <u>-</u> | <u>(23,855)</u> | <u>(23,855)</u> |
| Cash Flows From Investing Activities | | | |
| Interest received | <u>4,888</u> | <u>-</u> | <u>4,888</u> |
| Net increase (decrease) in cash and investments | 115,995 | 77,737 | 193,732 |
| Cash and investments - January 1 | <u>549,428</u> | <u>459,093</u> | <u>1,008,521</u> |
| Cash and investments - December 31 | <u>\$ 665,423</u> | <u>\$ 536,830</u> | <u>\$ 1,202,253</u> |
| Reconciliation of operating loss to net cash used by operating activities: | | | |
| Operating income (loss) | 45,001 | (307,942) | (262,941) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | | |
| Depreciation expense | 55,094 | 155,450 | 210,544 |
| (Increase) decrease in: | | | |
| Accounts receivable | 5,057 | 76,428 | 81,485 |
| Inventory | (1,271) | - | (1,271) |
| Prepaid expense | - | (16,633) | (16,633) |
| Increase (decrease) in: | | | |
| Accounts, compensated absences and accrued interest payable | 14,454 | (21,441) | (6,987) |
| Due to other funds | - | (188,442) | (188,442) |
| Due to other governments | (23) | - | (23) |
| Net cash used by operating activities | <u>\$ 118,312</u> | <u>\$ (302,580)</u> | <u>\$ (184,268)</u> |
| Noncash investing, capital and financing activities | | | |
| Capital contribution | <u>\$ -</u> | <u>\$ 206,681</u> | <u>\$ 206,681</u> |

CITY OF HOPKINS, MINNESOTA

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the government, on a cost reimbursement basis. Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become objectively measurable; expenses are recognized in the period incurred, if objectively measurable.

Equipment Replacement Fund – This fund accounts for the acquisition of machinery and equipment. User charges are billed to the various City departments.

Insurance Risk Fund – This fund accounts for the dividends and deductibles relating to property and casualty insurance coverage. Deductibles are paid from past dividends. Users are charged only if the fund has a shortfall.

Employee Benefits Fund – This fund accounts for accrued employee benefits within the governmental funds. User charges are billed to the various departments.

City of Hopkins

Combining Statement of Net Position
Internal Service Funds
December 31, 2012

| | Equipment Replacement | Insurance Risk | Employee Benefits | Total |
|----------------------------------|--------------------------|-------------------|----------------------|--------------|
| Assets | | | | |
| Current assets | | | | |
| Cash and investments | \$ 1,098,353 | \$ 236,713 | \$ 942,265 | \$ 2,277,331 |
| Accrued interest receivable | 1,545 | 333 | 1,290 | 3,168 |
| Advances to other funds | 21,820 | - | - | 21,820 |
| Total current assets | 1,121,718 | 237,046 | 943,555 | 2,302,319 |
| Property and equipment | | | | |
| Machinery and equipment | 6,760,671 | - | - | 6,760,671 |
| Less accumulated depreciation | (3,982,974) | - | - | (3,982,974) |
| Net property and equipment | 2,777,697 | - | - | 2,777,697 |
| Total Assets | 3,899,415 | 237,046 | 943,555 | 5,080,016 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Accounts payable | 12,905 | - | - | 12,905 |
| Compensated absences | - | - | 721,147 | 721,147 |
| Accrued interest payable | 2,554 | - | - | 2,554 |
| Capital lease - current | 20,299 | - | - | 20,299 |
| Total current liabilities | 35,758 | - | 721,147 | 756,905 |
| Noncurrent liabilities | | | | |
| Compensated absences payable | - | - | 77,907 | 77,907 |
| Capital lease payable | 258,784 | - | - | 258,784 |
| Total noncurrent liabilities | 258,784 | - | 77,907 | 336,691 |
| Total Liabilities | 294,542 | - | 799,054 | 1,093,596 |
| Net Position | | | | |
| Net investment in capital assets | 2,498,614 | - | - | 2,498,614 |
| Unrestricted | 1,106,259 | 237,046 | 144,501 | 1,487,806 |
| Total Net Position | \$ 3,604,873 | \$ 237,046 | \$ 144,501 | \$ 3,986,420 |

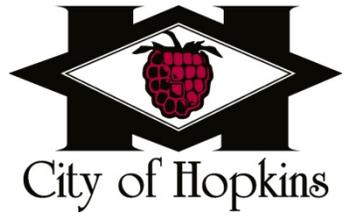
City of Hopkins

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended December 31, 2012

| | Equipment Replacement | Insurance Risk | Employee Benefits | Total |
|--|--------------------------|-------------------|----------------------|--------------|
| Operating revenues | | | | |
| Charges for services | \$ 316,784 | \$ 119,830 | \$ - | \$ 436,614 |
| Operating expenses | | | | |
| Materials, supplies and services | 4,036 | 30,893 | - | 34,929 |
| Administration | 11,767 | 1,174 | - | 12,941 |
| Depreciation expense | 432,022 | - | - | 432,022 |
| Total operating expenses | 447,825 | 32,067 | - | 479,892 |
| Operating income (loss) | (131,041) | 87,763 | - | (43,278) |
| Nonoperating revenues (expenses) | | | | |
| Investment earnings | 5,910 | 1,157 | 5,002 | 12,069 |
| Interest/fiscal agent expense | (14,700) | - | - | (14,700) |
| Gain on sale of assets | 47,834 | - | - | 47,834 |
| Total nonoperating revenues (expenses) | 39,044 | 1,157 | 5,002 | 45,203 |
| Income (loss) before contributions and transfers | (91,997) | 88,920 | 5,002 | 1,925 |
| Transfers and contributions | | | | |
| Transfers out | 346,274 | - | - | 346,274 |
| Total transfers and contributions | 346,274 | - | - | 346,274 |
| Change in net position | 254,277 | 88,920 | 5,002 | 348,199 |
| Net position - January 1 | 3,350,596 | 148,126 | 139,499 | 3,638,221 |
| Net position - December 31 | \$ 3,604,873 | \$ 237,046 | \$ 144,501 | \$ 3,986,420 |

City of Hopkins
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

| | Equipment Replacement | Insurance Risk | Employee Benefits | Totals |
|---|--------------------------|-------------------|----------------------|---------------------|
| Cash Flows from Operating Activities | | | | |
| Receipts from customers and users | \$ - | \$ 119,830 | \$ - | \$ 119,830 |
| Receipts from interfund services provided | 340,678 | - | - | 340,678 |
| Payments to suppliers | (3,907) | (32,933) | - | (36,840) |
| Payments for interfund services used | - | - | 26,271 | 26,271 |
| Payments for interfund services used | (11,767) | (1,174) | - | (12,941) |
| Net cash provided (used) by operating activities | <u>325,004</u> | <u>85,723</u> | <u>26,271</u> | <u>436,998</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Proceeds from capital debt | 346,274 | - | - | 346,274 |
| Purchases of capital assets | (476,034) | - | - | (476,034) |
| Proceeds from sales of capital assets | 47,834 | - | - | 47,834 |
| Interest and other payments | (15,058) | - | - | (15,058) |
| Capital lease payments | (39,158) | - | - | (39,158) |
| Net cash used by capital and related financing activities | <u>(136,142)</u> | <u>-</u> | <u>-</u> | <u>(136,142)</u> |
| Cash Flows From Investing Activities | <u>7,427</u> | <u>1,335</u> | <u>7,133</u> | <u>15,895</u> |
| Net increase (decrease) in cash and cash equivalents | 196,289 | 87,058 | 33,404 | 316,751 |
| Cash and Cash Equivalents - January 1 | <u>902,064</u> | <u>149,655</u> | <u>908,861</u> | <u>1,960,580</u> |
| Cash and Cash Equivalents - December 31 | <u>\$ 1,098,353</u> | <u>\$ 236,713</u> | <u>\$ 942,265</u> | <u>\$ 2,277,331</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (131,041) | \$ 87,763 | \$ - | \$ (43,278) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 432,022 | - | - | 432,022 |
| (Increase) decrease in: | | | | |
| Accounts receivable | 264 | - | - | 264 |
| Due from other funds | 23,630 | - | - | 23,630 |
| Increase (decrease) in: | | | | |
| Accounts, compensated absences and accrued interest payable | 129 | (2,040) | 26,271 | 24,360 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 325,004</u> | <u>\$ 85,723</u> | <u>\$ 26,271</u> | <u>\$ 436,998</u> |



CITY OF HOPKINS, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION III

STATISTICAL SECTION

CITY OF HOPKINS, MINNESOTA

STATISTICAL SECTION

This part of the City of Hopkins' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and the required supplementary information says about the city's overall financial health.

| <u>Contents</u> | <u>Page</u> |
|---|--------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. | 114 |
| Revenue Capacity These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes. | 126 |
| 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. | 130 |
| 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 and to help make comparisons over time and with other governments. | 135 |
| Operating Information These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs. | 137 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Hopkins
Net Assets by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental activities | | | | |
| Invested in capital assets, net of related debt | \$ 15,459,174 | \$ 11,950,343 | \$ 22,318,027 | \$ 25,315,084 |
| Restricted | 287,418 | 9,009,337 | 9,921,122 | 6,189,025 |
| Unrestricted | <u>22,415,733</u> | <u>20,189,189</u> | <u>9,056,853</u> | <u>10,849,585</u> |
| Total governmental activities net assets | <u>\$ 38,162,325</u> | <u>\$ 41,148,869</u> | <u>\$ 41,296,002</u> | <u>\$ 42,353,694</u> |
| Business-type activities | | | | |
| Invested in capital assets, net of related debt | \$ 13,425,790 | \$ 14,380,391 | \$ 14,321,166 | \$ 14,612,000 |
| Restricted | - | 250,000 | 250,000 | - |
| Unrestricted | <u>3,196,697</u> | <u>1,778,422</u> | <u>1,464,913</u> | <u>1,917,071</u> |
| Total business-type activities net assets | <u>\$ 16,622,487</u> | <u>\$ 16,408,813</u> | <u>\$ 16,036,079</u> | <u>\$ 16,529,071</u> |
| Primary Government | | | | |
| Invested in capital assets, net of related debt | \$ 28,884,964 | \$ 26,330,734 | \$ 36,639,193 | \$ 39,927,084 |
| Restricted | 287,418 | 9,259,337 | 10,171,122 | 6,189,025 |
| Unrestricted | <u>25,612,430</u> | <u>21,967,611</u> | <u>10,521,766</u> | <u>12,766,656</u> |
| Total primary government net assets | <u>\$ 54,784,812</u> | <u>\$ 57,557,682</u> | <u>\$ 57,332,081</u> | <u>\$ 58,882,765</u> |

| Fiscal Year | | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | |
| \$ 28,941,120 | \$ 30,769,922 | \$ 32,759,480 | \$ 32,823,582 | \$ 31,666,432 | \$ 31,891,229 | |
| 13,879,837 | 10,074,674 | 11,952,783 | 8,613,114 | 8,250,360 | 8,684,347 | |
| 2,006,418 | 3,663,772 | 10,022 | 3,590,101 | 6,348,703 | 7,854,941 | |
| <u>\$ 44,827,375</u> | <u>\$ 44,508,368</u> | <u>\$ 44,722,285</u> | <u>\$ 45,026,797</u> | <u>\$ 46,265,495</u> | <u>\$ 48,430,517</u> | |
| \$ 15,688,414 | \$ 16,081,209 | \$ 14,994,311 | \$ 16,279,028 | \$ 17,075,284 | \$ 16,405,495 | |
| - | - | - | - | - | - | |
| 733,298 | 280,214 | 1,655,927 | 1,073,329 | 731,674 | 2,262,236 | |
| <u>\$ 16,421,712</u> | <u>\$ 16,361,423</u> | <u>\$ 16,650,238</u> | <u>\$ 17,352,357</u> | <u>\$ 17,806,958</u> | <u>\$ 18,667,731</u> | |
| \$ 44,629,534 | \$ 46,851,131 | \$ 47,753,791 | \$ 49,102,610 | \$ 48,741,716 | \$ 48,296,724 | |
| 13,879,837 | 10,074,674 | 11,952,783 | 8,613,114 | 8,250,360 | 8,684,347 | |
| 2,739,716 | 3,943,986 | 1,665,949 | 4,663,430 | 7,080,377 | 10,117,177 | |
| <u>\$ 61,249,087</u> | <u>\$ 60,869,791</u> | <u>\$ 61,372,523</u> | <u>\$ 62,379,154</u> | <u>\$ 64,072,453</u> | <u>\$ 67,098,248</u> | |

City of Hopkins

Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

| | Fiscal Year | | | | | |
|---|-----------------------|-----------------------|------------------------|-----------------------|------------------------|------------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Expenses | | | | | | |
| Governmental activities: | | | | | | |
| General Government | \$ 1,411,159 | \$ 1,150,064 | \$ 1,380,540 | \$ 1,402,448 | \$ 1,679,630 | \$ 1,721,624 |
| Public Safety | 4,477,224 | 4,750,296 | 4,883,279 | 5,039,235 | 5,665,419 | 6,171,249 |
| Health and Welfare | 185,893 | 180,314 | 176,590 | 176,275 | 188,483 | 236,858 |
| Highways and Streets | 2,229,671 | 2,114,601 | 2,334,756 | 2,380,252 | 2,870,426 | 3,154,762 |
| Urban Development and Housing | 1,596,395 | 939,846 | 913,645 | 1,022,476 | 1,903,295 | 1,037,927 |
| Culture and Recreation | 1,220,030 | 1,193,801 | 1,277,501 | 1,123,334 | 1,277,539 | 1,565,184 |
| Interest on long-term debt | 1,650,989 | 1,604,523 | 1,480,148 | 1,282,328 | 1,069,863 | 1,090,341 |
| Total governmental activities expenses | 12,771,361 | 11,933,445 | 12,446,459 | 12,426,348 | 14,654,655 | 14,977,945 |
| Business-type activities: | | | | | | |
| Water | 1,075,399 | 1,053,600 | 1,080,393 | 1,117,037 | 1,240,760 | 1,356,448 |
| Sewer | 1,459,743 | 1,410,200 | 1,475,587 | 1,608,116 | 1,784,001 | 1,756,489 |
| Storm Sewer | 409,282 | 429,768 | 457,183 | 408,252 | 416,479 | 417,595 |
| Refuse | 654,721 | 686,883 | 739,490 | 714,389 | 732,239 | 771,107 |
| Pavilion/Ice Arena | 339,511 | 367,367 | 395,722 | 371,845 | 385,062 | 411,134 |
| Skate Park | 18,199 | 44,056 | 90,268 | - | - | - |
| Housing and Redevelopment Authority | 448,669 | 425,024 | 501,731 | 525,588 | 483,944 | 573,070 |
| Total business-type activities | 4,405,524 | 4,416,898 | 4,740,374 | 4,745,227 | 5,042,485 | 5,285,843 |
| Total primary government expenses | \$ 17,176,885 | \$ 16,350,343 | \$ 17,186,833 | \$ 17,171,575 | \$ 19,697,140 | \$ 20,263,788 |
| Program Revenues | | | | | | |
| Governmental activities: | | | | | | |
| Charges for services: | | | | | | |
| General Government | \$ 301,021 | \$ 28,792 | \$ 34,760 | \$ 19,727 | \$ 38,595 | \$ 19,239 |
| Public Safety | 1,179,448 | 65,692 | 70,597 | 70,604 | 219,121 | 262,194 |
| Health and Welfare | 18,497 | 14,183 | 13,560 | 15,817 | 13,866 | 16,560 |
| Highways and Streets | 720,524 | 51,233 | 225,523 | 60,698 | 59,791 | 59,803 |
| Urban Development and Housing | 293,634 | 200,000 | 200,054 | 90,727 | 30,363 | - |
| Culture and Recreation | 351,011 | 482,549 | 557,973 | 401,860 | 397,992 | 514,592 |
| Operating grants and contributions | 1,394,761 | 2,110,441 | 1,471,449 | 1,422,575 | 2,123,438 | 1,949,375 |
| Capital grants and contributions | 764,138 | 1,466,971 | 58,871 | 687,552 | 1,677,841 | 170,393 |
| Total governmental activities program revenues | 5,023,034 | 4,419,861 | 2,632,787 | 2,769,560 | 4,561,007 | 2,992,156 |
| Business-type activities: | | | | | | |
| Charges for services: | | | | | | |
| Water | 942,795 | 826,129 | 987,913 | 1,063,361 | 1,133,248 | 1,188,610 |
| Sewer | 1,324,254 | 1,253,772 | 1,277,724 | 1,645,661 | 1,427,675 | 1,474,474 |
| Storm Sewer | 666,524 | 717,691 | 666,848 | 735,183 | 724,778 | 725,029 |
| Refuse | 515,930 | 590,885 | 705,138 | 687,127 | 692,222 | 713,270 |
| Pavilion/Ice Arena | 275,488 | 361,297 | 347,343 | 672,739 | 459,003 | 358,645 |
| Skate Park | 5,655 | - | - | - | - | - |
| Housing and Redevelopment Authority | 427,495 | 267,646 | 270,723 | 265,277 | 256,104 | 348,938 |
| Operating grants and contributions | 304,350 | 232,689 | 158,270 | 209,533 | 299,126 | 251,885 |
| Capital grants and contributions | 98,873 | 975 | 16,298 | 1,850 | - | 394,913 |
| Total business-type activities program revenues | 4,561,364 | 4,251,084 | 4,430,257 | 5,280,731 | 4,992,156 | 5,455,764 |
| Total primary government program revenues | \$ 9,584,398 | \$ 8,670,945 | \$ 7,063,044 | \$ 8,050,291 | \$ 9,553,163 | \$ 8,447,920 |
| Net (Expense)/Revenue | | | | | | |
| Governmental activities | \$ (7,748,327) | \$ (7,513,584) | \$ (9,813,672) | \$ (9,656,788) | \$ (10,093,648) | \$ (11,985,789) |
| Business-type activities | 155,840 | (165,814) | (310,117) | 535,504 | (50,329) | 169,921 |
| Total primary government net expense | \$ (7,592,487) | \$ (7,679,398) | \$ (10,123,789) | \$ (9,121,284) | \$ (10,143,977) | \$ (11,815,868) |
| General Revenues and Other Changes in Net Assets | | | | | | |
| Governmental activities: | | | | | | |
| Property taxes | \$ 6,877,331 | \$ 7,289,973 | \$ 7,845,641 | \$ 8,200,725 | \$ 8,732,711 | \$ 9,497,650 |
| Tax Increments | 2,214,833 | 2,177,518 | 970,846 | 990,776 | 1,050,601 | 1,186,395 |
| Unrestricted grants and contributions | 691,438 | 566,514 | 603,307 | 579,440 | 564,396 | 434,163 |
| Unrestricted investment earnings | 327,959 | 339,883 | 389,548 | 790,079 | 754,338 | 387,424 |
| Gain on sale of capital assets | - | - | 43,955 | 8,460 | 9,456 | 16,150 |
| Transfers | - | 126,240 | 107,508 | 145,000 | 145,000 | 145,000 |
| Total governmental activities | 10,111,561 | 10,500,128 | 9,960,805 | 10,714,480 | 11,256,502 | 11,666,782 |
| Business-type activities: | | | | | | |
| Unrestricted investment earnings | 88,767 | 78,380 | 44,891 | 102,488 | 84,670 | 21,714 |
| Gain on sale of capital assets | - | - | - | - | 3,300 | - |
| Loss on disposal of capital assets | - | - | - | - | - | (106,924) |
| Transfers | - | (126,240) | (107,508) | (145,000) | (145,000) | (145,000) |
| Total business-type activities | 88,767 | (47,860) | (62,617) | (42,512) | (57,030) | (230,210) |
| Total primary government | \$ 10,200,328 | \$ 10,452,268 | \$ 9,898,188 | \$ 10,671,968 | \$ 11,199,472 | \$ 11,436,572 |
| Change in Net Position | | | | | | |
| Governmental activities | 2,363,234 | 2,986,544 | 147,133 | 1,057,692 | 1,162,854 | (319,007) |
| Business-type activities | 244,607 | (213,674) | (372,734) | 492,992 | (107,359) | (60,289) |
| Total primary government | \$ 2,607,841 | \$ 2,772,870 | \$ (225,601) | \$ 1,550,684 | \$ 1,055,495 | \$ (379,296) |

| Fiscal Year | | | |
|------------------------|------------------------|------------------------|-----------------------|
| 2009 | 2010 | 2011 | 2012 |
| \$ 1,679,040 | \$ 1,693,275 | \$ 1,719,970 | \$ 2,056,756 |
| 6,249,519 | 6,243,813 | 6,213,995 | 6,382,270 |
| 278,002 | 180,895 | 170,018 | 136,528 |
| 3,069,078 | 3,062,507 | 3,332,067 | 3,226,807 |
| 1,690,861 | 1,914,779 | 2,859,900 | 2,362,030 |
| 1,482,349 | 1,505,513 | 1,644,834 | 1,726,812 |
| 1,025,771 | 895,873 | 871,902 | 811,914 |
| <u>15,474,620</u> | <u>15,496,655</u> | <u>16,812,686</u> | <u>16,703,117</u> |
| 1,209,508 | 1,196,947 | 1,263,835 | 1,365,542 |
| 1,741,115 | 1,844,309 | 1,800,126 | 1,816,058 |
| 403,231 | 420,619 | 407,057 | 451,659 |
| 786,522 | 738,398 | 778,044 | 862,286 |
| 401,598 | 398,354 | 416,166 | 430,082 |
| - | - | - | - |
| 528,542 | 542,324 | 607,090 | 563,863 |
| <u>5,070,516</u> | <u>5,140,951</u> | <u>5,272,318</u> | <u>5,489,490</u> |
| <u>\$ 20,545,136</u> | <u>\$ 20,637,606</u> | <u>\$ 22,085,004</u> | <u>\$ 22,192,607</u> |
| \$ 30,797 | \$ 17,169 | \$ 42,112 | \$ 40,360 |
| 284,160 | 124,338 | 186,611 | 159,642 |
| 9,265 | 32,135 | 41,815 | 55,331 |
| 42,150 | 56,902 | 73,519 | 78,226 |
| - | - | 206,916 | 3,444 |
| 509,098 | 560,702 | 623,147 | 684,018 |
| 2,441,622 | 1,894,777 | 2,325,158 | 3,499,465 |
| 745,505 | 567,370 | 1,751,464 | 1,350,147 |
| <u>4,062,597</u> | <u>3,253,393</u> | <u>5,250,742</u> | <u>5,870,633</u> |
| 1,339,390 | 1,343,153 | 1,395,306 | 1,534,071 |
| 1,598,717 | 1,812,585 | 1,838,949 | 2,015,166 |
| 800,843 | 803,889 | 803,417 | 801,345 |
| 821,628 | 852,215 | 939,421 | 894,534 |
| 368,228 | 363,591 | 385,748 | 70,976 |
| - | - | - | - |
| 279,860 | 258,388 | 255,188 | 255,921 |
| 150,814 | 216,596 | 190,442 | 698,769 |
| 142,691 | 328,515 | 28,250 | 206,681 |
| <u>5,502,171</u> | <u>5,978,932</u> | <u>5,836,721</u> | <u>6,477,463</u> |
| <u>\$ 9,564,768</u> | <u>\$ 9,232,325</u> | <u>\$ 11,087,463</u> | <u>\$ 12,348,096</u> |
| \$ (11,412,023) | \$ (12,243,262) | \$ (11,561,944) | \$ (10,832,484) |
| 431,655 | 837,981 | 564,403 | 987,973 |
| <u>\$ (10,980,368)</u> | <u>\$ (11,405,281)</u> | <u>\$ (10,997,541)</u> | <u>\$ (9,844,511)</u> |
| \$ 9,353,966 | \$ 9,827,813 | \$ 9,952,156 | \$ 10,354,188 |
| 1,636,609 | 2,147,517 | 2,239,668 | 2,332,863 |
| 309,609 | 306,215 | 312,519 | 20,724 |
| 170,960 | 121,229 | 108,956 | 106,304 |
| 9,796 | - | 42,343 | 38,427 |
| 145,000 | 145,000 | 145,000 | 145,000 |
| <u>11,625,940</u> | <u>12,547,774</u> | <u>12,800,642</u> | <u>12,997,506</u> |
| 12,841 | 9,138 | 8,319 | 9,800 |
| 1,367 | - | 26,879 | 8,000 |
| (12,048) | - | - | - |
| (145,000) | (145,000) | (145,000) | (145,000) |
| (142,840) | (135,862) | (109,802) | (127,200) |
| <u>\$ 11,483,100</u> | <u>\$ 12,411,912</u> | <u>\$ 12,690,840</u> | <u>\$ 12,870,306</u> |
| 213,917 | 304,512 | 1,238,698 | 2,165,022 |
| 288,815 | 702,119 | 454,601 | 860,773 |
| <u>\$ 502,732</u> | <u>\$ 1,006,631</u> | <u>\$ 1,693,299</u> | <u>\$ 3,025,795</u> |

City of Hopkins

Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| General Fund | | | | |
| Reserved | \$ 557,628 | \$ 97,740 | \$ 943,474 | \$ 974,517 |
| Unreserved | 3,230,283 | 3,973,556 | 3,367,721 | 3,345,606 |
| Nonspendable | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total general fund | <u>\$ 3,787,911</u> | <u>\$ 4,071,296</u> | <u>\$ 4,311,195</u> | <u>\$ 4,320,123</u> |
| All other Governmental Funds | | | | |
| Reserved reported in: | | | | |
| Special Revenue Funds | \$ 5,813,114 | \$ 4,326,291 | \$ 6,010,974 | \$ - |
| Capital Projects Funds | 6,500,016 | 1,526,732 | - | - |
| Debt Service Funds | 3,045,346 | 3,789,322 | 6,303,112 | 2,852,655 |
| Unreserved reported in: | | | | |
| Special Revenue Funds | 1,705,798 | 2,901,921 | 969,812 | 1,539,404 |
| Capital Projects Funds | 3,993,924 | 3,993,720 | 3,945,500 | 1,718,021 |
| Nonspendable | - | - | - | - |
| Restricted | - | - | - | - |
| Committed | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| Total all other governmental funds | <u>\$ 21,058,198</u> | <u>\$ 16,537,986</u> | <u>\$ 17,229,398</u> | <u>\$ 6,110,080</u> |
| Total all funds | <u>\$ 24,846,109</u> | <u>\$ 20,609,282</u> | <u>\$ 21,540,593</u> | <u>\$ 10,430,203</u> |

Note: The City began to use new categories of fund balance when it implemented GASB 54 in 2011.

Prior years were not retroactively reclassified.

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| \$ 1,157,142 | \$ 111,806 | \$ 196,790 | \$ 182,211 | \$ - | \$ - |
| 3,304,729 | 3,884,309 | 3,930,996 | 4,071,049 | - | - |
| - | - | - | - | 174,487 | 196,500 |
| - | - | - | - | 591,676 | 508,767 |
| - | - | - | - | 4,266,048 | 4,488,876 |
| <u>\$ 4,461,871</u> | <u>\$ 3,996,115</u> | <u>\$ 4,127,786</u> | <u>\$ 4,253,260</u> | <u>\$ 5,032,211</u> | <u>\$ 5,194,143</u> |
| | | | | | |
| \$ 3,137,313 | \$ 3,189,829 | \$ 3,528,529 | \$ 2,844,901 | \$ - | \$ - |
| - | - | - | - | - | - |
| 12,982,623 | 3,250,202 | 6,021,748 | 4,850,159 | - | - |
| 1,070,230 | 955,772 | (24,957) | 590,281 | - | - |
| 1,808,708 | 1,381,657 | 1,264,405 | 3,572,002 | - | - |
| - | - | - | - | 2,674,342 | 1,718,341 |
| - | - | - | - | 5,823,862 | 6,312,043 |
| - | - | - | - | 926,349 | 2,679,389 |
| - | - | - | - | 2,502,336 | 4,785,717 |
| - | - | - | - | (1,916,865) | (2,090,788) |
| <u>\$ 18,998,874</u> | <u>\$ 8,777,460</u> | <u>\$ 10,789,725</u> | <u>\$ 11,857,343</u> | <u>\$ 10,010,024</u> | <u>\$ 13,404,702</u> |
| | | | | | |
| <u>\$ 23,460,745</u> | <u>\$ 12,773,575</u> | <u>\$ 14,917,511</u> | <u>\$ 16,110,603</u> | <u>\$ 15,042,235</u> | <u>\$ 18,598,845</u> |

City of Hopkins

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|---|-----------------------|-----------------------|--------------------|-----------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Revenues | | | | |
| Property Taxes | \$ 6,877,331 | \$ 7,283,712 | \$ 7,788,557 | \$ 8,134,915 |
| Tax Increments | 2,214,835 | 2,177,518 | 970,846 | 990,776 |
| Special Assessments | 1,460,464 | 1,441,885 | 1,368,262 | 1,288,437 |
| Intergovernmental | 2,850,337 | 1,758,573 | 1,177,016 | 1,036,645 |
| Licenses and Permits | 777,997 | 686,933 | 643,811 | 540,120 |
| Charges for Services | 797,233 | 792,280 | 1,017,343 | 631,655 |
| Fines and Forfeits | 181,893 | 197,337 | 207,454 | 203,830 |
| Investment Earnings | 327,959 | 339,883 | 358,336 | 705,591 |
| Miscellaneous | 224,320 | 700,012 | 558,575 | 692,649 |
| Total revenues | <u>15,712,369</u> | <u>15,378,133</u> | <u>14,090,200</u> | <u>14,224,618</u> |
| Expenditures | | | | |
| Current: | | | | |
| General Government | 1,259,121 | 1,094,526 | 1,332,796 | 1,366,246 |
| Public Safety | 4,433,499 | 4,695,803 | 4,848,336 | 4,994,273 |
| Health and Welfare | 185,893 | 180,314 | 176,552 | 176,502 |
| Highways and Streets | 1,674,836 | 1,681,484 | 1,812,403 | 1,824,658 |
| Urban Redevelopment and Housing | 1,595,927 | 937,849 | 911,005 | 944,577 |
| Culture and Recreation | 1,044,948 | 1,074,587 | 1,093,699 | 997,987 |
| Other | - | - | - | - |
| Capital outlay | 9,030,629 | 6,651,109 | 2,489,137 | 3,055,815 |
| Debt Service | | | | |
| Principal | 1,407,647 | 1,644,908 | 2,306,152 | 4,926,284 |
| Interest and fiscal charges | 1,688,138 | 1,780,620 | 1,535,171 | 1,418,311 |
| Bond Issuance Costs | - | - | 41,906 | - |
| Total expenditures | <u>22,320,638</u> | <u>19,741,200</u> | <u>16,547,157</u> | <u>19,704,653</u> |
| Excess (deficiency) of revenues over expenditures | <u>(6,608,269)</u> | <u>(4,363,067)</u> | <u>(2,456,957)</u> | <u>(5,480,035)</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Property | - | - | - | - |
| Proceeds from Issuance of Debt | 3,050,000 | - | 3,385,000 | - |
| Discount on Debt | - | - | (4,240) | - |
| Premium on Debt | - | - | - | - |
| Refunded bond payment | - | - | - | - |
| Transfer In | 2,042,771 | 2,594,787 | 1,625,994 | 5,273,592 |
| Transfer Out | <u>(2,602,175)</u> | <u>(2,468,547)</u> | <u>(1,618,486)</u> | <u>(5,278,592)</u> |
| Total other financing sources (uses) | <u>2,490,596</u> | <u>126,240</u> | <u>3,388,268</u> | <u>(5,000)</u> |
| Net change in fund balances | <u>\$ (4,117,673)</u> | <u>\$ (4,236,827)</u> | <u>\$ 931,311</u> | <u>\$ (5,485,035)</u> |
| Debt service as a percentage of noncapital expenditures | 23.3 % | 26.2 % | 27.3 % | 38.1 % |

Note: Capital outlay has been adjusted for items not shown as capital expenditures on the entity wide statements and reclassified to their respective expenditure category.

| Fiscal Year | | | | | | |
|-------------|---------------------|--------------------|-------------------|--------------------|--------------------|--------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| \$ | 8,473,516 | \$ 8,844,113 | \$ 9,377,127 | \$ 9,795,318 | \$ 10,038,514 | \$ 10,403,945 |
| | 1,050,601 | 1,186,395 | 1,636,535 | 2,147,517 | 2,239,668 | 2,332,863 |
| | 1,172,977 | 1,120,741 | 1,071,406 | 1,128,467 | 1,446,922 | 1,307,949 |
| | 2,115,670 | 1,053,405 | 1,220,766 | 1,215,163 | 1,931,333 | 1,549,464 |
| | 880,443 | 744,502 | 820,031 | 623,492 | 691,962 | 476,296 |
| | 729,365 | 872,388 | 875,470 | 800,115 | 908,106 | 787,724 |
| | 215,051 | 188,003 | 148,172 | 138,894 | 174,303 | 253,530 |
| | 638,796 | 318,074 | 135,569 | 106,128 | 94,409 | 94,235 |
| | 851,203 | 709,915 | 1,024,879 | 589,604 | 701,683 | 1,881,347 |
| | <u>16,127,622</u> | <u>15,037,536</u> | <u>16,309,955</u> | <u>16,544,698</u> | <u>18,226,900</u> | <u>19,087,353</u> |
| | 1,597,503 | 1,590,347 | 1,552,712 | 1,576,676 | 1,598,885 | 4,038,893 |
| | 5,290,802 | 5,779,047 | 5,888,481 | 5,881,633 | 5,895,640 | 6,144,206 |
| | 184,541 | 232,163 | 273,760 | 177,732 | 168,202 | 136,169 |
| | 2,091,043 | 2,224,338 | 2,139,351 | 2,082,853 | 2,337,018 | 2,193,209 |
| | 1,787,131 | 935,402 | 1,586,083 | 1,881,610 | 2,826,172 | 2,348,694 |
| | 1,122,891 | 1,289,323 | 1,278,108 | 1,339,695 | 1,510,024 | 1,581,886 |
| | - | - | - | - | - | - |
| | 5,830,516 | 1,228,755 | 1,556,121 | 1,358,792 | 1,972,143 | 2,470,049 |
| | 1,610,000 | 1,705,000 | 1,805,000 | 4,665,000 | 2,065,000 | 1,635,000 |
| | 1,131,514 | 1,100,211 | 1,037,372 | 953,232 | 852,184 | 819,238 |
| | 81,109 | - | 34,972 | 49,233 | - | - |
| | <u>20,727,050</u> | <u>16,084,586</u> | <u>17,151,960</u> | <u>19,966,456</u> | <u>19,225,268</u> | <u>21,367,344</u> |
| | <u>(4,599,428)</u> | <u>(1,047,050)</u> | <u>(842,005)</u> | <u>(3,421,758)</u> | <u>(998,368)</u> | <u>(2,279,991)</u> |
| | - | - | 341 | - | - | - |
| | 11,875,000 | - | 2,865,000 | 4,515,000 | - | 5,985,000 |
| | (72,905) | - | (24,400) | (45,150) | - | (12,830) |
| | 7,520 | - | - | - | - | 65,705 |
| | - | - | - | - | (215,000) | - |
| | 14,940,055 | 1,043,155 | 1,088,875 | 7,808,068 | 1,504,822 | 4,788,179 |
| | <u>(14,745,055)</u> | <u>(898,155)</u> | <u>(943,875)</u> | <u>(7,663,068)</u> | <u>(1,359,822)</u> | <u>(4,989,453)</u> |
| | <u>12,004,615</u> | <u>145,000</u> | <u>2,985,941</u> | <u>4,614,850</u> | <u>(70,000)</u> | <u>5,836,601</u> |
| \$ | <u>7,405,187</u> | <u>(902,050)</u> | <u>2,143,936</u> | <u>1,193,092</u> | <u>(1,068,368)</u> | <u>3,556,610</u> |
| | 18.40 % | 18.90 % | 18.20 % | 30.20 % | 16.90 % | 13.00 % |

City of Hopkins

Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

| Payable Year | Residential Property | Apartment Property | Commercial Property | Industrial Property | Other Property | Less: Tax-Exempt Property | Total Taxable Market Value | Total Direct Tax Rate |
|---------------------|-----------------------------|---------------------------|----------------------------|----------------------------|-----------------------|----------------------------------|-----------------------------------|------------------------------|
| 2003 | \$ 690,469 | \$ 234,684 | \$ 178,305 | \$ 148,739 | \$ 215 | \$ 85,442 | \$ 1,166,970 | 56.100 |
| 2004 | 924,590 | 256,511 | 264,953 | 154,778 | 225 | 182,899 | 1,418,158 | 56.664 |
| 2005 | 1,000,569 | 256,942 | 277,231 | 163,616 | 243 | 182,899 | 1,515,702 | 48.944 |
| 2006 | 1,062,213 | 256,559 | 305,233 | 176,812 | 288 | 182,899 | 1,618,206 | 48.262 |
| 2007 | 1,080,591 | 257,658 | 329,601 | 188,941 | 306 | 182,899 | 1,674,198 | 45.862 |
| 2008 | 1,061,645 | 257,275 | 352,028 | 198,808 | 306 | 182,899 | 1,687,163 | 45.570 |
| 2009 | 1,017,790 | 266,458 | 395,842 | 192,138 | 1,815 | 182,899 | 1,691,144 | 47.574 |
| 2010 | 922,267 | 251,418 | 404,674 | 168,803 | 1,503 | 177,975 | 1,570,690 | 49.377 |
| 2011 | 883,348 | 251,141 | 397,506 | 173,349 | 1,272 | 179,699 | 1,526,917 | 56.463 |
| 2012 | 816,431 | 252,968 | 422,769 | 174,254 | 1,492 | 179,699 | 1,488,215 | 59.718 |

Notes:

- (1) The direct tax rate is applied to the tax capacity of the property which is calculate by applying a statutory formula to the estimated market value of the property. The tax capacity is then multiplied by the direct tax rate to determine the city taxes payable on a specific parcel.
- (2) Tax exempt property is revalues on a six-year cycle. All other property is revalued on a three year cycle.

City of Hopkins
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

| Fiscal Year | City Direct Rate | | | Overlapping Rates | | | | Total Direct and Overlapping Tax Rate | |
|-------------|------------------|---------------------------------|--------------|-------------------|-----------------|---------------|-------|---------------------------------------|-------------------|
| | Basic Rate | General Obligation Debt Service | Total Direct | School District | Hennepin County | Metro Council | Other | | Total Overlapping |
| 2003 | 49.190 | 6.910 | 56.100 | 20.590 | 50.610 | 3.830 | 6.010 | 81.040 | 137.140 |
| 2004 | 49.028 | 7.636 | 56.664 | 22.200 | 47.320 | 3.500 | 5.260 | 78.280 | 134.944 |
| 2005 | 44.049 | 4.895 | 48.944 | 19.176 | 44.172 | 3.304 | 5.243 | 71.895 | 120.839 |
| 2006 | 41.300 | 6.962 | 48.262 | 21.565 | 41.016 | 2.924 | 5.180 | 70.685 | 118.947 |
| 2007 | 39.574 | 6.288 | 45.862 | 19.019 | 39.110 | 2.671 | 5.746 | 66.546 | 112.408 |
| 2008 | 39.237 | 6.333 | 45.570 | 19.218 | 38.571 | 2.562 | 5.984 | 66.335 | 111.905 |
| 2009 | 41.346 | 6.228 | 47.574 | 20.080 | 40.413 | 2.579 | 5.834 | 68.906 | 116.480 |
| 2010 | 43.121 | 6.256 | 49.377 | 22.944 | 42.561 | 2.612 | 6.825 | 74.942 | 124.319 |
| 2011 | 49.638 | 6.825 | 56.463 | 26.456 | 45.840 | 2.949 | 7.540 | 82.785 | 139.248 |
| 2012 | 52.238 | 7.480 | 59.718 | 29.270 | 48.231 | 3.084 | 7.827 | 88.412 | 148.130 |

Source: Hennepin County, Minnesota Taxpayer Services Department

Notes: The City's basic rate is determined by the city's annual budget requirements as set by the City Council. Rates for debt service are based on each year's requirements.

City of Hopkins

Principal Property Tax Payers,
Current Year and Ten Years Ago

| Taxpayer | 2012 | | | 2003 | | |
|------------------------------------|---------------------|------|---|---------------------|------|---|
| | Tax Capacity Value | Rank | Percentage of Total City Tax Capacity Value | Tax Capacity Value | Rank | Percentage of Total City Tax Capacity Value |
| Super Valu | \$ 969,890 | 1 | 5.00 % | \$ 1,054,250 | 1 | 7.51 % |
| Excelsior Crossings Invesments LLC | 741,650 | 2 | 3.82 | - | - | - |
| Hines Globel Reit 9320 Excel | 740,770 | 3 | 3.82 | - | - | - |
| American Fund US Invest LP | 738,510 | 4 | 3.81 | - | - | - |
| Southwest Real Estate, Inc. | 222,163 | 5 | 1.14 | - | - | - |
| Ramsgate Apartments LLC | 210,613 | 6 | 1.09 | 227,965 | 5 | 1.62 |
| Hopkins Real Estate, LLC | 210,250 | 7 | 1.08 | - | - | - |
| Duke Realty Ltd Partnership | 199,490 | 8 | 1.03 | 282,420 | 3 | 2.01 |
| Hines Reit Mpls Ind LLC | 199,250 | 9 | 1.03 | - | - | - |
| City Center Ventures, LLC | 185,450 | 10 | 0.96 | - | - | - |
| Greenfield Apartments, LLP | - | - | - | 331,320 | 2 | 2.36 |
| St. Therese | - | - | - | 277,305 | 4 | 1.98 |
| Westside Village | - | - | - | 194,870 | 6 | 1.39 |
| Auburn Limited Partnership | - | - | - | 158,685 | 7 | 1.13 |
| EDCO Products Inc. | - | - | - | 131,884 | 8 | 0.94 |
| Rosewood West | - | - | - | 126,990 | 9 | 0.90 |
| Gateway Foods | - | - | - | 121,870 | 10 | 0.87 |
| Total | <u>\$ 4,418,036</u> | | <u>22.78 %</u> | <u>\$ 2,907,559</u> | | <u>20.71 %</u> |

Total City 2011/2002 tax capacity \$ 19,405,415

\$ 14,033,663

Source: Hennepin County, Minnesota Assessor's Office**Notes:** Tax capacity is a percentage of total market value. For taxes payable in 2011 these class rates are 1.25% for apartments and 1.5% of first \$150,000 with balance at 2.0% for commercial/industrial properties.

City of Hopkins

Property Tax Levies and Collections,
Last Ten Fiscal Years

| Fiscal Year | Taxes Levied for the Fiscal Year | | | Collected within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | | Outstanding Delinquent Taxes | Percentage of Levy Outstanding |
|-------------|----------------------------------|---------------|----------------|--|--------------------|---------------------------------|---------------------------|--------------------|------------------------------|--------------------------------|
| | Operating Tax Levy | Debt Tax Levy | Total Tax Levy | Amount | Percentage of Levy | | Amount | Percentage of Levy | | |
| 2003 | \$ 6,285,252 | \$ 883,000 | \$ 7,168,252 | \$ 7,075,375 | 98.7 % | \$ 81,210 | \$ 7,156,585 | 99.8 % | \$ 11,667 | 0.2 % |
| 2004 | 6,666,136 | 1,038,000 | 7,704,136 | 7,582,356 | 98.4 % | 72,387 | 7,654,743 | 99.4 % | 49,393 | 0.6 % |
| 2005 | 7,308,078 | 812,000 | 8,120,078 | 7,990,781 | 98.4 % | 95,602 | 8,086,383 | 99.6 % | 33,695 | 0.4 % |
| 2006 | 7,221,078 | 1,217,000 | 8,438,078 | 8,282,797 | 98.2 % | 121,084 | 8,403,881 | 99.6 % | 34,197 | 0.4 % |
| 2007 | 7,598,758 | 1,207,000 | 8,805,758 | 8,620,427 | 97.9 % | 141,204 | 8,761,631 | 99.5 % | 44,127 | 0.5 % |
| 2008 | 7,942,380 | 1,282,000 | 9,224,380 | 8,831,737 | 95.7 % | 142,059 | 8,973,796 | 97.3 % | 250,584 | 2.7 % (1) |
| 2009 | 8,346,114 | 1,257,000 | 9,603,114 | 9,101,458 | 94.8 % | 157,354 | 9,258,812 | 96.4 % | 344,302 | 3.6 % (2) |
| 2010 | 8,733,685 | 1,267,000 | 10,000,685 | 9,533,671 | 95.3 % | 142,372 | 9,676,043 | 96.8 % | 324,642 | 3.2 % (3) |
| 2011 | 9,022,414 | 1,241,000 | 10,263,414 | 9,828,089 | 95.8 % | 64,374 | 9,892,463 | 96.4 % | 370,951 | 3.6 % (4) |
| 2012 | 9,119,591 | 1,306,400 | 10,425,991 | 10,181,673 | 97.7 % | 36,533 | 10,218,206 | 98.0 % | 207,785 | 2.0 % |

Notes:

- (1) In December 2008 the State of MN unallotted \$126,391 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$121,086 and the percentage of levy outstanding would be 1.3%.
- (2) For the year 2009 State of MN unallotted \$246,865 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$97,767 and the percentage of levy outstanding would be 1.1%.
- (3) For the year 2010 State of MN unallotted \$241,193 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$127,434 and the percentage of levy outstanding would be 1.3%.
- (4) For the year 2011 State of MN unallotted \$257,696 in Market Value Homestead Credit that is included in the total levy. Had the City received those funds, outstanding delinquent taxes would be reduced to \$138,382 and the percentage of levy outstanding would be 1.3%.

City of Hopkins

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|-------------------------|---------------------|---------------------------|--------------------------|---------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | HRA Lease Revenue Bonds | Tax Increment Bonds | Special Assessments Bonds | Revenue Bonds | | | | |
| 2003 | \$ 1,145,000 | \$ 13,810,000 | \$ 12,633,056 | \$ 2,275,000 | \$ 5,710,000 | \$ 35,573,056 | 19.97 % | 2,026 | |
| 2004 | 985,000 | 13,810,000 | 11,307,436 | 1,980,000 | 5,270,000 | 33,352,436 | 17.71 % | 1,890 | |
| 2005 | 830,000 | 13,290,000 | 13,366,284 | 1,675,000 | 4,830,000 | 33,991,284 | 17.52 % | 1,923 | |
| 2006 | 675,000 | 12,770,000 | 9,420,000 | 1,370,000 | 4,380,000 | 28,615,000 | 13.90 % | 1,658 | |
| 2007 | 10,450,000 | 12,235,000 | 8,805,000 | 3,010,000 | 3,905,000 | 38,405,000 | 17.71 % | 2,211 | |
| 2008 | 9,855,000 | 2,565,000 | 8,135,000 | 2,690,000 | 3,410,000 | 26,655,000 | 11.69 % | 1,521 | |
| 2009 | 9,245,000 | 2,440,000 | 10,290,000 | 2,330,000 | 6,200,000 | 30,505,000 | 14.02 % | 1,745 | |
| 2010 | 8,625,000 | 2,315,000 | 8,330,000 | 4,885,000 | 5,080,000 | 29,235,000 | 12.86 % | 1,662 | |
| 2011 | 8,005,000 | 2,185,000 | 7,300,000 | 4,385,000 | 3,805,000 | 25,680,000 | 10.76 % | 1,460 | |
| 2012 | 10,180,000 | - | 6,765,000 | 7,230,000 | 4,780,000 | 28,955,000 | 12.16 % | 1,635 | |

Notes: Details regarding the District's outstanding debt can be found in note 9 of the notes to the financial statements. See the Demographic and Economic Statistics schedule on schedule 14 for personal income and population data.

City of Hopkins

Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

| Fiscal Year | General Bonded Debt Outstanding | | | Percentage of Actual Taxable Value of Property | Per Capita |
|----------------|---------------------------------|--|--------------------------------|---|---------------|
| | General Obligation Bonds | Less: Amt Available in Debt Service Funds | Total Primary Government | | |
| 2003 | \$ 14,955,000 | \$ 498,383 | \$ 14,456,617 | 1.146 % | 823.32 |
| 2004 | 14,795,000 | 979,296 | 13,815,704 | 1.239 % | 783.07 |
| 2005 | 14,120,000 | 716,119 | 13,403,881 | 0.974 % | 758.35 |
| 2006 | 13,445,000 | 950,596 | 12,494,404 | 0.884 % | 723.77 |
| 2007 | 13,135,000 | 1,080,940 | 12,054,060 | 0.772 % | 694.08 |
| 2008 | 12,420,000 | 1,000,521 | 11,419,479 | 0.720 % | 651.57 |
| 2009 | 11,685,000 | 880,866 | 10,804,134 | 0.677 % | 618.05 |
| 2010 | 10,940,000 | 795,945 | 10,144,055 | 0.688 % | 576.66 |
| 2011 | 10,190,000 | 641,016 | 9,548,984 | 0.625 % | 542.83 |
| 2012 | 10,180,000 | 778,068 | 9,401,932 | 0.632 % | 531.15 |

Notes:

Details regarding the city's outstanding debt can be found in note 9 of the notes to the financial statements.
See the *Assessed and Actual Value of Taxable Property* schedule 5 for taxable market value of property data
See the *Demographic and Economic Statistics* schedule 14 for population data

City of Hopkins

Direct and Overlapping Governmental Activities Debt
As of December 31, 2012

| | <u>Net Debt Outstanding</u> | <u>Estimated Percentage Applicable (a)</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|---------------------------------|--|--|
| Debt repaid with property taxes: | | | |
| School Districts: | | | |
| Hopkins ISD 270 | \$ 148,613,052 | 16.39 % | \$ 24,357,679 |
| St. Louis Park ISD 283 | 44,284,075 | 0.37 % | 163,851 |
| Other Debt: | | | |
| Hennepin County | 673,838,501 | 1.17 % | 7,883,910 |
| Hennepin Suburban Park District | 72,840,200 | 1.58 % | 1,150,875 |
| Hennepin Regional RR Authority | 38,770,299 | 1.17 % | 453,612 |
| Metropolitan Council | 193,377,711 | 0.53 % | <u>1,024,902</u> |
| Subtotal - overlapping debt | | | 10,513,300 |
| City of Hopkins Direct Debt (b,c) | 9,681,015 | 100 % | <u>9,681,015</u> |
| Total Direct and Overlapping Debt: | | | <u>\$ 20,194,315</u> |

Source: Hennepin County, Minnesota Taxpayer Services

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

(a) The percentage of overlapping debt applicable is estimated using the taxable market values. Applicable percentages were estimated by determining the portion of the county's and school district's taxable market value that is within the City's boundaries.

(b) City of Hopkins direct debt includes long-term debt instruments of the City which are bonds and capital leases of the government.

(c) Net Debt Outstanding excludes revenue and special assessment debt and takes into consideration any sinking funds obligated for the repayment of the bonds.

City of Hopkins

Legal Debt Margin Information
 Last Ten Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2012

| | |
|--|-------------------------|
| Market value | \$ 1,406,292 |
| Debt limit (3% of market value) | 42,189 |
| Debt applicable to limit: | |
| General Obligation Bonds | 10,180 |
| Less: Amount set aside for repayment of general obligation debt | (778) |
| Total net debt applicable to limit | <u>9,402</u> |
| Legal debt margin | <u><u>\$ 32,787</u></u> |

| | Fiscal Year | | | | | | | | | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| Debt limit | \$ 21,331 | \$ 25,601 | \$ 29,036 | \$ 31,603 | \$ 33,252 | \$ 50,615 | \$ 50,734 | \$ 47,121 | \$ 43,806 | \$ 42,189 |
| Total net debt applicable to limit | <u>988</u> | <u>810</u> | <u>649</u> | <u>495</u> | <u>9,768</u> | <u>9,263</u> | <u>8,772</u> | <u>10,144</u> | <u>9,549</u> | <u>9,402</u> |
| Legal debt margin | <u><u>\$ 20,343</u></u> | <u><u>\$ 24,791</u></u> | <u><u>\$ 28,387</u></u> | <u><u>\$ 31,108</u></u> | <u><u>\$ 23,484</u></u> | <u><u>\$ 41,352</u></u> | <u><u>\$ 41,962</u></u> | <u><u>\$ 36,977</u></u> | <u><u>\$ 34,257</u></u> | <u><u>\$ 32,787</u></u> |
| Total net debt applicable to the limit as a percentage of debt limit | 4.63% | 3.16% | 2.24% | 1.57% | 29.38% | 18.30% | 17.29% | 21.53% | 21.80% | 22.29% |

City of Hopkins
Pledged Revenue Coverage
Last Ten Fiscal Years

| Fiscal Year | Water Revenue Bonds | | | | Sewer Revenue Bonds | | | | Storm Sewer Revenue Bonds | | | |
|-------------|---------------------|--------------|-----------|----------|---------------------|--------------|----------|----------|---------------------------|--------------|------------|----------|
| | Revenue | Debt Service | | Coverage | Revenue | Debt Service | | Coverage | Revenue | Debt Service | | Coverage |
| | | Principal | Interest | | | Principal | Interest | | | Principal | Interest | |
| 2003 | \$ 967,389 | \$ 105,000 | \$ 84,079 | 5.12 | \$ - | \$ - | \$ - | - | \$ 690,367 | \$ 250,000 | \$ 113,178 | 1.90 |
| 2004 | 844,017 | 110,000 | 42,912 | 5.52 | - | - | - | - | 741,831 | 330,000 | 141,647 | 1.57 |
| 2005 | 998,129 | 115,000 | 79,532 | 5.13 | - | - | - | - | 682,497 | 325,000 | 130,213 | 1.50 |
| 2006 | 1,083,675 | 120,000 | 75,733 | 5.54 | - | - | - | - | 775,261 | 330,000 | 119,445 | 1.72 |
| 2007 | 1,133,248 | 125,000 | 69,699 | 5.82 | - | - | - | - | 724,778 | 350,000 | 111,605 | 1.57 |
| 2008 | 1,188,610 | 130,000 | 69,699 | 5.95 | - | - | - | - | 725,029 | 365,000 | 98,846 | 1.56 |
| 2009 | 1,339,390 | 140,000 | 53,440 | 6.92 | - | - | - | - | 800,843 | 365,000 | 79,437 | 1.80 |
| 2010 | 1,342,073 | 1,000,000 | 56,211 | 1.27 | 1,812,585 | - | 36,373 | 49.83 | 803,889 | 995,000 | 53,794 | 0.77 |
| 2011 | 1,395,306 | 210,000 | 41,125 | 5.56 | 1,838,949 | 60,000 | 32,650 | 19.85 | 803,417 | 180,000 | 26,823 | 3.88 |
| 2012 | 1,534,221 | 260,000 | 50,010 | 4.95 | 2,150,594 | 70,000 | 34,396 | 20.60 | 799,938 | 205,000 | 29,585 | 3.41 |

Notes: Details regarding the City's outstanding debt can be found in Note 9 of the notes to the financial statements.

City of Hopkins

Demographic and Economic Statistics
Last Ten Calendar Years

| Fiscal Year | Population (1) | Personal Income (2) <i>(thousands of dollars)</i> | Per Capita Personal Income (2) | School Enrollment (3) | Unemployment Rate (4) |
|--------------------|-----------------------|---|---------------------------------------|------------------------------|------------------------------|
| 2003 | 17,559 | \$ 178,147 | \$ 35,252 | 10,350 | 4.6 |
| 2004 | 17,643 | 188,330 | 37,017 | 10,319 | 4.3 |
| 2005 | 17,675 | 193,990 | 37,892 | 9,799 | 3.7 |
| 2006 | 17,263 | 205,857 | 39,867 | 9,731 | 3.9 |
| 2007 | 17,367 | 216,840 | 41,642 | 9,673 | 4.5 |
| 2008 | 17,526 | 228,069 | 43,446 | 9,663 | 6.4 |
| 2009 | 17,481 | 217,609 | 41,204 | 9,688 | 6.7 |
| 2010 | 17,591 | 227,288 | 42,798 | 9,596 | 6.5 |
| 2011 | 17,591 | 238,768 | 44,672 | 9,462 | 5.5 |
| 2012 | 17,701 | 238,165 | 44,560 | 8,911 | 5.1 |

Sources: (1) Metropolitan Council, except for 2010 and 2011 which is per the U.S. Census.

(2) U.S. Department of Commerce Bureau of Economic Analysis data for Minnesota

(3) Minnesota Department of Education and is for public and non-public schools in Hopkins School District #270

(4) Minnesota Department of Employment and Economic Development, based on December rates

City of Hopkins
Principal Employers,
Current Year and Ten Years Ago

| Taxpayer | 2012 | | | 2003 | | |
|-----------------------------|--------------|------|--------------------------------|--------------|------|--------------------------------|
| | Employees | Rank | Percentage of Total Employment | Employees | Rank | Percentage of Total Employment |
| Cargil | 2,313 | 1 | 17.827 % | - | - | - % |
| SuperValu | 1,249 | 2 | 9.626 | 1,457 | 1 | 12.383 |
| ISD 270 Hopkins (1) | 707 | 3 | 5.449 | 740 | 2 | 6.289 |
| US Post Office | 314 | 4 | 2.240 | - | - | - |
| Viro Med Labrotories | 200 | 5 | 1.541 | - | - | - |
| Oak Ridge Country Club | 195 | 6 | 1.503 | 190 | 4 | 1.615 |
| Thermotech | 190 | 7 | 1.464 | 324 | 3 | 2.754 |
| US Bank | 185 | 8 | 1.426 | - | - | - |
| Augustana Chapel View Homes | 185 | 9 | 1.426 | 167 | 5 | 1.419 |
| City of Hopkins | 160 | 10 | 1.233 | 145 | 7 | 1.232 |
| Walser Chrysler Jeep | - | - | - | 150 | 6 | 1.275 |
| Golden Living Center | - | - | - | 135 | 8 | 1.147 |
| EDCO Products | - | - | - | 132 | 9 | 1.122 |
| Rudy Luther's Hopkins Honda | - | - | - | 125 | 10 | 1.062 |
| Total | <u>5,698</u> | | <u>43.915 %</u> | <u>4,275</u> | | <u>30.299 %</u> |

Source: Minnesota Department of Employment and Economic Development, Metropolitan Council and Minnesota State Business Directory

Notes:

(1) Includes total number of employees located in facilities throughout Independent School District 270, Hopkins.

City of Hopkins

Full-Time Equivalent City Employees by Type
Last Ten Fiscal Years

| | Full-time-Equivalent Employees as of December 31, | | | | | | | | | |
|------------------------------|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| General Government | | | | | | | | | | |
| Administrative Services | 5.11 | 3.53 | 5.55 | 5.55 | 5.15 | 5.05 | 4.95 | 4.80 | 4.80 | 4.95 |
| Finance | 4.00 | 4.30 | 4.60 | 4.60 | 4.60 | 4.60 | 4.60 | 4.60 | 4.60 | 4.60 |
| Municipal Building | 1.50 | 0.85 | 1.40 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 | 1.45 |
| Community Services | 10.30 | 9.74 | 8.90 | 8.90 | 9.48 | 9.85 | 9.95 | 9.95 | 9.95 | 9.80 |
| Public Safety | | | | | | | | | | |
| Police | 40.25 | 39.00 | 37.50 | 38.50 | 39.40 | 39.45 | 40.00 | 39.00 | 40.00 | 39.50 |
| Fire | 0.90 | 0.90 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Public Works | 23.05 | 20.00 | 19.50 | 18.60 | 18.59 | 18.60 | 18.70 | 17.77 | 17.25 | 17.69 |
| Recreation | | | | | | | | | | |
| Activity Center | 3.66 | 2.55 | 4.10 | 4.10 | 4.00 | 3.30 | 3.30 | 3.30 | 3.30 | 3.20 |
| Skate Park | - | - | - | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 |
| Planning & Zoning | 1.28 | 1.20 | 1.20 | 1.20 | 1.20 | 1.15 | 1.15 | 1.35 | 1.35 | 1.35 |
| Community Development | - | - | - | - | - | - | - | - | - | 0.85 |
| Total General Government | <u>90.05</u> | <u>82.07</u> | <u>83.95</u> | <u>84.15</u> | <u>85.12</u> | <u>84.70</u> | <u>85.35</u> | <u>83.47</u> | <u>83.95</u> | <u>84.64</u> |
| Special Revenue Funds | | | | | | | | | | |
| Economic Development | 2.37 | 2.40 | 1.60 | 1.60 | 1.60 | 1.78 | 1.75 | 1.75 | 1.60 | 1.60 |
| Paratransit | 0.15 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | - | - | - |
| Housing Rehabilitation | 1.05 | 0.65 | 0.70 | 0.70 | 0.70 | 0.85 | 0.85 | 0.85 | 0.85 | - |
| Parking | 1.80 | 1.20 | 2.00 | 2.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0.72 |
| Section 8 | 1.20 | 1.40 | 1.40 | 1.40 | 1.35 | - | - | - | - | - |
| Communication | 0.58 | 0.07 | 0.05 | 0.05 | 0.10 | 0.10 | 0.10 | 0.40 | 0.25 | 0.25 |
| Depot Coffee House | 0.73 | 1.08 | 1.93 | - | 0.05 | 1.00 | 1.00 | 1.00 | 1.50 | 1.50 |
| Art Center | 3.92 | 3.72 | 4.22 | 4.05 | 4.05 | 4.05 | 4.05 | 4.05 | 4.55 | 4.30 |
| Total Special Revenue Funds | <u>11.80</u> | <u>10.72</u> | <u>12.10</u> | <u>10.00</u> | <u>9.05</u> | <u>8.98</u> | <u>8.95</u> | <u>9.05</u> | <u>9.75</u> | <u>8.37</u> |
| Enterprise Funds | | | | | | | | | | |
| Water | 4.18 | 3.56 | 3.24 | 3.25 | 3.25 | 3.76 | 3.67 | 3.11 | 3.11 | 3.13 |
| Sanitary Sewer | 3.35 | 3.23 | 3.55 | 3.56 | 3.56 | 4.07 | 4.08 | 3.44 | 3.44 | 3.46 |
| Refuse | 3.68 | 3.89 | 4.15 | 4.08 | 4.08 | 4.09 | 4.12 | 3.40 | 3.58 | 3.89 |
| Storm Sewer | 0.62 | 0.47 | 0.47 | 0.46 | 0.46 | 0.46 | 0.46 | 0.42 | 0.42 | 0.63 |
| Pavilion/Ice Arena | 2.37 | 2.44 | 2.44 | 2.90 | 2.72 | 3.80 | 3.80 | 3.05 | 2.45 | 2.40 |
| Art Center | - | - | - | - | - | - | - | - | - | - |
| Skate Park | 0.38 | - | - | - | - | - | - | - | - | - |
| Housing and Redevelopment | 1.90 | 1.90 | 1.90 | 2.40 | 2.45 | 2.05 | 2.05 | 2.05 | 2.20 | 2.20 |
| Total Enterprise Funds | <u>16.48</u> | <u>15.49</u> | <u>15.75</u> | <u>16.65</u> | <u>16.52</u> | <u>18.23</u> | <u>18.18</u> | <u>15.47</u> | <u>15.20</u> | <u>15.71</u> |
| Total | <u>118.33</u> | <u>108.28</u> | <u>111.80</u> | <u>110.80</u> | <u>110.69</u> | <u>111.91</u> | <u>112.48</u> | <u>107.99</u> | <u>108.90</u> | <u>108.72</u> |

Source: City Finance Office

City of Hopkins

Operating Indicators by Function/Program
Last Ten Years

| Function/Program | Fiscal Year | | | | |
|---|----------------|----------------|----------------|----------------|----------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| General Government | | | | | |
| Elections | 1 | 2 | 1 | 2 | 1 |
| Registered voters | 8,830 | 11,518 | 9,708 | 10,621 | 8,330 |
| Number of votes cast | 909 | 8,880 | 2,601 | 6,279 | 1,146 |
| Voter participation (registered) | 10.3% | 77.1% | 26.8% | 59.1% | 13.80% |
| Public Safety | | | | | |
| Police | | | | | |
| Total Calls for Service | 17,114 | 19,648 | 19,049 | 18,567 | 19,137 |
| Sworn Officers | 24 | 25 | 26 | 26 | 26 |
| Traffic Stops | 2,813 | 3,044 | 2,916 | 3,321 | 4,287 |
| Parking Citations | 2,705 | 1,506 | 1,122 | 841 | 747 |
| Fire | | | | | |
| Fires | 52 | 48 | 76 | 59 | 70 |
| False Alarm | 113 | 103 | 107 | 101 | 70 |
| Fire Runs | 329 | 326 | 337 | 297 | 350 |
| Medical Runs | 148 | 113 | 121 | 68 | 59 |
| Average Response Time (minutes) | 5.1 | 5.3 | 5.3 | 5.3 | 4.3 |
| Inspections | | | | | |
| Building Permits | 498 | 542 | 365 | 494 | 377 |
| Value of Building Permits | \$ 40,363,863 | \$ 34,316,423 | \$ 32,333,498 | \$ 14,272,117 | \$ 50,544,210 |
| Public Works | | | | | |
| Miles of seal coating | 4 | 4 | 4 | 4 | 3.2 |
| Miles of crack sealing | 3.25 | 3.25 | 3.25 | 3.25 | 2.88 |
| Sidewalk repairs in square feet | 2,875 | 2,875 | 2,875 | 2,875 | 4,279 |
| Alley repairs in square yards | 173 | 157 | 143 | 130 | 253 |
| Culture and Recreation | | | | | |
| Art Center | | | | | |
| Bookings | 3,551 | 5,598 | 5,598 | 5,570 | 6,054 |
| Reserved Hours | 22,335 | 36,950 | 36,950 | 35,710 | 39,060 |
| Customer Visits for Events/Activities | 174,100 | 182,800 | 182,800 | 202,000 | 203,000 |
| Water | | | | | |
| Gallons of water pumped (in millions) | 780.0 | 732.0 | 744.0 | 786.0 | 794.7 |
| Number of well house inspections | 2,488 | 2,488 | 2,488 | 2,488 | 2,488 |
| Number of hydrants flushed | 100+ | 100+ | 100+ | 100+ | 100+ |
| Water Rate | \$ 1.20 | \$ 1.40 | \$ 1.40 | \$ 1.40 | \$ 1.40 |
| Sanitary Sewer | | | | | |
| Sanitary sewage flow (in millions of gallons) | 634.3 | 653.2 | 647.0 | 638.0 | 641.3 |
| Miles of sewer lines jetted | n/a | 14.7 | 15.0 | 14.6 | 17.3 |
| Number of manholes checked/cleaned | 262 | 292 | 222 | 262 | 441 |
| Lift Station Maintenance checks | 4,374 | 4,374 | 4,374 | 4,374 | 4,374 |
| Sewer Rate | \$ 2.25 | \$ 2.25 | \$ 2.25 | \$ 2.50 | \$ 2.50 |
| Refuse | | | | | |
| Number of refuse accounts | 2,695 | 2,670 | 2,673 | 2,766 | 2,670 |
| Tons of refuse collected | 2,624 | 2,671 | 2,643 | 2,549 | 2,448 |
| Tons of recycled material (residential) | 1,305 | 1,248 | 1,185 | 1,118 | 1,138 |
| Refuse rate | \$ 11.00-14.45 | \$ 11.00-14.45 | \$ 12.50-15.90 | \$ 12.50-15.90 | \$ 12.50-15.90 |
| Recycling rate | \$ 2.75 | \$ 2.75 | \$ 2.75 | \$ 2.75 | \$ 2.75 |
| Pavilion/Ice Arena | | | | | |
| Ice time rental hours | 1,487 | 1,521 | 1,433 | 1,443 | 1,458 |
| Turf use hours | 450 | 464 | 362 | 407 | 442 |
| Mezzanine rental use | - | 162 | 351 | 339 | 345 |

Source: Various City Departments

Notes:

(1) Information not available is labeled N/A..

(2) In 2009 the Sewer Department began checking manholes on a monthly basis.

| Fiscal Year | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--|
| 2,008 | 2,009 | 2,010 | 2,011 | 2,012 | |
| 2 | 1 | 2 | 1 | 2 | |
| 11,233 | 9,548 | 9,393 | 9,691 | 10,912 | |
| 8,835 | 861 | 5,761 | 961 | 9,130 | |
| 78.70% | 9.10% | 61.30% | 9.90% | 83.70% | |
| 19,440 | 19,238 | 19,141 | 21,257 | 25,379 | |
| 26 | 26 | 26 | 26 | 26 | |
| 3,042 | 2,698 | 2,597 | 5,231 | 7,602 | |
| 647 | 925 | 914 | 865 | 958 | |
| 45 | 38 | 58 | 40 | 36 | |
| 101 | 107 | 98 | 95 | 91 | |
| 291 | 220 | 370 | 331 | 382 | |
| 67 | 56 | 66 | 77 | 141 | |
| 4 | 4 | 4 | 4 | 4 | |
| 897 | 381 | 422 | 631 | 501 | |
| \$ 45,074,024 | \$ 54,688,290 | \$ 10,968,955 | \$ 19,211,258 | \$ 9,804,196 | |
| 2.60 | 0.55 | 0.95 | 0.85 | 1.20 | |
| 4.97 | 3.71 | 1.99 | 7.26 | 5.55 | |
| 4,930 | 6,228 | 5,252 | 5,831 | 5,770 | |
| 238 | 142 | 170 | 200 | 201 | |
| 5,593 | 5,392 | 4,913 | 4,307 | 4,307 | |
| 34,760 | 33,780 | 30,414 | 26,406 | 26,406 | |
| 212,000 | 203,100 | 205,319 | 219,975 | 219,975 | |
| 774 | 813 | 794 | 744 | 781 | |
| 2,488 | 2,484 | 2,501 | 2,446 | 2,480 | |
| 100+ | 130 | 144 | 151 | 142 | |
| \$ 1.65 | \$ 1.86 | \$ 1.90 | \$ 1.90 | \$ 1.96 | |
| 626.2 | 580.2 | 567.8 | 606.5 | 601.9 | |
| 14.6 | 14.2 | 15.4 | 14.6 | 14.7 | |
| 344 | 1,290 | 1,301 | 1,421 | 1,337 | |
| 3,855 | 4,312 | 4,310 | 4,321 | 4,314 | |
| \$ 2.70 | \$ 3.10 | \$ 3.40 | \$ 3.60 | \$ 3.75 | |
| 2,678 | 2,689 | 2,695 | 2,687 | 2,681 | |
| 2,393 | 2,335 | 2,298 | 2,265 | 2,470 | |
| 1,080 | 1,194 | 1,148 | 1,222 | 1,182 | |
| \$ \$13.20 - 17.25 | \$ \$15.85 - 21.85 | \$ \$15.85 - 21.85 | \$ \$16.85 - 23.15 | \$ \$16.85 - 24.30 | |
| \$ 3.25 | \$ 3.50 | \$ 3.75 | \$ 3.75 | \$ 4.00 | |
| 1,469 | 1,456 | 1,455 | 1,407 | 1,429 | |
| 479 | 624 | 624 | 758 | 869 | |
| 400 | 495 | 776 | 1,150 | 1,260 | |

City of Hopkins

Capital Asset Statistics by Function/Program
Last Ten Years

| Function/Program | Fiscal Year | | | | | | | | | |
|-------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
| Public Safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol Units | 10 | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 | 11 |
| Fire | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Highways (miles) | 3.57 | 3.57 | 3.57 | 3.57 | 3.57 | 3.57 | 3.57 | 3.57 | 3.57 | 3.57 |
| County Highways | 5.69 | 5.32 | 5.32 | 5.32 | 5.32 | 5.32 | 5.32 | 5.32 | 5.32 | 5.32 |
| City Streets (miles) | 47.13 | 47.50 | 47.50 | 47.50 | 47.50 | 47.50 | 47.50 | 47.50 | 47.50 | 47.50 |
| Alleys (miles) | 9.52 | 9.52 | 9.52 | 9.52 | 9.52 | 9.52 | 9.52 | 9.52 | 9.52 | 9.52 |
| Streetlights | 350 | 360 | 360 | 398 | 398 | 398 | 398 | 398 | 398 | 398 |
| Traffic Signals | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 | 44 |
| Refuse collection trucks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Culture & Recreation | | | | | | | | | | |
| Parks | | | | | | | | | | |
| Parks | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Park Trails | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Park Acres | 102 | 102 | 104 | 104 | 104 | 104 | 104 | 104 | 104 | 104 |
| Park Shelters | 10 | 10 | 10 | 10 | 10 | 11 | 11 | 11 | 11 | 11 |
| Playgrounds | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Skateboard Park/Inline Skating | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Skating Rinks | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Hockey Rinks | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 | 5 |
| Basketball Courts | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Softball Fields | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Swimming Beach | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Tennis Courts | 12 | 12 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Volleyball Courts | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Watermains | | | | | | | | | | |
| Distribution System (miles) | 52.60 | 52.60 | 52.60 | 52.60 | 52.60 | 52.60 | 52.60 | 52.60 | 52.60 | 52.60 |
| Fire Hydrants | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 | 560 |
| Storage Capacity (gallons in thous) | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 | 3,200 |
| Water Connections | 3,144 | 3,157 | 3,163 | 3,163 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 | 3,168 |
| Sanitary Sewer | | | | | | | | | | |
| Collection System (miles) | 45.46 | 45.46 | 45.46 | 45.46 | 45.46 | 45.46 | 45.46 | 45.46 | 45.46 | 45.46 |
| Sewer Connections | 3,064 | 3,077 | 3,081 | 3,081 | 3,086 | 3,086 | 3,086 | 3,086 | 3,086 | 3,086 |
| Storm Sewer | | | | | | | | | | |
| Pipe (miles) | 21.40 | 21.40 | 21.40 | 21.40 | 21.40 | 21.40 | 21.40 | 21.40 | 21.40 | 21.40 |
| Parking | | | | | | | | | | |
| Parking Lots | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Parking Ramp | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: Various City Departments