



COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of Apple Valley

Minnesota

Year Ended December 31, 2012

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

OF THE

CITY OF APPLE VALLEY,
MINNESOTA

For the Year Ended

December 31, 2012

Prepared by

FINANCE DEPARTMENT

CITY OF APPLE VALLEY
7100 147th St. W.
Apple Valley, Minnesota 55124

CITY OF APPLE VALLEY

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Elected Officials and Administration.....	1
Organizational Chart.....	2
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	11
FINANCIAL SECTION	
Independent Auditor’s Report.....	13
Management’s Discussion and Analysis.....	15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	32
Statement of Activities.....	33
Fund Financial Statements:	
Balance Sheet – Governmental Funds	34
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds.....	37
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds	40
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	41
Statement of Net Position – Proprietary Funds.....	42
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds.....	44
Statement of Cash Flows – Proprietary Funds.....	46
Notes to the Financial Statements.....	49
Required Supplementary Information Other Than Management’s Discussion and Analysis:	
Schedule of Funding Progress – Other Post Employment Benefits.....	82
Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	94
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	104
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Road Improvements Capital Projects Fund.....	109
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Future Capital Projects Fund.....	110
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Cable TV Special Revenue Fund	111
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Equipment Certificate Capital Projects Fund.....	112

CITY OF APPLE VALLEY

TABLE OF CONTENTS

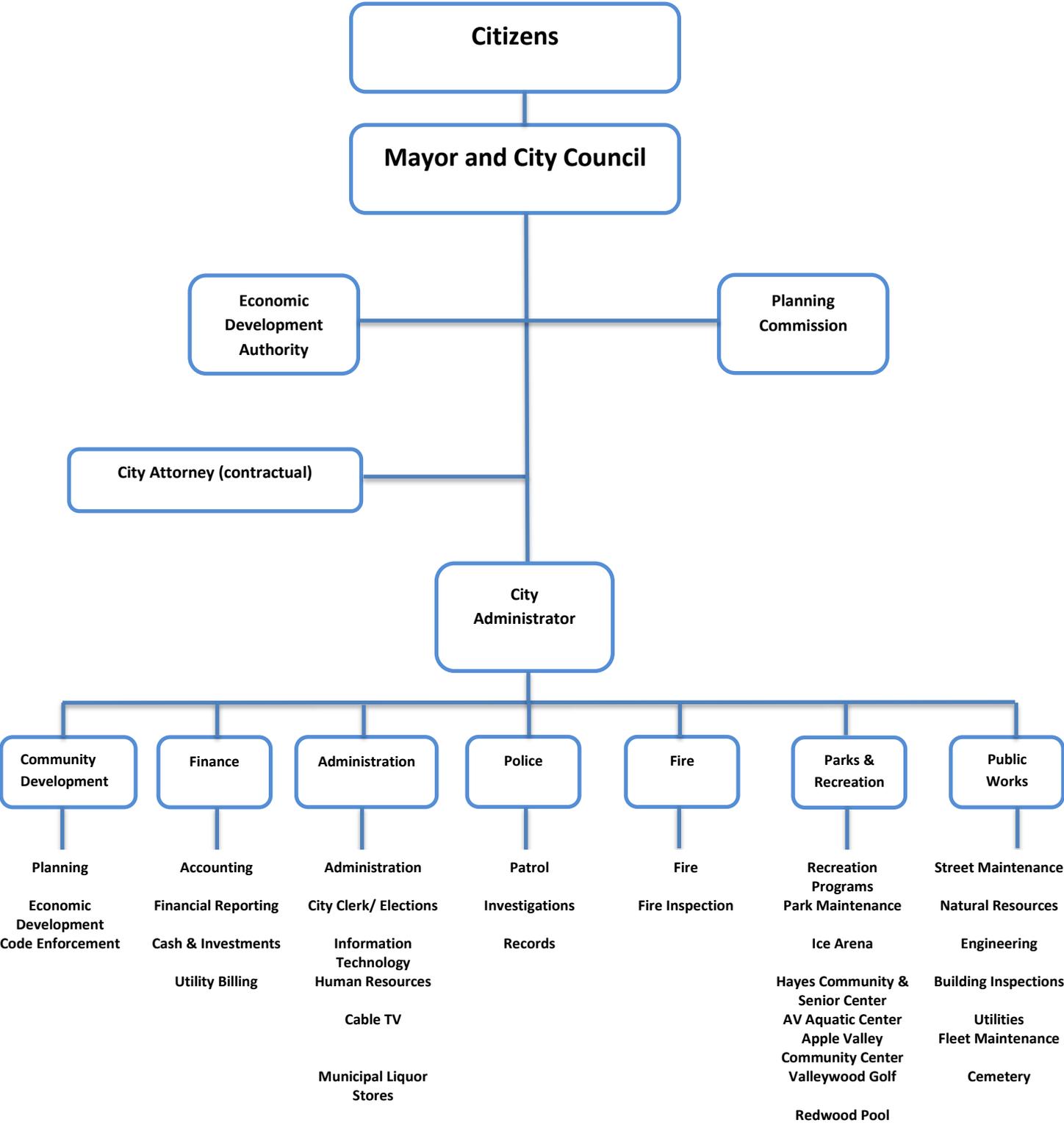
	Page
FINANCIAL SECTION	
Supplementary Information: (Continued)	
Combining Statement of Net Position – Internal Service Funds	113
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds	114
Combining Statement of Cash Flows – Internal Service Funds	115
STATISTICAL SECTION	
Net Position by Component	120
Changes in Net Position	122
Fund Balances of Governmental Funds	124
Changes in Fund Balances of Governmental Funds	125
Assessed and Estimated Actual Value of Taxable Property	126
Property Tax Capacity Rates Direct and Overlapping Governments.....	127
Principal Property Taxpayers	128
Property Tax Levies and Collections	129
Ratios of Outstanding Debt by Type.....	130
Ratios if General Bonded Debt	131
Direct and Overlapping Governmental Activities Debt.....	132
Legal Debt Margin Information	133
Pledged Revenue Coverage	134
Demographic and Economic Statistics	135
Principal Employers	136
Full-Time Equivalent City Government Employees by Function.....	137
Operating Indicators by Function/Program.....	138
Capital Asset Statistics by Function/Program.....	139

CITY OF APPLE VALLEY

**ELECTED OFFICIALS AND ADMINISTRATION
December 31, 2012**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Mary Hamann-Roland	Mayor	December 31, 2014
Thomas Goodwin	Council Member	December 31, 2016
Ruth Grendahl	Council Member	December 31, 2016
John Bergman	Council Member	December 31, 2014
Clint Hooppaw	Council Member	December 31, 2014
<u>Administration</u>		
M. Thomas Lawell	City Administrator	
Pamela Gackstetter	City Clerk	
Ronald Hedberg	Finance Director/Treasurer	

Organizational Structure City of Apple Valley



May 29, 2013

To the Honorable Mayor, City Council, and Citizens of the City of Apple Valley:

The comprehensive annual financial report of the City of Apple Valley, Minnesota, for the year ended December 31, 2012, is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and meets the requirements of the State Auditor's Office.

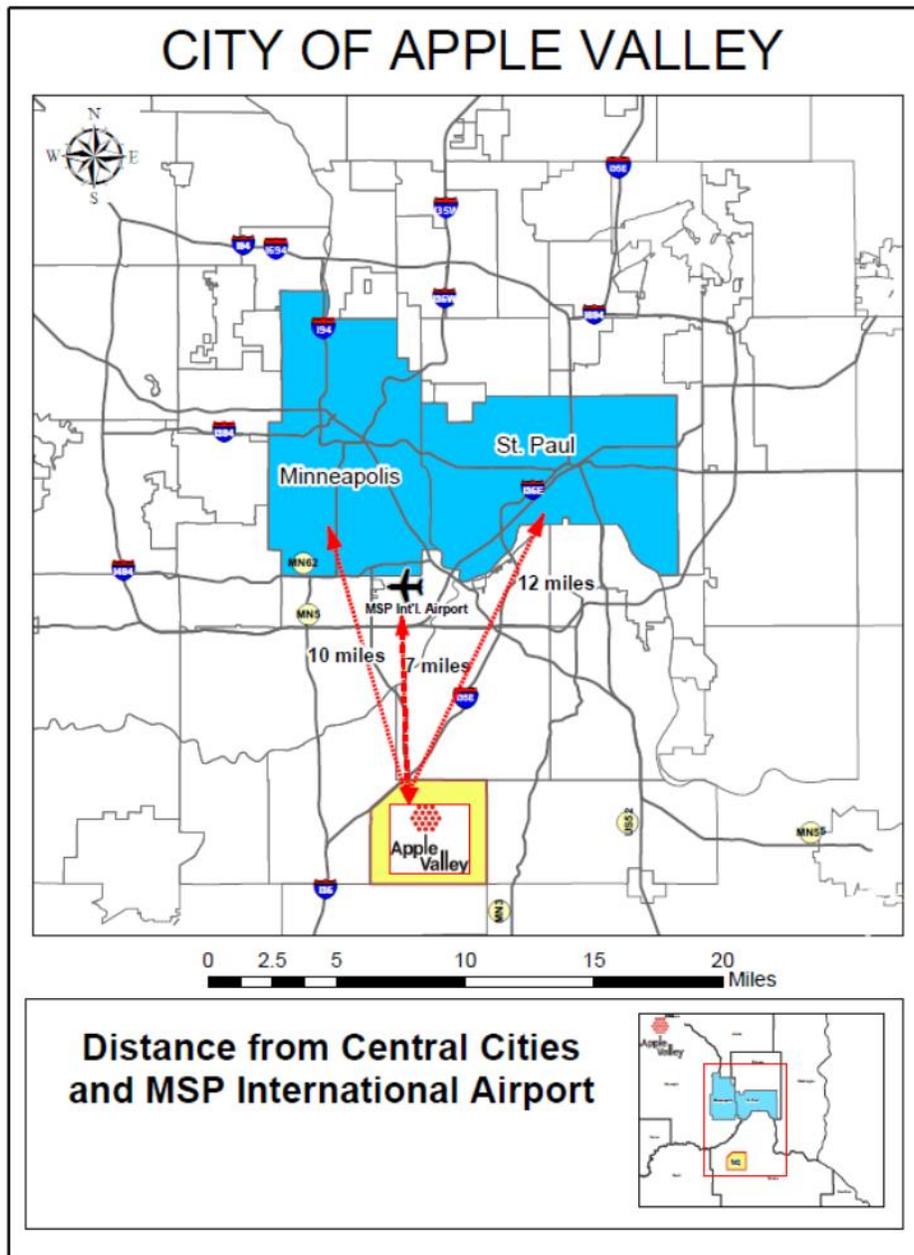
The report consists of management's representations concerning the finances of the City. Consequently management assumes full responsibility for the completeness and reliability of all information presented within this report. To provide a reasonable basis for making these representations, management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

The City's financial statements have been audited by Kern, DeWenter, Viere, Ltd. Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the 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 used by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was reasonable basis for rendering an unqualified opinion that the City's financial statements, for the year ended December 31, 2012, are fairly presented in conformity with GAAP. The independent auditors report is present in the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The City's MD&A compliments this letter of transmittal and should be read in conjunction with it.

Profile of the City of Apple Valley

Apple Valley was incorporated as a village on January 1, 1969 and incorporated as a city on January 1, 1974. Apple Valley is a suburban community located 17 miles south of downtown Minneapolis within Dakota County. Apple Valley has a convenient location, a comprehensive system of highways – Interstate 35e serves the northwest boundary of the city, while State Highway 77 runs north and south through the City. Apple Valley is 8 miles from the Minneapolis-St. Paul International Airport within the Seven County Twin Cities Metropolitan Region. The City has a land area of 17.5 square miles and serves a community with a current population of 49,978.



The City of Apple Valley operates as a Statutory Plan A City, the Mayor-Council form, under Minnesota law. The governing body, consisting of the Mayor and four council members, is elected at large and on a non-partisan basis. Terms of office are four years, with elections held in each even-numbered year; not more than two council members terms expire in any one-year. The City Council is responsible for, among other things, passing ordinances, adopting the budget, appointing members to various advisory committees and commissions, and hiring the City Administrator and other city employees. The City Administrator is responsible for carrying out the policies, ordinances and directions of the City Council and for over-seeing the day-to-day operations of the City.

The City provides its residents and businesses with a full range of municipal services consisting of public safety (police, fire, building inspections), public works, parks and recreation, and general government administration. The City also operates a number of enterprise activities including: Water and Sanitary Sewer, Valleywood Golf Course, three off-sale liquor stores, storm water, street lights, sports arenas and a cemetery. Sanitary sewage treatment and disposal is operated on a regional basis by the Metropolitan Council Environmental Services (MCES). Refuse collection and disposal are handled on a private basis through contractual arrangements by City residents with private haulers. Further information regarding city services can be obtained from the City's website at www.ci.apple-valley.mn.us.

The Apple Valley Economic Development Authority (EDA) is a separate legal entity organized pursuant to Minnesota Statute 469. The EDA is included as a blended component unit. The EDA is considered a component unit because the City Council appoints the members of the EDA and because the EDA is in a relationship of financial benefit or burden of the City.

The annual budget serves as the foundation for the City of Apple Valley's financial planning and control. The budgetary process is outlined in the notes within the Stewardship Compliance and Accountability footnote. The City applies budgetary controls to ensure compliance with legal provisions of the laws of Minnesota. Budgets are adopted on a basis consistent with GAAP. Annual budgets are adopted for the General Fund in addition to certain special revenue and capital projects funds. Budget to actual comparisons are presented for each governmental fund for which an annual budget has been adopted.

Factors Affecting Financial Condition

The City of Apple Valley is committed to maintaining a strong financial condition, while continuing to provide public services to its residents and businesses. The City's financial position, as reflected in the financial statements presented in the reports, is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Apple Valley operates.

Local Economy

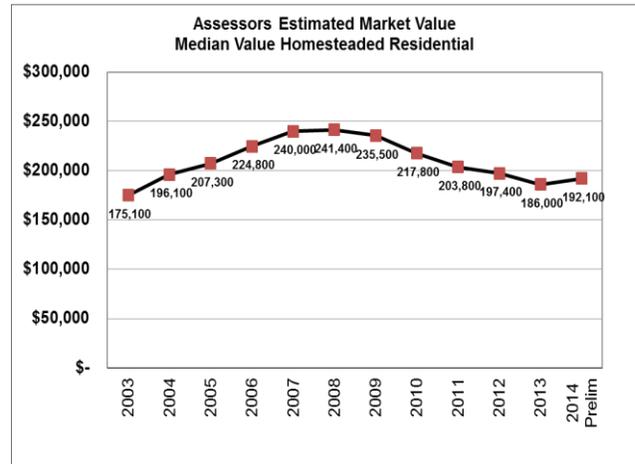
The sluggish economic conditions that have persisted since 2008 appear to be improving for the City of Apple Valley, its residents and businesses. The Minneapolis-St. Paul Metropolitan area unemployment rate as of April 2013, for example, is 4.9% compared to the State of Minnesota's rate of 5.4% and the national unemployment rate of 7.1%.

Unemployment Rate:	April 2013	April 2012
MSP Metropolitan Area	4.9%	5.2%
State of Minnesota	5.4%	5.3%
National	7.1%	7.7%

(Source: Bureau of Labor Statistics)

Housing Values

Like many areas of the state and country, housing values have trended downward in recent years. The assessors estimated market for residential market values declined on the median valued home approximately 3.1% for 2012 but are now starting to show signs of improvement.



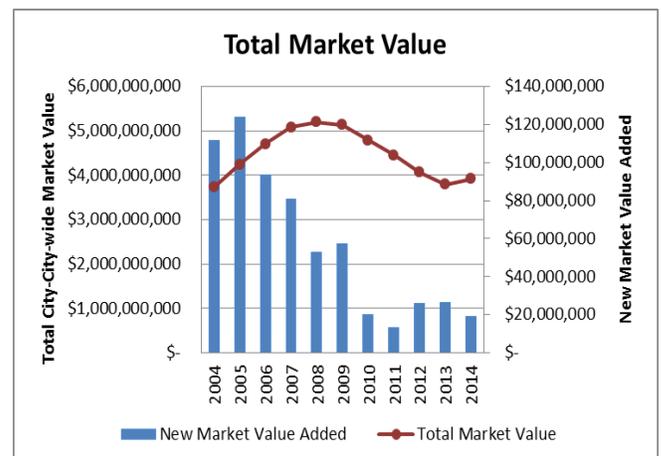
Average Decline in Median Value Home:	
2010	(7.5%)
2011	(6.4%)
2012	(3.1%)
2013	(5.9%)
2014 (Preliminary)	3.28%

The population of Apple Valley has increased from 585 in 1960 to 49,084 according to the 2010 census and is estimated at 49,978 for 2012. Most of the population of the City concentrates in two age groups; 45-54 years and 5-14 years, 17.0% and 14.2% respectively. According to the 2010 census, the average age is 32 years and the median family income was \$65,825.

Apple Valley is the home to Uponor-US and Wings Financial Credit Union. Other major employers in the area include Target, Wal-Mart, MN Zoo, Apple Valley Health Care Center and Apple Valley Red-E-Mix.

Market Value Growth

Apple Valley has been adding new tax base which previously was at or near historic low levels, but in 2012 the city saw improvement over the past 2 years. In 2012, a total of \$25.7 million of market value was added to the City's tax base,

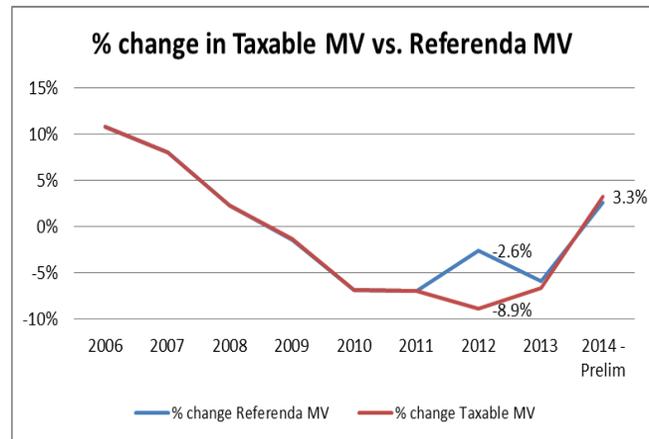


approximately double the previous year. The total city-wide market value has declined to \$4.1 billion for 2012 due to deflation in the existing property values. Conditions have improved for the future as preliminary County Assessor data for payable 2014 shows a 3.28% increase in the median value home.

Market Value Exclusion Program and Impact on Tax Base

For 2012 the State of Minnesota enacted a new program benefiting homesteaded properties. Instead of providing aid payments to cities through the Market Value Homestead Credit (MVHC) program, the Market Value Exclusion (MVE) program provides a reduction in the taxable market value for residential properties prior to applying the tax extension rate to determine the property taxes to be paid. For homes valued at \$76,000, the new exclusion is equal to 40% of the home's market value. For homes valued above \$76,000 the exclusion value is \$30,400 minus 9% of the value over \$76,000, effectively phasing out the MVE amounts for homes valued over \$413,800.

The result of the MVE program is that the overall tax base value is reduced for one portion of the tax bill but the market value for referenda based taxes is not artificially lowered. For taxes payable in 2012, the taxable market value declined 8.9% because of applying the Market Value Exclusion program. Without the Market Value Exclusion program (which is consistent with past years) the market value would have declined 2.6%



The property value declines do not impact the overall property tax revenues in Minnesota because of the way the tax rate is determined. In Minnesota, the tax extension rate is determined each year by dividing the total amounts levied by the total tax capacity of all properties and then applying the resulting tax extension rate to each individual property. So if the tax base is artificially lowered the tax extension rate will be higher and is applied to a lower taxable value resulting in approximately the same tax amount paid by the average valued home.

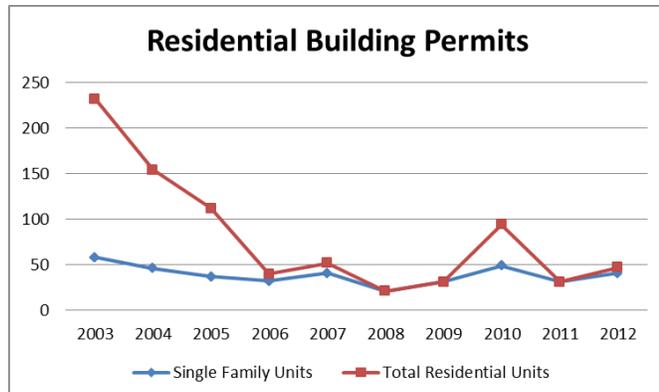
Major Initiatives

The City Council identified key road improvement projects to be completed in 2012 which completes the ring route serving the business district. These road improvements include the extension of Flagstaff Avenue connecting County Road 42 with 140th Street. Another key road project was the extension of 147th Street, connecting Pilot Knob Road (County Road 31) to Flagstaff Avenue and to the western border of the commercial district. The 147th Street extension project included the lowering of a significant petroleum pipeline. The costs of these projects were funded by a combination of special assessments to benefiting properties and available Tax Increment Financing resources. These road projects resulted in the construction of two office/warehouse buildings totaling 100,000 square feet just north of 147th Street.

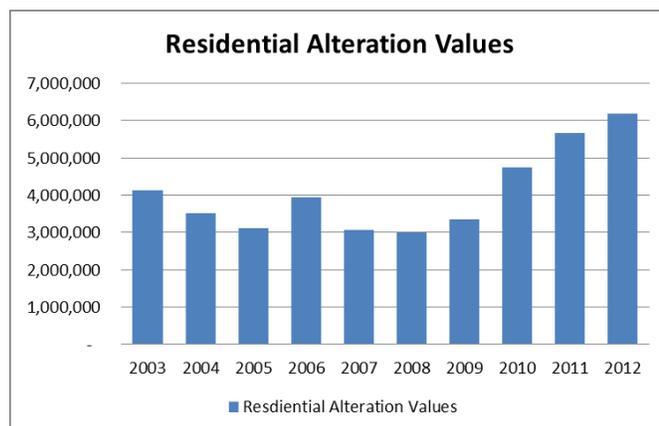
In 2012, investment continued in Apple Valley as new businesses opened and new developments were approved. The City also continued planning for the Cedar Avenue corridor, which will be the first Bus Rapid Transit (BRT) line in Minnesota. The Cedar Avenue BRT line, also called the “Red Line”, will begin service in June 2013. What follows is a sample of some of the development projects that were reviewed, approved, began construction, or completed in 2012, as well as some of the long-range planning and economic development initiatives that will help maintain Apple Valley’s high quality of life.

Residential Development

Over the past ten years single family construction has averaged 39 units per year, and 2012 saw 41 single family units plus 6 townhome units constructed. Multi-family residential construction has slowed in recent years reflecting a nationwide trend of focus away from Multi-family dwelling units.



While the construction of new single family homes has increased for 2012, the valuation added by remodeling and renovations has increased over the past couple of years. This reflects the homeowners continued interest in investing in their property.



The Cortland Addition, a new 88 acre residential development, was approved in 2012. When finished, there will be 178 single family homes, a 6.27 acre ponding area and a 5.56 acre public park.

The Parkside Village, a 322 unit market rate, multi-family development, was approved in 2012, construction is planned to begin in August 2013.

Commercial Development

Commercial and industrial development has improved in 2012 with total improvement values, including commercial alterations, totaling \$22,754,500 in 2012.



New commercial construction projects

included the Apple Valley Business Campus, Autozone, Pizza Ranch and Lifeworks. A number of new businesses also made Apple Valley their home in existing space. These new businesses included Pearle Vision, Health Source Chiropractic Care, Sister Kenny Rehabilitation Institute, Goodscents Deli, Mattress Firm, and This Week Newspapers. Several businesses opened, expanded, or made significant reinvestments in their businesses in Apple Valley in 2012. These included Applebees Restaurant, Grace Lutheran Church, Carmike Cinema and Best Buy.

Institutional Development

Construction was completed at the City of Apple Valley's new 16,400 sq. ft. two story Valleywood Golf Course Clubhouse, which features a food service area, a commercial kitchen, a new pro shop, offices, and a patio.

Transit Oriented Development

The City's participation in the design of Cedar Avenue reconstruction for the Bus Rapid Transit (BRT) is ongoing. Construction on the first phase of the Cedar Avenue improvements was completed in 2012. Improvements included the construction of two BRT stations. These stations include the Apple Valley Transit Station, as well as planned stops at 140th Street and 147th Street.

Long-term financial planning

The City each year adopts a 5 year Capital Improvement Program (CIP). The CIP is a five year plan that identifies the City's infrastructure, development objectives and the allocation of resources for these projects. This CIP provides policy makers and the community with a strategic approach to implementation and administration of improvement projects.

One of the larger improvements included in the CIP includes the expansion of the City's water treatment plant. In 2012, Apple Valley continued its progress on an expansion of the water treatment facility to expand capacity to meet ultimate demands of the utility customers once fully developed. Construction started in 2012. The total cost of the treatment plant expansion is estimated at \$14 million and will be financed by cash on hand in the utility fund of \$3 million along with \$11 million long term water utility revenue bonds.

Relevant Financial Policies

The City has utilized various financial and budget policies to guide the City Council and staff when making financial decisions. These include adoption of a balanced budget minimizing the reliance on state revenues which have proven to be unpredictable, setting of a 50% minimum fund balance level to provide for cash flow purposes and adoption of a five year capital improvement plan to provide for capital asset acquisition and replacement.

Cash temporarily idle during the year was invested in money market instruments and U.S. government agency obligations. Apple Valley's investment policy calls for the investment of public funds in a manner that will provide the highest investment return with minimum risk

Letter of Transmittal
May 29, 2013

while meeting the daily cash flow demands of the City. For investments held at December 31, 2012, the effective duration of the investment portfolio was 3.6 years. The City's average return on investments in 2012 was 2.5%

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the City of Apple Valley a "Certificate of Achievement for Excellence in Financial Reporting" for its Comprehensive annual Financial Report (CAFR) for the fiscal year end December 31, 2011. This was the first year that the City of Apple Valley achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another award.

The preparation of this report could not occur without the efficient and dedicated service of the entire finance department staff throughout the reporting year. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. We would like to thank the City Council for its commitment in planning and implementing the financial operations of the City in a fiscally prudent and progressive manner.

Respectfully Submitted,

CITY OF APPLE VALLEY, MINNESOTA



Ronald Hedberg,
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Apple Valley
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. Moynell

President

Jeffrey R. Emer

Executive Director

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Expert advice. When you need it.SM

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Apple Valley
Apple Valley, 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 Apple Valley, Minnesota, as of and for the year ended December 31, 2012, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

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



Implementation of GASB 63 and GASB 65

As discussed in Note 17 to the financial statements, the City has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Schedule of Funding Progress – Other Post Employment Benefits on page 74, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Introductory Section, the Supplementary Information and the Statistical Section, as identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The information identified in the Table of Contents as the Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 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 results 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.

Kern, Dewenter, Viere, Ltd

KERN, DEWENTER, VIERE, LTD.
St. Cloud, Minnesota
May 29, 2013

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

As management of the City of Apple Valley (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012. Readers are encouraged to consider the information presented here in conjunction with additional information furnished in the letter of transmittal, which can be found on pages 3-10 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$ 254,563,975 (net position). Of this amount, \$ 62,640,552 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$ 11,999,798. The governmental activities net position increased by \$ 6,212,330 due primarily to capital grants and contributions, increases in charges for services, retirement of debt and decreases in the expenses. Business-type activities had an increase of \$ 5,787,468 in net position due to an increase in charges for services and capital grants related to the installation of utilities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 43,969,219, an increase of \$ 326,488 from the prior year. Restricted Fund Balances decreased from \$ 15,537,787 to \$ 11,435,144, a decline of \$ 4,102,643, which represents the investment of restricted funds in street projects. The unassigned fund balances increased \$ 1,518,218 to a positive \$ 264,842. Assigned fund balances increased \$ 2,744,229 to \$ 31,818,016.
- At the end of the current fiscal year, the General Fund balance was \$ 13,375,516, an increase of \$ 669,763 from the previous fiscal year. The City's General Fund balance is 54.5% of General Fund operating expenditures and other financing uses.
- The City's capital assets, net of depreciation, increased by \$ 13.1 million or 6.7% and reflects the investment in infrastructure. Please see the tables on pages 63 and 64 for further detail of capital assets in Note 4.
- The City's long-term debt decreased by \$ 1.68 million or 4.1% during the current fiscal year and is attributable to the retirement of debt. Please see the table on page 69 and for further detail of long-term debt see Note 6.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

The Statement of Net Position presents information on all of the City's 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 is improving or deteriorating.

The Statement of Activities presents information showing how the City's 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 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and parks and recreation. The business-type activities of the City include municipal liquor, municipal golf course, sports arena, water and sewer, street light utility, storm drainage and cemetery.

The government-wide financial statements include only the City itself (known as the primary government). The City has one blended component unit. Although legally separate, the Apple Valley Economic Development Authority (EDA) is reported as if it were part of the primary government because it provides services exclusively for the City. The Apple Valley EDA is reported as the Economic Development Debt Service Fund and the EDA Operations Special Revenue Fund.

The government-wide financial statements can be found on pages 32 and 33 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

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 government'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 maintained 65 individual governmental funds during 2012. Of these funds, seven are considered major funds. Information on the major funds is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Closed Bond Issues Debt Service Fund, Improvement Bonds of 2006 Debt Service Fund, Improvement Bonds of 2007 Debt Service Fund, 1997 Park Bonds Debt Service Fund, Future Capital Projects Fund and the Road Improvements Capital Projects Fund, all of which are considered to be major funds. Data from the other 58 governmental funds are combined into a single, aggregated presentation on the combining statements. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts annual appropriated budgets for the following funds; General Fund, Cable TV Special Revenue Fund, Road Improvements Capital Projects Fund, Future Capital Projects Fund, and the Equipment Certificate Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 34-41 of this report.

Proprietary Funds – The City 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 uses enterprise funds to account for its municipal liquor, municipal golf course, sports arena, water and sewer, storm drainage, street light utility and cemetery operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses two Internal Service Funds to account for the risk insurance activities. Because these services predominately 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 funds financial statements provide separate information for the municipal liquor, municipal golf course, sports arena, water and sewer, storm drainage, street lighting and cemetery operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 42-47 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 49-80 of this report.

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding the post employments benefit plan. This supplemental information can be found on page 82 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplemental information on the funding progress of the post-employment benefit plan. The combining statements can be found on pages 84-103 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

STATEMENT OF NET POSITION

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, assets exceeded liabilities by \$ 254,563,975 at the close of the most recent fiscal year.

The largest portion of the City's net position, \$ 174,602,730, or 68.6%, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's 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, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Apple Valley's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 67,366,260	\$ 69,245,677	\$ 22,380,561	\$ 23,003,982	\$ 89,746,821	\$ 92,249,659
Capital Assets, Net	93,191,547	85,884,886	114,808,361	109,053,853	207,999,908	194,938,739
Total Assets	160,557,807	155,130,563	137,188,922	132,057,835	297,746,729	287,188,398
Long-Term Liabilities	28,596,800	29,958,210	5,402,902	5,863,223	33,999,702	35,821,433
Other Liabilities	7,123,706	6,547,382	2,059,346	2,255,406	9,183,052	8,802,788
Total Liabilities	35,720,506	36,505,592	7,462,248	8,118,629	43,182,754	44,624,221
Net Position:						
Net Investment						
in Capital Assets	64,226,520	54,928,735	110,376,210	104,198,009	174,602,730	159,126,744
Restricted	17,001,111	21,580,777	319,582	309,518	17,320,693	21,890,295
Unrestricted	43,609,670	42,115,459	19,030,882	19,431,679	62,640,552	61,547,138
Total Net Position	\$ 124,837,301	\$ 118,624,971	\$ 129,726,674	\$ 123,939,206	\$ 254,563,975	\$ 242,564,177

**CITY OF APPLE VALLEY
Dakota County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

A portion of the City's net position, \$ 17,320,693, or 6.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$ 62,640,552, or 24.6%, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's net position increased by approximately \$ 12 million; approximately \$ 1.4 million or 12% of this increase is attributed to the net change in total liabilities. Approximately \$ 8.9 million of bonded debt was retired during the year and of this, of which \$ 4,720,000 was attributed to the current refunding of the 2004 Improvement Refunding Bonds in 2012.

The Governmental activities net position increased \$ 6.2 million, and reflects \$ 4,445,816 in capital grants through the development process and the retirement of debt. A portion of the Governmental Fund's increase in net position relates to an increase in the General Fund's net position due to revenues in excess of budgeted amounts in building permits, and investment earnings along with realizing savings within the General Fund from vacant positions and other budget savings.

The increases in the business activities net position total \$ 5.8 million and include utility improvements and the construction of a new clubhouse at the Valleywood Municipal Golf Course, \$ 1,200,000 of which was a transfer from the Park Dedication Fund.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position for the City as a whole, as well as for its separate governmental and business-type activities.

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

STATEMENT OF ACTIVITIES

As with the Statement of Net Position, the City reports governmental activities on a consolidated basis. A summary of the Statement of Activities is presented below.

City of Apple Valley's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUE:						
Program Revenues:						
Charges for Services	\$ 7,213,290	\$ 6,571,407	\$ 22,357,826	\$ 20,959,803	\$ 29,571,116	\$ 27,531,210
Operating Grants	579,675	534,041	13,890	10,170	593,565	544,211
Capital Grants	4,445,816	4,398,403	3,201,690	643,164	7,647,506	5,041,567
General Revenues:						
Taxes	23,893,839	23,813,181	120,000	120,000	24,013,839	23,933,181
Unallocated Aids	145,755	117,000	-	-	145,755	117,000
Investment Earnings	1,026,594	2,372,693	388,923	888,863	1,415,517	3,261,556
Gain on Sale of Assets	110,905	169,776	-	-	110,905	169,776
Other General Revenues	5,653	6,799	43,845	50,835	49,498	57,634
Total Revenue	37,421,527	37,983,300	26,126,174	22,672,835	63,547,701	60,656,135
EXPENSES:						
General Government	7,398,895	7,086,321	-	-	7,398,895	7,086,321
Public Safety	11,101,520	10,548,223	-	-	11,101,520	10,548,223
Public Works	6,382,139	5,744,780	-	-	6,382,139	5,744,780
Park and Recreation	6,166,397	6,169,552	-	-	6,166,397	6,169,552
Interest	1,235,351	1,459,728	-	-	1,235,351	1,459,728
Municipal Liquor	-	-	8,377,991	8,177,679	8,377,991	8,177,679
Municipal Golf	-	-	1,292,371	1,051,605	1,292,371	1,051,605
Sports Arena	-	-	778,931	799,993	778,931	799,993
Water and Sewer	-	-	7,194,007	7,309,277	7,194,007	7,309,277
Storm Drainage	-	-	1,001,140	917,054	1,001,140	917,054
Street Light Utility	-	-	447,954	398,114	447,954	398,114
Cemetery	-	-	69,376	69,004	69,376	69,004
Total Expenses	32,284,302	31,008,604	19,161,770	18,722,726	51,446,072	49,731,330
Increase (decrease) in net position before transfers	5,137,225	6,974,696	6,964,404	3,950,109	12,101,629	10,924,805
Transfers	1,075,105	2,717,630	(1,075,105)	(2,717,630)	-	-
Increase (decrease) in net position	6,212,330	9,692,326	5,889,299	1,232,479	12,101,629	10,924,805
Net Position - Beginning, as Previously Stated	118,624,971	108,932,645	123,939,206	122,706,727	242,564,177	231,639,372
Change in Accounting Principle	-	-	(101,831)	-	(101,831)	-
Net Position - Beginning, as Restated	118,624,971	108,932,645	123,837,375	122,706,727	242,462,346	231,639,372
Net Position - Ending	\$ 124,837,301	\$ 118,624,971	\$ 129,726,674	\$ 123,939,206	\$ 254,563,975	\$ 242,564,177

**CITY OF APPLE VALLEY
Dakota County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

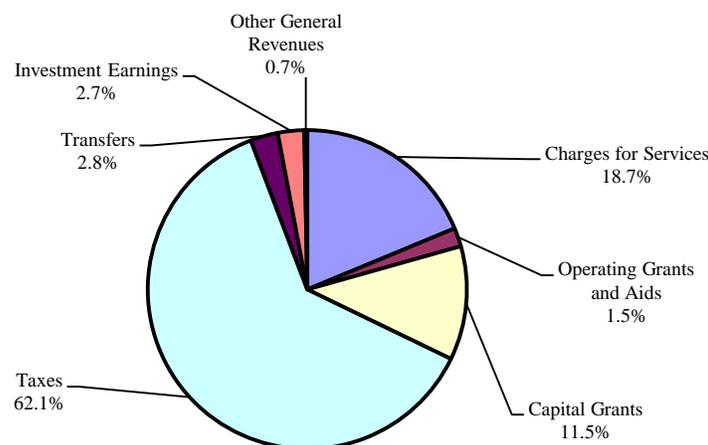
Governmental Activities – Governmental activities increased the City's net position by \$ 6.2 million, accounting for 51.3% of the total growth in the net position of the City.

The revenues included in the chart below include all program and general revenues for the governmental activities such as property taxes, grants capital contributions and investment earnings. Property taxes remain the largest component of governmental revenues, approximately 62.1%. Capital grants represent the levying of special assessments for the construction of infrastructure assets, such as water mains, sewer mains, streets and storm sewer services.

Revenues decreased \$ 561,773, or 1.5% for 2012, the key elements of this net change are:

- The increase in Charges for Services, of \$ 641,883, is attributed to an increase in building permit and related charges; Building Permit revenue is up \$ 237,855 and the Engineering Fees charged to construction projects is up \$ 347,815 for 2012.
- Investment earnings for governmental activities decreased for 2012 by \$ 1,346,099 and results from the decrease in the market value of the portfolio related to a decline in the overall fixed income investment market.
- In addition to the change in revenues, the net transfers that went into the governmental activities for 2012 was \$ 1,075,105, a decrease of \$ 1,642,525 from the 2012 net transfer. Included in the decrease in net transfers was the \$ 1,200,000 transfer from the Park Dedication governmental fund type into the Valleywood Golf Enterprise Fund in 2012, in addition to lowering amounts transferred as part of the utility fund's support of the 2012 street improvement project.

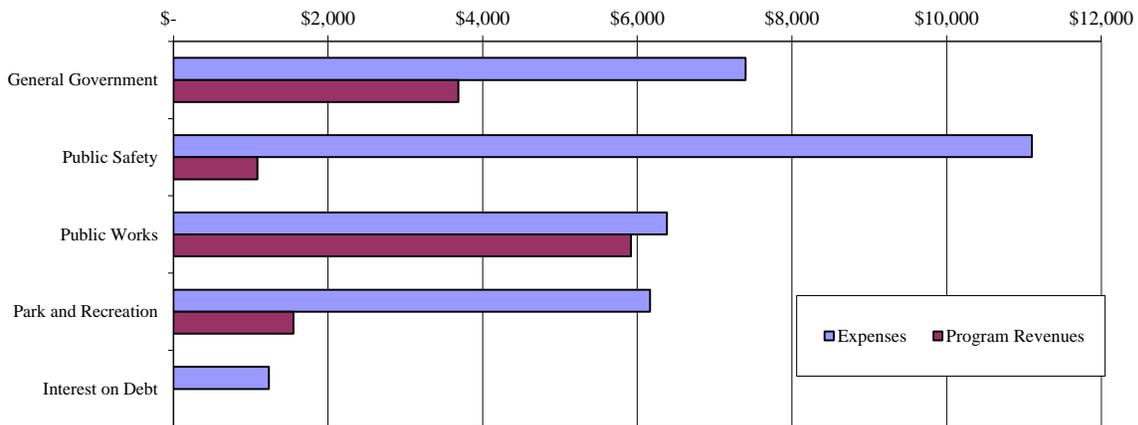
Revenue By Source - Governmental Activities



**CITY OF APPLE VALLEY
Dakota County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

**Expenses and Program Revenues - Governmental Activities
(in \$1,000's)**



Expenses in the Governmental Activities increased \$ 1,275,698 for 2012. Some of the significant items included in 2012 activities are:

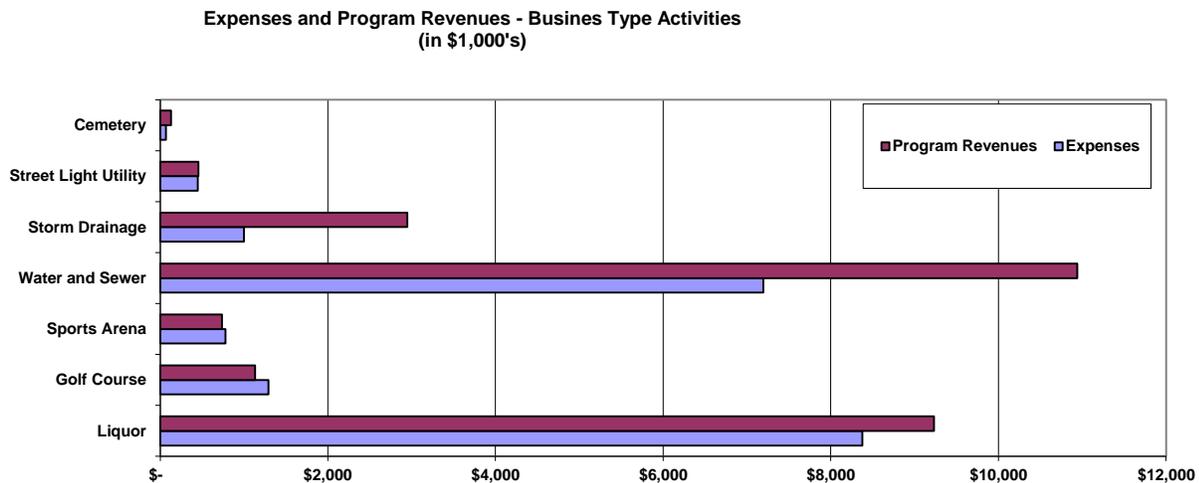
- The Public Works area of General Government saw an increase in expense of approximately \$ 211,000 by the expansion of the Engineering Department by two employees providing the ability provide more engineering services toward City Projects.
- General Government expense for 2012 included financial assistance in the amount of \$ 535,100 towards a number of projects resulting in total public/private investment of \$ 3,093,000 in the community.
- The Public Works expenses includes the City's share of a County project to improve CR 23/ State Hwy 77 (Cedar Avenue) totaling approximately \$ 773,000 in 2012.
- Public Safety includes \$ 500,000 expended toward a shared fire training facility in a neighboring city.
- Interest expense is approximately \$ 224,377 lower for 2012 and reflects the reduction in debt service expense through debt retirement and the impact of refunding bonds issued in prior years.
- In each program area, program expenses exceeded program revenues. This is to be expected with governmental operations where support mainly comes from general revenue sources such as property taxes.

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Business Type Activities. Business-type activities increased the City's net position by \$ 5.9 million, accounting for 48.7% of the increase in the total net position of the City. In addition, a change in accounting principle resulted in a reduction in the net position of \$ 101,831.

The intent of business-type activities is to cover all, or nearly all, of the costs of providing the services of the individual funds. The City accounts for the operations in seven separate enterprise funds which include the Cemetery, Street Light Utility, Storm Drainage Utility, Water and Sewer Utility, Sports Arena, Municipal Golf Course and Municipal Liquor Funds.



Overall, total revenues for the business type activities increased \$ 3,453,339, or 15.2%, for 2012. The key elements making up this change are as follows:

- Charges for services overall were relatively flat although the individual activities showed variances with the prior year.
 - The liquor operations showed an increase in operating revenues of \$ 226,230, the increase in liquor revenues can be attributed to increased sales at Liquor Store No. 3 which experienced revenue increase of approximately \$ 318,000. This increase in Store No. 3 offsets a decline of approximately \$ 191,000 at store No. 1, which was negatively impacted by road construction activities on Cedar Avenue during 2012. Overall each of the stores was negatively impacted by the expansion of operating hours for liquor stores in neighboring communities.
 - The Water and Sewer utility operating revenues increased \$ 894,959 for 2012. The increase over the prior year was a combination of two things; one is 2012 having a longer irrigation season because of the early warm spring and two, total revenue in 2011 was lower than normal because of the wet summer that year.
 - The Municipal Golf Course experienced increases in operating revenues of approximately \$ 99,000 which is related to the early course opening due to the warm spring.
 - The Ice Arena operating revenues decreased approximately \$ 3,200, and relates to less rental in late spring.

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

- The Storm Water Drainage utility operating revenues increased approximately \$ 147,000, or 10.6%, resulting from an increase in the Storm Water utility rates per residential equivalent unit.
- Investment earnings for business-type activities decreased for 2012 by \$ 499,940 and results from the decrease in the market value of the portfolio related to a decline in the overall fixed income investment market.
- Capital Grants and Contributions increased \$ 2,558,526 for 2012. The key elements of making up this change are as follows:
 - The Water and Sewer Fund Capital Grant and Contributions increased approximately \$ 2.5 million and is attributed to the amounts specially assessed of improvement projects in 2012.
 - The Sports Arena Fund Capital Grants includes approximately \$ 90,000 in insurance proceeds received for water damage to the lobby floor.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Apple Valley itself, or a delegated authority to assign resources for use for particular purposes by the City of Apple Valley.

As of the end of the year, the City of Apple Valley's governmental funds reported combined ending fund balances of \$ 43,969,219, an increase of \$ 326,488 in comparison with the prior year. Unassigned fund balance totals \$ 264,842. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form, \$ 241,212, 2) restricted for particular purposes, \$ 11,435,144, 3) committed for particular purposes, \$ 210,005, or assigned for particular purposes, \$ 31,818,016.

The City has seven major governmental funds; the General Fund, the Closed Bond Issues Fund, the Improvement Bonds of 2006, the Improvement Bonds of 2007, the 1997 Park Bond Fund, the Road Improvements Fund, and the Future Capital Projects Fund.

General Fund

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$ 12,646,076, while total fund balance increased to \$ 13,375,516. 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 General Fund expenditures. Unassigned fund balance represents approximately 54.9% of total General Fund expenditures, while total fund balance

**CITY OF APPLE VALLEY
Dakota County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

represents approximately 58.1% of that same amount. The fund balance of the City of Apple Valley's general fund increased by \$ 669,763 during the current fiscal year. The increase was due to total revenues coming in over the budgeted revenues by \$ 625,322. The most significant of these variances include; building permits (\$ 237,855), charges for services (\$ 73,136, which includes increased engineering fees of \$ 347,815) and intergovernmental revenues (\$ 97,735). The total General Fund expenditures came in \$ 1,771,119 under budget in operating expenditures for nearly every program budget area. See the discussion on the general fund budgetary highlights that follows.

Closed Bond Issues Fund

The Closed Bond Issue Fund accumulates resources remaining from retired debt service funds. The fund balance at the end of 2012 is \$ 7,256,638. The fund balance increased \$ 1,874,442 from the prior year and results from the collection of special assessments in the current year.

Improvement Bonds of 2006

The Improvement Bonds of 2006 Fund accounts for the debt service activity and special assessment collections for bond retirement. The fund balance at the end of 2012 is negative \$ 1,378,887. The fund balance increased \$ 525,568 from the prior year and results from the collection of special assessments in the current year.

Improvement Bonds of 2007

The Improvement Bonds of 2007 Fund accounts for the debt service activity and special assessment collections for bond retirement. The fund balance at the end of 2012 is negative \$ 731,186. The fund balance decreased \$176,348 from the prior year and results from lower collection of special assessments in the current year.

1997 Park Bond Fund

The 1997 Park Bond Fund accounts for the debt service activity and property tax levies for the park bond retirement. The 1997 Park Bond Fund is considered a major fund for 2012 because of the current refunding activity during 2012. The fund balance at the end of 2012 is \$176,892. The fund balance increased \$ 9,892 from the prior year and results from the collection of special assessments in the current year.

Road Improvements Fund

The Road Improvement Fund receives transfers from other funds as well as a direct ad valorem property tax levy. These resources are used to finance street overlays and reconstruction projects per the City's pavement management plan. The fund balance at the end of 2012 is negative \$ 3,958,742. The fund balance increased \$ 855,908 from the prior year and results from additional transfers.

Future Capital Projects Fund

The Future Capital Projects Fund accumulates resources according to the City Council's adopted Fund Balance Policy. This policy calls for amounts in the General Fund that exceed a maximum level to be transferred to the Future Capital Projects Fund. The fund balance at the end of 2012 is \$ 15,864,837. The fund balance increased \$ 285,272 from the prior year. Transfers in exceeded transfers out of the fund by \$ 606,619, the major expenditure in the current year was a \$ 500,000 expenditure toward a shared fire training facility in a neighboring city.

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The City has seven enterprise funds and two internal service funds. The Seven enterprise funds include; Municipal Liquor Fund, Municipal Golf Course Fund, Sports Arena Fund, Water and Sewer Fund, Storm Drainage Fund, Cemetery Fund and the Street Light Utility Fund.

The net position of all enterprise funds totals \$ 129,726,674, \$ 110,376,210 of which is invested in capital assets and is an increase of \$ 6,178,201 in net position over the prior year, much of this increase results from a combination of improvements in revenues and the recognition of capital grants and contributions. The total unrestricted net position for all proprietary funds for the year was \$ 19,030,882, a decrease of \$ 400,797.

Municipal Liquor Fund

The increase in net position in the Municipal Liquor Fund of \$ 373,522 reflects continued positive operations of the City's liquor stores and is after transferring \$ 525,000 to the General Fund in support of public safety and park and recreation activities. The increase in the liquor fund comes from an improvement in sales at stores number two and three.

Valleywood Municipal Golf Course

The Valleywood Municipal Golf Fund operations posted an increase in net position of \$ 1,053,631 and can be attributed to a transfer of \$ 1,200,000 from the general government - Park Dedication Fund to be used toward the construction of the Valleywood Clubhouse.

Sports Arena Fund

The Sports Arena Fund posted an increase in net position of \$ 81,606 and results from the receipt of approximately \$ 90,000 in insurance proceeds for water damage to the lobby floor.

Water and Sewer Fund

The Water and Sewer Fund is the City's largest proprietary fund. Unrestricted net position at the end of the year amounted to \$ 16,823,995 an increase of \$ 478,961. Current year operations posted a \$ 2,578,019 increase in net position. The operating revenues were up \$ 894,959 for the year and result from the early spring and increased sales and a 3% increase in utility rates. Total net investment in capital assets totals \$ 67,438,062, an increase of \$ 2,099,058, which reflects a combination of current year investment in assets and the retirement of debt.

Storm Drainage Utility Fund

The Storm Drainage Utility Fund increased its net position by \$ 1,722,850 and which results from the capital contributions through the public improvement process and the special assessments of improvements or the contribution of infrastructure improvements by developers constructing subdivisions.

Cemetery Fund

The Cemetery Fund increased its net position by \$ 72,490 and results from lot sales during the year.

Street Light Utility Fund

The Street Light Utility Fund increased its net position by \$ 7,181 and reflects a slight increase in sales for the year.

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

GENERAL FUND BUDGETARY HIGHLIGHTS

The most significant amendment to the 2012 General Fund budget was to include some projects that were carried over from the prior year 2011 to 2012 in the amount of \$ 282,794.

During the year, the total revenues exceeded the final amended budgetary estimates by \$ 625,322 and can be attributed to licensing and permits exceeding the budget by \$ 354,247, current property taxes collection exceeding budget by \$ 174,118 and intergovernmental revenue exceeding the budget by \$ 97,735. Total actual expenditures were \$ 1,771,119 less than the budgetary estimates and provided the ability to transfer \$ 1,519,000 to the Future Capital Projects Fund in accordance with the fund balance policy. General Fund budget performance can be attributed to curtailing spending where possible, a number of vacant positions held open for extended periods during the year, as well as approximately \$ 322,000 of 2012 projects or purchases that were not completed in 2012.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of December 31, 2012, amounted to \$ 207,999,908, net of accumulated depreciation of \$ 98,538,483. This investment in capital assets includes land, buildings and system improvements other than buildings, furniture and equipment, infrastructure and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$ 13,086,019, or approximately 6.7%, total depreciation charged in 2012 was \$ 6,854,334.

City of Apple Valley's Capital Assets
(net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Land Improvements	\$ 2,793,438	\$ 2,523,813	\$ 5,969,490	\$ 5,816,447	\$ 8,762,928	\$ 8,340,260
Buildings	17,929,966	18,510,446	10,977,414	8,226,557	28,907,380	26,737,003
Improvements other than Buildings	17,620,642	18,361,051	95,783,308	91,549,290	113,403,950	109,910,341
Furniture and Equipment	5,357,773	5,574,007	1,298,312	1,164,624	6,656,085	6,738,631
Infrastructure	48,973,312	40,366,113	-	-	48,973,312	40,366,113
Construction in Progress	516,416	549,456	779,837	2,296,935	1,296,253	2,846,391
Total	\$ 93,191,547	\$ 85,884,886	\$ 114,808,361	\$ 109,053,853	\$ 207,999,908	\$ 194,938,739

Major capital asset additions during the current year included the following:

- Street improvement projects totaling approximately \$ 11.5 million including: 147th Street Flagstaff to Johnnycake Ridge Road (\$ 4,598,802), Flagstaff 147th to 140th (\$ 2,383,945), Johnny Cake Ridge Road reconstruction McAndrews to the City's northern border (\$ 1,562,888), subdivision street construction (\$ 1,336,179), Garret Avenue (\$ 474,085) along with other 2012 street and trail improvements totaling \$ 1,231,573.
- Construction of a new Valleywood Municipal Golf Clubhouse and improvements totaling \$ 3,214,563.
- Utility improvements including Sanitary Lift Station number 2 (\$ 1,032,852), water and sewer infrastructure improvements (\$ 2,008,626), Well 20 pumping facilities (\$ 394,350) and the Echo Valley Lift Station \$ 142,160.

CITY OF APPLE VALLEY
Dakota County, Minnesota

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012

Additional information on the City's capital assets can be found in Note 4 on pages 63-65 of this report.

Long-Term Debt – At the end of the current fiscal year, the City had total, bonded debt outstanding of \$ 35,734,884, a net decrease of \$ 2,127,911 or 5.6%. Of the total bonded debt, \$ 4,268,827, or 11.9%, is due within one year. Of the total amount, \$ 22,165,000 is backed by the full faith and credit of the City and \$ 8,015,000 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the debt is backed by the revenues of the enterprise funds.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligations bonds <i>(backed by the City)</i>	\$ 22,165,000	\$ 22,685,000	\$ 2,735,000	\$ 3,185,000	\$ 24,900,000	\$ 25,870,000
G.O. Special Assessment Bonds <i>(backed by the City)</i>	\$ 8,015,000	\$ 9,000,000	\$ -	\$ -	\$ 8,015,000	\$ 9,000,000
Revenue Bonds <i>(backed by specific revenues)</i>	-	-	2,775,000	2,915,000	2,775,000	2,915,000
Capital Lease <i>(backed by specific revenues)</i>	-	-	44,884	77,795	44,884	77,795
Total	<u>\$ 30,180,000</u>	<u>\$ 31,685,000</u>	<u>\$ 5,554,884</u>	<u>\$ 6,177,795</u>	<u>\$ 35,734,884</u>	<u>\$ 37,862,795</u>

The total debt decreased \$ 2,127,911 during the current fiscal year. The decline is because more debt was retired than issued in 2012.

During 2012, the City issued \$ 6,775,000 in bonded debt. The proceeds of the 2012a G.O. Bonds is comprised of three separate uses; one is the current refunding of the 2004 Refunding Park Bonds in the amount of \$ 4,720,000. The second portion is a G.O. Equipment Certificate in the amount of \$ 1,305,000, to be repaid from future property tax levies. The third portion of the issue is a G.O. Special Assessment Bond for \$ 920,000 to be repaid with future special assessments. These three uses were combined for issuance purposes to have a somewhat larger bond issue that was more attractive to the market and attracted more interest than three smaller issues.

The City maintains an “Aaa” rating from Moody’s on all of its general obligation debt.

State Statutes limit the amounts of General Obligation debt a governmental entity may issue to 3% of the assessed valuation. The current debt limitation for the City of Apple Valley is \$ 121,852,877, which is significantly in excess of the City of Apple Valley’s outstanding general obligation debt subject to limit.

Additional information on the City’s long-term debt can be found in Note 6 on pages 66-70 of this report.

**CITY OF APPLE VALLEY
Dakota County, Minnesota**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Property taxes provide the largest source, approximately 74%, of the resources needed to support the General Fund activities. Minnesota Cities are not subject to levy limits for 2013.
- Property values in the City are declining as they are in other locations. The decline in the median valued residential property for the 2013 budget year will be approximately 5.8%, compared to a reduction of 3.1% for the 2012 budget year. The preliminary county data for 2014 shows a 3.3% increase in the median valued home. The property value declines do not impact the overall property tax revenues because in Minnesota, the tax extension rate is determined each year by dividing the total amounts levied by the total tax capacity of all properties and then applying the resulting tax extension rate to each individual property.
- The total property tax levy increased 1.8% for 2013.
- The taxes paid by the median valued home declined for 2013 to \$ 853, from \$ 866 in 2012.
- The 2013 adopted budget includes the addition of \$ 1,080,000 for the annual street maintenance program; to offset this increase, a property tax levy was canceled for a park bond, resources to pay the annual park bond will come from the Future Capital Projects Fund.
- Contract settlements with all of the City of Apple Valley's unions have been reached for 2013.
- A 3% increase in the Water Utility rates were enacted in 2012 and 2013 to fund the expansion of the City's water treatment plant

All of these factors were considered in preparing the City's budget for the 2013 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 7100 West 147th Street, Apple Valley, Minnesota 55124.

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BASIC FINANCIAL STATEMENTS

CITY OF APPLE VALLEY
STATEMENT OF NET POSITION
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments (Including Cash Equivalents)	\$ 43,205,884	\$ 19,299,065	\$ 62,504,949
Cash with Fiscal Agent	-	319,582	319,582
Receivables:			
Taxes Receivable	518,956	-	518,956
Special Assessments Receivable	17,367,569	287,150	17,654,719
Accounts Receivable	388,321	2,652,796	3,041,117
Interest Receivable	415,848	1,989	417,837
Due from Other Governments	2,892,538	286,945	3,179,483
Advances to Other Funds (Internal Balances)	2,163,535	(2,163,535)	-
Inventory	29,416	1,476,795	1,506,211
Prepaid Items	384,193	219,774	603,967
Capital Assets not being Depreciated:			
Land and Land Improvements	2,793,438	5,969,490	8,762,928
Construction in Progress	516,416	779,837	1,296,253
Capital Assets being Depreciated:			
Buildings	27,433,672	18,186,013	45,619,685
Improvements Other than Buildings	24,176,473	128,386,905	152,563,378
Furniture and Equipment	15,836,000	4,568,098	20,404,098
Infrastructure	77,892,049	-	77,892,049
Less Accumulated Depreciation	(55,456,501)	(43,081,982)	(98,538,483)
Total Assets	\$ 160,557,807	\$ 137,188,922	\$ 297,746,729
LIABILITIES AND NET POSITION			
Liabilities			
Accrued Wages Payable	\$ 827,939	\$ 145,452	\$ 973,391
Accounts Payable	664,650	738,873	1,403,523
Contracts Payable	283,903	223,958	507,861
Interest Payable	85,145	14,947	100,092
Due to Other Governments	53,275	191,668	244,943
Unearned Revenue	36,674	-	36,674
Bonds Payable, Net:			
Due Within One Year	3,750,000	485,000	4,235,000
Due in More than One Year	26,760,981	5,046,462	31,807,443
Capital Lease Payable:			
Due Within One Year	-	33,827	33,827
Due in More than One Year	-	11,057	11,057
Compensated Absences Payable:			
Due Within One Year	1,422,120	225,621	1,647,741
Due in More than One Year	1,022,275	204,980	1,227,255
Net Other Post Employment Benefits (OPEB) Obligation	813,544	140,403	953,947
Total Liabilities	35,720,506	7,462,248	43,182,754
Net Position			
Net Investment in Capital Assets	64,226,520	110,376,210	174,602,730
Restricted for:			
Debt Service	8,865,637	319,582	9,185,219
Capital Acquisition	3,509,415	-	3,509,415
TIF	4,121,866	-	4,121,866
Other Purposes	504,193	-	504,193
Unrestricted	43,609,670	19,030,882	62,640,552
Total Net Position	124,837,301	129,726,674	254,563,975
Total Liabilities and Net Position	\$ 160,557,807	\$ 137,188,922	\$ 297,746,729

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

CITY OF APPLE VALLEY
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 7,398,895	\$ 3,610,478	\$ 48,036	\$ 24,925	\$ (3,715,456)	\$ -	\$ (3,715,456)
Public Safety	11,101,520	554,820	531,639	-	(10,015,061)	-	(10,015,061)
Public Works	6,382,139	1,543,446	-	4,373,891	(464,802)	-	(464,802)
Parks and Recreation	6,166,397	1,504,546	-	47,000	(4,614,851)	-	(4,614,851)
Interest on Long-Term Debt	1,235,351	-	-	-	(1,235,351)	-	(1,235,351)
Total Governmental Activities	<u>32,284,302</u>	<u>7,213,290</u>	<u>579,675</u>	<u>4,445,816</u>	<u>(20,045,521)</u>	<u>-</u>	<u>(20,045,521)</u>
Business-Type Activities							
Municipal Liquor	8,377,991	9,231,890	-	-	-	853,899	853,899
Municipal Golf Course	1,292,371	1,122,791	8,200	-	-	(161,380)	(161,380)
Sports Arena	778,931	647,134	-	90,798	-	(40,999)	(40,999)
Water and Sewer	7,194,007	9,256,709	-	1,682,826	-	3,745,528	3,745,528
Storm Drainage	1,001,140	1,517,090	4,500	1,428,066	-	1,948,516	1,948,516
Cemetery	69,376	127,735	1,190	-	-	59,549	59,549
Street Light Utility	447,954	454,477	-	-	-	6,523	6,523
Total Business-Type Activities	<u>19,161,770</u>	<u>22,357,826</u>	<u>13,890</u>	<u>3,201,690</u>	<u>-</u>	<u>6,411,636</u>	<u>6,411,636</u>
Total Governmental and Business-Type Activities	<u>\$ 51,446,072</u>	<u>\$ 29,571,116</u>	<u>\$ 593,565</u>	<u>\$ 7,647,506</u>	<u>(20,045,521)</u>	<u>6,411,636</u>	<u>(13,633,885)</u>
General Revenues							
Property Taxes					21,769,647	120,000	21,889,647
Tax Increments					2,012,281	-	2,012,281
Lodging Tax					75,472	-	75,472
Gravel Tax					36,439	-	36,439
Unallocated State and County Aids					145,755	-	145,755
Other General Revenue					5,653	43,845	49,498
Unrestricted Investment Earnings					1,026,594	388,923	1,415,517
Gain on Sale of Assets					110,905	-	110,905
Transfers					1,075,105	(1,075,105)	-
Total General Revenues and Transfers					<u>26,257,851</u>	<u>(522,337)</u>	<u>25,735,514</u>
Change in Net Position					<u>6,212,330</u>	<u>5,889,299</u>	<u>12,101,629</u>
Net Position - Beginning					<u>118,624,971</u>	<u>123,939,206</u>	<u>242,564,177</u>
Change in Accounting Principle (See Note 17)					<u>-</u>	<u>(101,831)</u>	<u>(101,831)</u>
Net Position - Beginning, As Restated					<u>118,624,971</u>	<u>123,837,375</u>	<u>242,462,346</u>
Net Position - Ending					<u>\$ 124,837,301</u>	<u>\$ 129,726,674</u>	<u>\$ 254,563,975</u>

CITY OF APPLE VALLEY
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2012

	General Fund (1000)	Debt Service	
		Closed Bond Issues (3205)	Improvement Bonds of 2006 (3330)
ASSETS			
Cash and Investments	\$ 11,120,900	\$ 2,502,134	\$ -
Taxes Receivable - Delinquent	512,871	-	-
Special Assessments Receivable:			
Current	13,649	538,360	181,015
Delinquent	41,499	1,177,757	1,636,123
Deferred	-	5,232,686	1,541,632
Accounts Receivable	182,894	-	-
Interest Receivable	415,848	-	-
Due from Other Governments	2,635,799	241,836	-
Due from Other Funds	-	4,514,918	-
Advances to Other Funds	-	-	-
Inventory	29,416	-	-
Prepaid Items	210,046	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 15,162,922</u>	<u>\$ 14,207,691</u>	<u>\$ 3,358,770</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accrued Wages Payable	\$ 820,758	\$ -	\$ -
Accounts Payable	305,809	2,250	-
Contracts Payable	9,333	-	-
Due to Other Funds	-	-	1,378,887
Due to Other Governments	46,813	-	-
Interest Payable	-	-	-
Unearned Revenue	36,674	-	-
Total Liabilities	<u>1,219,387</u>	<u>2,250</u>	<u>1,378,887</u>
Deferred Inflows of Resources			
Unavailable Revenue - Property Taxes	512,871	-	-
Unavailable Revenue - Special Assessments	55,148	6,948,803	3,358,770
Total Deferred Inflows of Resources	<u>568,019</u>	<u>6,948,803</u>	<u>3,358,770</u>
Fund Balances			
Nonspendable	239,462	-	-
Restricted	-	-	-
Committed	210,005	-	-
Assigned	279,973	7,256,638	-
Unassigned	12,646,076	-	(1,378,887)
Total Fund Balances	<u>13,375,516</u>	<u>7,256,638</u>	<u>(1,378,887)</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 15,162,922</u>	<u>\$ 14,207,691</u>	<u>\$ 3,358,770</u>

Debt Service		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
Improvement Bonds of 2007 (3340)	1997 Park Bonds (3060)	Road Improvements (2025)	Future Capital Projects (4930)		
\$ -	\$ 176,892	\$ -	\$ 7,560,724	\$ 18,376,450	\$ 39,737,100
-	-	-	-	6,085	518,956
233,681	-	57,965	-	367,743	1,392,413
1,394,808	-	-	-	219,216	4,469,403
2,328,278	-	700,946	-	1,702,211	11,505,753
-	-	-	-	202,305	385,199
-	-	-	-	-	415,848
-	-	13,805	-	1,098	2,892,538
-	-	-	6,217,578	1,238,626	11,971,122
-	-	-	2,086,535	77,000	2,163,535
-	-	-	-	-	29,416
-	-	-	-	1,750	211,796
<u>\$ 3,956,767</u>	<u>\$ 176,892</u>	<u>\$ 772,716</u>	<u>\$ 15,864,837</u>	<u>\$ 22,192,484</u>	<u>\$ 75,693,079</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,181	\$ 827,939
-	-	165,235	-	186,612	659,906
-	-	227,848	-	46,722	283,903
731,186	-	3,579,464	-	6,281,585	11,971,122
-	-	-	-	6,462	53,275
-	-	-	-	4,516	4,516
-	-	-	-	-	36,674
<u>731,186</u>	<u>-</u>	<u>3,972,547</u>	<u>-</u>	<u>6,533,078</u>	<u>13,837,335</u>
-	-	-	-	6,085	518,956
3,956,767	-	758,911	-	2,289,170	17,367,569
<u>3,956,767</u>	<u>-</u>	<u>758,911</u>	<u>-</u>	<u>2,295,255</u>	<u>17,886,525</u>
-	-	-	-	1,750	241,212
-	176,892	-	-	11,258,252	11,435,144
-	-	-	-	-	210,005
-	-	-	15,864,837	8,416,568	31,818,016
(731,186)	-	(3,958,742)	-	(6,312,419)	264,842
<u>(731,186)</u>	<u>176,892</u>	<u>(3,958,742)</u>	<u>15,864,837</u>	<u>13,364,151</u>	<u>43,969,219</u>
<u>\$ 3,956,767</u>	<u>\$ 176,892</u>	<u>\$ 772,716</u>	<u>\$ 15,864,837</u>	<u>\$ 22,192,484</u>	<u>\$ 75,693,079</u>

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CITY OF APPLE VALLEY

**RECONCILIATION OF THE BALANCE SHEET TO
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS
December 31, 2012**

Total Fund Balances - Governmental Funds \$ 43,969,219

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

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

Cost of Capital Assets	148,648,048
Less Accumulated Depreciation	(55,456,501)

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

Long-term liabilities at year-end consist of:

Bond Principal Payable	(30,180,000)
Net OPEB Obligation	(813,544)

Bond Premiums are reported as a liability within the Statement of Net Position
and are reported as an other financing source in the year the debt is issued
within the governmental Fund

(330,981)

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

Property Taxes	518,956
Special Assessments	4,469,403

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

Special Assessments	12,898,166
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Governmental funds do not report a liability for accrued interest until due and
payable.

(80,629)

Internal Service Funds are used by management to charge the costs of insurance
and compensated absences to individual funds. The assets and liabilities of the
Internal Service Funds are included in governmental activities in the
Statement of Net Position.

1,195,164

Total Net Position - Governmental Activities

\$ 124,837,301

CITY OF APPLE VALLEY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012**

	General Fund (1000)	Debt Service	
		Closed Bond Issues (3205)	Improvement Bonds of 2006 (3330)
REVENUES			
Taxes	\$ 18,164,799	\$ 14,249	\$ -
Tax Increments	-	-	-
Franchise Fees	450,000	-	-
Other Taxes	78,654	-	-
Special Assessments	30,025	2,120,725	913,118
Licenses and Permits	1,033,797	-	-
Intergovernmental	669,124	-	-
Charges for Services	1,783,390	-	-
Fines and Forfeitures	278,913	-	-
Miscellaneous:			
Investment Income	171,318	98,882	-
Rentals	479,702	-	-
Contributions and Donations	1,276	-	-
Administrative Fees	788,171	-	-
Other	13,729	-	-
Refunds and Reimbursements	58,738	-	-
Total Revenues	<u>24,001,636</u>	<u>2,233,856</u>	<u>913,118</u>
EXPENDITURES			
Current			
General Government	4,334,742	-	-
Public Safety	9,906,361	-	-
Public Works	3,632,744	-	-
Parks and Recreation	4,609,802	-	-
Debt Service			
Principal	-	-	365,000
Interest and Other Charges	-	23,024	22,550
Capital Outlay			
General Government	58,831	-	-
Public Safety	280,844	-	-
Public Works	149,973	-	-
Parks and Recreation	46,892	-	-
Total Expenditures	<u>23,020,189</u>	<u>23,024</u>	<u>387,550</u>
Excess of Revenues Over (Under) Expenditures	981,447	2,210,832	525,568
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Asset	100,377	-	-
Issuance of Debt	-	-	-
Issuance of Refunding Bonds	-	-	-
Premium of Issuance of Debt	-	-	-
Transfers In	1,125,000	-	-
Transfers Out	(1,537,061)	(336,390)	-
Total Other Financing Sources (Uses)	<u>(311,684)</u>	<u>(336,390)</u>	<u>-</u>
Net Change in Fund Balances	669,763	1,874,442	525,568
FUND BALANCES			
Beginning of Year	<u>12,705,753</u>	<u>5,382,196</u>	<u>(1,904,455)</u>
End of Year	<u>\$ 13,375,516</u>	<u>\$ 7,256,638</u>	<u>\$ (1,378,887)</u>

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

Debt Service		Capital Projects		Nonmajor Governmental Funds	Total Governmental Funds
Improvement Bonds of 2007 (3340)	1997 Park Bonds (3060)	Road Improvements (2025)	Future Capital Projects (4930)		
\$ -	\$ 885,000	\$ 1,675,000	\$ -	\$ 1,034,000	\$ 21,773,048
-	-	-	-	2,012,281	2,012,281
-	-	-	-	747,288	1,197,288
-	-	-	-	75,472	154,126
178,940	-	170,924	-	601,859	4,015,591
-	-	-	-	-	1,033,797
-	-	1,000,000	8,270	964,624	2,642,018
-	-	-	-	-	1,783,390
-	-	-	-	-	278,913
-	18,405	-	255,933	420,795	965,333
-	-	-	-	80,000	559,702
-	-	-	-	525	1,801
-	-	-	-	-	788,171
-	-	-	-	324,413	338,142
-	-	13,805	-	54,623	127,166
<u>178,940</u>	<u>903,405</u>	<u>2,859,729</u>	<u>264,203</u>	<u>6,315,880</u>	<u>37,670,767</u>
-	-	-	-	21,069	4,355,811
-	-	-	-	81,132	9,987,493
-	-	-	-	42,132	3,674,876
-	-	-	-	237,392	4,847,194
250,000	5,090,000	-	-	2,575,000	8,280,000
105,288	238,359	-	-	835,187	1,224,408
-	-	-	-	5,353,766	5,412,597
-	-	-	500,000	-	780,844
-	-	4,640,243	85,550	1,875,607	6,751,373
-	-	-	-	274,782	321,674
<u>355,288</u>	<u>5,328,359</u>	<u>4,640,243</u>	<u>585,550</u>	<u>11,296,067</u>	<u>45,636,270</u>
(176,348)	(4,424,954)	(1,780,514)	(321,347)	(4,980,187)	(7,965,503)
-	-	-	-	10,528	110,905
-	-	-	-	2,225,000	2,225,000
-	4,230,000	-	-	320,000	4,550,000
-	204,846	-	-	126,135	330,981
-	-	2,636,422	1,519,000	354,451	5,634,873
-	-	-	(912,381)	(1,773,936)	(4,559,768)
<u>-</u>	<u>4,434,846</u>	<u>2,636,422</u>	<u>606,619</u>	<u>1,262,178</u>	<u>8,291,991</u>
(176,348)	9,892	855,908	285,272	(3,718,009)	326,488
<u>(554,838)</u>	<u>167,000</u>	<u>(4,814,650)</u>	<u>15,579,565</u>	<u>17,082,160</u>	<u>43,642,731</u>
<u>\$ (731,186)</u>	<u>\$ 176,892</u>	<u>\$ (3,958,742)</u>	<u>\$ 15,864,837</u>	<u>\$ 13,364,151</u>	<u>\$ 43,969,219</u>

CITY OF APPLE VALLEY

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012**

Net Change in Fund Balances - Governmental Funds	\$ 326,488
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital Outlays	11,103,206
Depreciation Expense	(4,539,084)
Disposal of Capital Assets	(78,267)
Donated Assets	820,806
Net OPEB obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities.	(154,791)
Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in net position in the Statement of Activities.	8,280,000
Governmental funds report the effects of bond premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	(330,981)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(10,943)
Proceeds from long-term debt are recognized as an other financing source in the governmental funds but as a decrease in net position in the Statement of Activities.	
Issuance of Bonds Payable	(6,775,000)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(2,532,012)
The net revenue of certain activities of Internal Service Funds are reported with governmental activities.	<u>102,908</u>
Change in Net Position - Governmental Activities	<u><u>\$ 6,212,330</u></u>

CITY OF APPLE VALLEY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 18,110,000	\$ 18,110,000	\$ 18,164,799	\$ 54,799
Franchise Fees	450,000	450,000	450,000	-
Other Taxes	74,000	74,000	78,654	4,654
Special Assessments	14,000	14,000	30,025	16,025
Licenses and Permits	679,550	679,550	1,033,797	354,247
Intergovernmental	571,389	571,389	669,124	97,735
Charges for Services	1,687,225	1,687,225	1,783,390	96,165
Fines and Forfeitures	279,450	279,450	278,913	(537)
Miscellaneous Revenues:				
Investment Income	160,000	160,000	171,318	11,318
Rentals	459,500	459,500	479,702	20,202
Contributions and Donations	-	-	1,276	1,276
Administrative Fees	811,200	811,200	788,171	(23,029)
Other	20,000	20,000	13,729	(6,271)
Refunds and Reimbursements	60,000	60,000	58,738	(1,262)
Total Revenues	<u>23,376,314</u>	<u>23,376,314</u>	<u>24,001,636</u>	<u>625,322</u>
EXPENDITURES				
Current				
General Government	4,706,554	4,796,554	4,334,742	(461,812)
Public Safety	10,164,624	10,294,982	9,906,361	(388,621)
Public Works	4,078,909	4,078,909	3,632,744	(446,165)
Parks and Recreation	4,866,287	4,866,287	4,609,802	(256,485)
Capital Outlay				
General Government	187,600	187,600	58,831	(128,769)
Public Safety	262,640	325,076	280,844	(44,232)
Public Works	186,600	186,600	149,973	(36,627)
Parks and Recreation	55,300	55,300	46,892	(8,408)
Total Expenditures	<u>24,508,514</u>	<u>24,791,308</u>	<u>23,020,189</u>	<u>(1,771,119)</u>
Excess of Revenues Over (Under) Expenditures	(1,132,200)	(1,414,994)	981,447	2,396,441
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Asset	20,000	20,000	100,377	80,377
Transfers In	1,125,000	1,125,000	1,125,000	-
Transfers Out	(12,800)	(12,800)	(1,537,061)	(1,524,261)
Total Other Financing Sources (Uses)	<u>1,132,200</u>	<u>1,132,200</u>	<u>(311,684)</u>	<u>(1,443,884)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (282,794)</u>	669,763	<u>\$ 952,557</u>
FUND BALANCES				
Beginning of Year			<u>12,705,753</u>	
End of Year			<u>\$ 13,375,516</u>	

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

CITY OF APPLE VALLEY
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
December 31, 2012

	Municipal Liquor (5000, 5030)	Municipal Golf Course (5100)	Sports Arena (5200)
ASSETS			
Current Assets			
Cash and Investments (Including Cash Equivalents)	\$ 2,080,416	\$ 393,789	\$ -
Special Assessments Receivable	-	-	-
Accounts Receivable	3,998	-	140,579
Interest Receivable	1,989	-	-
Due from Other Governments	-	-	239,649
Inventory	1,361,304	46,994	-
Prepaid Items	13,706	50	175
Total Current Assets	3,461,413	440,833	380,403
Noncurrent Assets			
Restricted Cash with Fiscal Agent	319,582	-	-
Deferred Special Assessments Receivable	-	-	-
Advance to Other Funds	-	-	-
Capital Assets:			
Land and Land Improvements	1,179,183	991,179	2,000
Buildings	3,439,237	3,173,773	3,303,370
Other Improvements	25,000	514,483	40,594
Furniture and Equipment	336,977	755,469	178,670
Construction in Progress	-	-	-
Total Capital Assets	4,980,397	5,434,904	3,524,634
Less Accumulated Depreciation	(987,304)	(1,038,727)	(2,074,107)
Net Capital Assets	3,993,093	4,396,177	1,450,527
Total Noncurrent Assets	4,312,675	4,396,177	1,450,527
Total Assets	\$ 7,774,088	\$ 4,837,010	\$ 1,830,930
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts Payable	\$ 483,627	\$ 24,505	\$ 20,318
Contracts Payable	-	123,457	-
Accrued Wages Payable	49,004	14,758	18,759
Interest Payable	9,738	1,543	882
Due to Other Governments	103,694	495	17,490
Long-Term Liabilities Due Within One Year	189,821	53,427	129,200
Total Current Liabilities	835,884	218,185	186,649
Noncurrent Liabilities			
Compensated Absences Payable	94,873	85,373	44,358
Net OPEB Obligation	37,812	16,848	11,905
Advance from Other Funds	-	2,163,535	711,898
Capital Lease Payable	-	44,884	-
Bonds Payable	2,775,000	-	225,000
Less Amounts Due Within One Year	(189,821)	(53,427)	(129,200)
Total Noncurrent Liabilities	2,717,864	2,257,213	863,961
Total Liabilities	3,553,748	2,475,398	1,050,610
Net Position			
Net Investment in Capital Assets	1,218,093	4,351,293	1,225,527
Restricted for Debt Service	319,582	-	-
Unrestricted	2,682,665	(1,989,681)	(445,207)
Total Net Position	4,220,340	2,361,612	780,320
Total Liabilities and Net Position	\$ 7,774,088	\$ 4,837,010	\$ 1,830,930

Water and Sewer (5300, 5400)	Storm Drainage (5500, 5550)	Cemetery (5600, 5700)	Street Light Utility (5800)	Total	Governmental Activities - Internal Service Funds
\$ 14,176,606	\$ 1,864,153	\$ 756,313	\$ 27,788	\$ 19,299,065	\$ 3,468,784
278,583	1,224	-	-	279,807	-
2,022,079	372,733	-	113,407	2,652,796	3,122
-	-	-	-	1,989	-
7,296	40,000	-	-	286,945	-
68,497	-	-	-	1,476,795	-
205,843	-	-	-	219,774	172,397
<u>16,758,904</u>	<u>2,278,110</u>	<u>756,313</u>	<u>141,195</u>	<u>24,217,171</u>	<u>3,644,303</u>
-	-	-	-	319,582	-
-	7,343	-	-	7,343	-
711,898	-	-	-	711,898	-
1,759,827	1,679,114	358,187	-	5,969,490	-
8,269,633	-	-	-	18,186,013	-
82,146,516	45,004,638	655,674	-	128,386,905	-
3,206,420	90,562	-	-	4,568,098	-
773,231	6,606	-	-	779,837	-
<u>96,155,627</u>	<u>46,780,920</u>	<u>1,013,861</u>	<u>-</u>	<u>157,890,343</u>	<u>-</u>
<u>(28,717,565)</u>	<u>(10,127,863)</u>	<u>(136,416)</u>	<u>-</u>	<u>(43,081,982)</u>	<u>-</u>
<u>67,438,062</u>	<u>36,653,057</u>	<u>877,445</u>	<u>-</u>	<u>114,808,361</u>	<u>-</u>
<u>68,149,960</u>	<u>36,660,400</u>	<u>877,445</u>	<u>-</u>	<u>115,847,184</u>	<u>-</u>
<u>\$ 84,908,864</u>	<u>\$ 38,938,510</u>	<u>\$ 1,633,758</u>	<u>\$ 141,195</u>	<u>\$ 140,064,355</u>	<u>\$ 3,644,303</u>
\$ 168,083	\$ 3,205	\$ 3,459	\$ 35,676	\$ 738,873	\$ 4,744
80,932	19,569	-	-	223,958	-
62,820	-	111	-	145,452	-
-	2,784	-	-	14,947	-
55,137	13,919	-	933	191,668	-
142,000	230,000	-	-	744,448	1,422,120
<u>508,972</u>	<u>269,477</u>	<u>3,570</u>	<u>36,609</u>	<u>2,059,346</u>	<u>1,426,864</u>
205,997	-	-	-	430,601	2,444,395
73,838	-	-	-	140,403	-
-	-	-	-	2,875,433	-
-	-	-	-	44,884	-
-	2,531,462	-	-	5,531,462	-
<u>(142,000)</u>	<u>(230,000)</u>	<u>-</u>	<u>-</u>	<u>(744,448)</u>	<u>(1,422,120)</u>
<u>137,835</u>	<u>2,301,462</u>	<u>-</u>	<u>-</u>	<u>8,278,335</u>	<u>1,022,275</u>
<u>646,807</u>	<u>2,570,939</u>	<u>3,570</u>	<u>36,609</u>	<u>10,337,681</u>	<u>2,449,139</u>
67,438,062	35,265,790	877,445	-	110,376,210	-
-	-	-	-	319,582	-
16,823,995	1,101,781	752,743	104,586	19,030,882	1,195,164
<u>84,262,057</u>	<u>36,367,571</u>	<u>1,630,188</u>	<u>104,586</u>	<u>129,726,674</u>	<u>1,195,164</u>
<u>\$ 84,908,864</u>	<u>\$ 38,938,510</u>	<u>\$ 1,633,758</u>	<u>\$ 141,195</u>	<u>\$ 140,064,355</u>	<u>\$ 3,644,303</u>

CITY OF APPLE VALLEY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
For the Year Ended December 31, 2012**

	<u>Municipal Liquor (5000, 5030)</u>	<u>Municipal Golf Course (5100)</u>	<u>Sports Arena (5200)</u>
OPERATING REVENUES			
Liquor Sales	\$ 9,231,890	\$ -	\$ -
Golf Fees and Rentals	-	1,122,791	-
Sports Arena Revenues	-	-	647,134
Charges for Services	-	-	-
Total Operating Revenues	<u>9,231,890</u>	<u>1,122,791</u>	<u>647,134</u>
 Cost of Goods Sold	 <u>6,703,467</u>	 <u>203,727</u>	 <u>740</u>
Gross Profit/Operating Revenues	2,528,423	919,064	646,394
OPERATING EXPENSES			
Personal Services	957,161	623,177	384,063
Contractual Services	154,632	24,100	40,121
Other Charges	180,537	30,788	5,556
Supplies and Repairs	31,869	212,406	45,630
Insurance	47,800	32,000	18,600
Utilities	57,851	34,811	121,122
Depreciation	128,144	83,491	137,216
Sewer Charges	-	-	-
Total Operating Expenses	<u>1,557,994</u>	<u>1,040,773</u>	<u>752,308</u>
Operating Income (Loss)	970,429	(121,709)	(105,914)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	44,597	15,011	1,945
Property Taxes	-	-	120,000
Connection Charges	-	-	-
Intergovernmental Revenue	-	-	-
Refunds and Reimbursements	-	-	-
Other Revenue	26	8,200	91,458
Interest Expense and Agent Fees	(120,960)	(7,321)	(14,815)
Gain (Loss) on Sale of Capital Assets	4,430	(40,550)	(11,068)
Total Nonoperating Revenues (Expenses)	<u>(71,907)</u>	<u>(24,660)</u>	<u>187,520</u>
Income (Loss) before Capital Contributions and Transfers	898,522	(146,369)	81,606
Capital Contributions	-	-	-
Transfers In	-	1,200,000	-
Transfers Out	<u>(525,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	373,522	1,053,631	81,606
NET POSITION			
Beginning of Year, As Previously Stated	3,891,577	1,307,981	704,073
Change in Accounting Principle (See Note 17)	<u>(44,759)</u>	<u>-</u>	<u>(5,359)</u>
Beginning of Year, As Restated	<u>3,846,818</u>	<u>1,307,981</u>	<u>698,714</u>
End of Year	<u>\$ 4,220,340</u>	<u>\$ 2,361,612</u>	<u>\$ 780,320</u>

Water and Sewer (5300, 5400)	Storm Drainage (5500, 5550)	Cemetery (5600, 5700)	Street Light Utility (5800)	Total	Governmental Activities - Internal Service Funds
\$ -	\$ -	\$ -	\$ -	\$ 9,231,890	\$ -
-	-	-	-	1,122,791	-
-	-	-	-	647,134	-
<u>9,256,709</u>	<u>1,517,090</u>	<u>127,735</u>	<u>454,477</u>	<u>11,356,011</u>	<u>1,241,764</u>
9,256,709	1,517,090	127,735	454,477	22,357,826	1,241,764
-	-	-	-	6,907,934	-
9,256,709	1,517,090	127,735	454,477	15,449,892	1,241,764
1,439,529	-	2,091	-	3,406,021	601,707
217,151	74,685	29,859	2,328	542,876	8,000
612,189	304,481	9,719	-	1,143,270	638,446
567,771	76,742	7,715	386	942,519	-
150,000	-	-	1,800	250,200	-
392,793	-	856	443,440	1,050,873	-
1,466,180	481,083	19,136	-	2,315,250	-
2,368,759	-	-	-	2,368,759	-
<u>7,214,372</u>	<u>936,991</u>	<u>69,376</u>	<u>447,954</u>	<u>12,019,768</u>	<u>1,248,153</u>
2,042,337	580,099	58,359	6,523	3,430,124	(6,389)
280,788	32,983	12,941	658	388,923	61,261
-	-	-	-	120,000	-
266,417	243,935	-	-	510,352	-
-	-	-	-	-	48,036
-	40,679	-	-	40,679	-
2,480	4,500	1,190	-	107,854	-
-	(64,149)	-	-	(207,245)	-
20,365	-	-	-	(26,823)	-
<u>570,050</u>	<u>257,948</u>	<u>14,131</u>	<u>658</u>	<u>933,740</u>	<u>109,297</u>
2,612,387	838,047	72,490	7,181	4,363,864	102,908
1,416,409	1,184,131	-	-	2,600,540	-
85,299	-	-	-	1,285,299	-
<u>(1,536,076)</u>	<u>(299,328)</u>	<u>-</u>	<u>-</u>	<u>(2,360,404)</u>	<u>-</u>
2,578,019	1,722,850	72,490	7,181	5,889,299	102,908
81,684,038	34,696,434	1,557,698	97,405	123,939,206	1,092,256
-	(51,713)	-	-	(101,831)	-
<u>81,684,038</u>	<u>34,644,721</u>	<u>1,557,698</u>	<u>97,405</u>	<u>123,837,375</u>	<u>1,092,256</u>
<u>\$ 84,262,057</u>	<u>\$ 36,367,571</u>	<u>\$ 1,630,188</u>	<u>\$ 104,586</u>	<u>\$ 129,726,674</u>	<u>\$ 1,195,164</u>

CITY OF APPLE VALLEY

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2012**

	Municipal Liquor (5000, 5030)	Municipal Golf Course (5100)	Sports Arena (5200)
CASH FLOWS - OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 9,229,498	\$ 1,122,791	\$ 670,507
Payments to Suppliers	(7,215,389)	(546,634)	(229,405)
Payments to Employees	(962,499)	(611,214)	(381,276)
Net Cash Flows - Operating Activities	<u>1,051,610</u>	<u>(35,057)</u>	<u>59,826</u>
CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
Transfer from Other Funds	-	-	-
Transfer to Other Funds	(525,000)	-	-
Proceeds from Repayment of Advance to Other Funds	-	-	-
Repayment of Advance from Other Funds	-	-	(128,718)
Intergovernmental Revenue	-	-	-
Taxes, Assessments and Other Aids	26	8,200	120,660
Net Cash Flows - Noncapital Financing Activities	<u>(524,974)</u>	<u>8,200</u>	<u>(8,058)</u>
CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Advance from Other Funds	-	2,163,535	-
Transfer from Other Funds	-	1,200,000	-
Principal Paid on Capital Debt	(140,000)	(33,091)	(105,000)
Interest and Agent Fees Paid	(121,333)	(8,284)	(15,200)
Proceeds from Sale of Capital Assets	4,430	4,900	-
Connection Fees Received	-	-	-
Insurance Recovery	-	-	90,798
Acquisition of Capital Assets	(100,287)	(2,968,996)	(130,677)
Net Cash Flows - Capital and Related Financing Activities	<u>(357,190)</u>	<u>358,064</u>	<u>(160,079)</u>
CASH FLOWS - INVESTING ACTIVITIES			
Interest and Dividends Received	45,102	15,011	1,945
Net Change in Cash and Cash Equivalents	214,548	346,218	(106,366)
CASH AND CASH EQUIVALENTS			
January 1	<u>2,185,450</u>	<u>47,571</u>	<u>106,366</u>
December 31	<u>\$ 2,399,998</u>	<u>\$ 393,789</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES			
Operating Income (Loss)	\$ 970,429	\$ (121,709)	\$ (105,914)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities:			
Depreciation Expense	128,144	83,491	137,216
Accounts Receivable	(2,392)	-	(9,832)
Special Assessments Receivable	-	-	-
Due from Other Governments	-	-	33,205
Prepaid Items	60	169	(175)
Inventory	(21,201)	(10,157)	-
Accounts Payable	(70,008)	696	(188)
Due to Other Governments	51,916	490	2,727
Salaries Payable	4,769	3,990	(1,638)
Net OPEB Obligation	7,003	3,423	2,795
Compensated Absences Payable	(17,110)	4,550	1,630
Total Adjustments	<u>81,181</u>	<u>86,652</u>	<u>165,740</u>
Net Cash Flows - Operating Activities	<u>\$ 1,051,610</u>	<u>\$ (35,057)</u>	<u>\$ 59,826</u>
NONCASH CAPITAL ACTIVITIES			
Acquisition of Capital Assets through Contracts Payable	\$ -	\$ -	\$ -
Capital Contributions	-	-	-
Capital Asset Disposals (Gain) Loss	(4,430)	40,550	11,068

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

Water and Sewer (5300, 5400)	Storm Drainage (5500, 5550)	Cemetery (5600, 5700)	Street Light Utility (5800)	Total	Governmental Activities - Internal Service Funds
\$ 9,074,726	\$ 1,448,142	\$ 127,735	\$ 446,103	\$ 22,119,502	\$ 1,238,642
(4,256,208)	(493,889)	(47,176)	(444,187)	(13,232,888)	(1,214,044)
(1,406,618)	-	(1,980)	-	(3,363,587)	-
<u>3,411,900</u>	<u>954,253</u>	<u>78,579</u>	<u>1,916</u>	<u>5,523,027</u>	<u>24,598</u>
85,299	-	-	-	85,299	-
(1,536,076)	(299,328)	-	-	(2,360,404)	-
128,718	-	-	-	128,718	-
-	-	-	-	(128,718)	-
-	-	-	-	-	48,036
2,480	45,179	1,190	-	177,735	-
<u>(1,319,579)</u>	<u>(254,149)</u>	<u>1,190</u>	<u>-</u>	<u>(2,097,370)</u>	<u>48,036</u>
-	-	-	-	2,163,535	-
-	-	-	-	1,200,000	-
(120,000)	(225,000)	-	-	(623,091)	-
(5,429)	(68,558)	-	-	(218,804)	-
20,365	-	-	-	29,695	-
266,417	243,935	-	-	510,352	-
-	-	-	-	90,798	-
<u>(2,133,166)</u>	<u>(286,198)</u>	<u>(15,270)</u>	<u>-</u>	<u>(5,634,594)</u>	<u>-</u>
<u>(1,971,813)</u>	<u>(335,821)</u>	<u>(15,270)</u>	<u>-</u>	<u>(2,482,109)</u>	<u>-</u>
280,788	32,983	12,941	658	389,428	61,261
401,296	397,266	77,440	2,574	1,332,976	133,895
13,775,310	1,466,887	678,873	25,214	18,285,671	3,334,889
<u>\$ 14,176,606</u>	<u>\$ 1,864,153</u>	<u>\$ 756,313</u>	<u>\$ 27,788</u>	<u>\$ 19,618,647</u>	<u>\$ 3,468,784</u>
\$ 2,042,337	\$ 580,099	\$ 58,359	\$ 6,523	\$ 3,430,124	\$ (6,389)
1,466,180	481,083	19,136	-	2,315,250	-
(205,151)	(30,980)	-	(8,374)	(256,729)	(3,122)
15,367	2,032	-	-	17,399	-
7,801	(40,000)	-	-	1,006	-
(13,169)	-	-	-	(13,115)	(57,184)
(4,129)	-	-	-	(35,487)	-
36,870	(46,357)	973	3,725	(74,289)	(10,851)
32,883	8,376	-	42	96,434	-
9,757	-	111	-	16,989	-
14,766	-	-	-	27,987	-
8,388	-	-	-	(2,542)	102,144
<u>1,369,563</u>	<u>374,154</u>	<u>20,220</u>	<u>(4,607)</u>	<u>2,092,903</u>	<u>30,987</u>
<u>\$ 3,411,900</u>	<u>\$ 954,253</u>	<u>\$ 78,579</u>	<u>\$ 1,916</u>	<u>\$ 5,523,027</u>	<u>\$ 24,598</u>
\$ -	\$ 18,868	\$ -	\$ -	\$ 18,868	\$ -
1,416,409	1,184,131	-	-	2,600,540	-
(20,365)	-	-	-	(26,823)	-

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CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization’s governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, one organization has been defined and is presented in this report as follows:

Blended Component Unit – Reported as if they were part of the City.

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

1. Blended Component Unit

The Apply Valley Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Apple Valley EDA is reported as if it were part of the primary government because it provides services exclusively for the City. The Members of the Governing Board of the Apple Valley EDA are the City Council Members and one other member. Separate financial statements are not prepared for the Apple Valley EDA. The Apple Valley EDA is reported in the financial statements of the City as the Economic Development Debt Service Fund and the EDA Operations Special Revenue Fund.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. 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.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

B. Government-Wide and Fund Financial Statements (Continued)

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

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

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

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

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

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

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Funds:

Major Governmental Funds:

General Fund (Fund 1000) – This Fund is the City’s primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

Closed Bond Issues Debt Service Fund (Fund 3205) – This Fund accounts for all the closed bond issues that still have activity.

Improvement Bonds of 2006 Debt Service Fund (Fund 3330) – This Fund accounts for the payment of the bond issuance for various 2006 improvements.

Improvement Bonds of 2007 Debt Service Fund (Fund 3340) – This Fund accounts for the payment of the bond issuance for various 2007 improvements.

1997 Park Bonds Debt Service Fund (Fund 3060) – This Fund accounts for the payment of the bond issuance for various park improvements.

Road Improvements Capital Projects Fund (Fund 2025) – This Fund accounts for various road improvements.

Future Capital Projects Capital Projects Fund (Fund 4930) – This Fund accounts for funds set aside for future capital improvements.

Proprietary Funds:

Municipal Liquor Fund (Funds 5000 and 5030) – These Funds account for the operations of the City’s liquor stores.

Municipal Golf Course Fund (Fund 5100) – This Fund accounts for the operations of the City’s golf course.

Sports Arena Fund (Fund 5200) – This Fund accounts for the operations of the City’s sports arena.

Water and Sewer Fund (Funds 5300 and 5400) – These Funds account for the activities of the City’s water and sewer operations.

Storm Drainage Fund (Funds 5500 and 5550) – These Funds account for the activities of the City’s storm drainage operations.

Cemetery Fund (Funds 5600 and 5700) – These Funds account for the activities of the City’s cemetery operations.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Description of Funds: (Continued)

Proprietary Funds: (Continued)

Street Light Utility Fund (Fund 5800) – This Fund accounts for the activities of the City’s street light operations.

Internal service funds are used to account for financing of goods and services provided by one department to other departments of the City on a cost-reimbursement basis. The City reports the following Internal Service Funds:

Insurance Trust Fund (Fund 7100) – This Fund accounts for the dental insurance coverage for City employees.

Risk Management Fund (Fund 7200) – This Fund was established to account for the City’s liability insurance coverage and workers compensation coverage for all City departments.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Municipal Liquor Enterprise Fund, the Municipal Golf Course Enterprise Fund, the Sports Arena Enterprise Fund, the Water and Sewer Enterprise Fund, the Storm Drainage Enterprise Fund, the Cemetery Enterprise Fund and the Street Light Utility Enterprise Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities and Net Position or Fund Balance

1. Cash and Investments

The City’s cash and cash equivalents are considered to be cash on hand, demand deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

1. Cash and Investments (Continued)

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

The City had formal policies in place as of December 31, 2012 to address the risks as indicated below.

Custodial Credit Risk – Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy indicates the City follows *Minnesota Statutes*. According to *Minnesota Statutes*, deposits must be collateralized at 110% of excess over Federal Deposit Insurance Corporation (FDIC) insurance.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy does include specific limits on investment maturities as a means of managing its exposure to fair value arising from increasing interest rates. It also states investments should not be purchased that are considered to be highly sensitive to interest rate changes.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's investment policy addresses credit risk by limiting investments to the safest type of securities and using prequalifying brokers/financial institutions. The City places specific requirements for credit ratings for each type of investment which are within the top two ratings issued by nationally recognized statistical rating organizations.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states no more than 5% of the overall portfolio may be invested in the securities of a single issuer, except for the securities of the U.S. government or an external investment pool.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states the City may not invest in securities that are both uninsured and not registered in the name of the City and are held by either the counterparty or the counterparty's trust department or agent, but not in the name of the City.

2. Receivables and Payables

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

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

2. Receivables and Payables (Continued)

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Dakota County is the collecting agency for the levy and remits the collections to the City three times a year. Property taxes are submitted to the County Auditor by December 28 of each year, to be levied on January 1, on property values assessed as of the same date. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

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

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

3. Inventory and Prepaid Items

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 of governmental funds are recorded as expenditures when consumed rather than when purchased.

Inventories for the Municipal Golf and Municipal Liquor Funds use the average cost valuation method. Inventories of the remaining governmental and proprietary funds are valued at cost using the first-in, first-out (FIFO) valuation method. Inventories are recorded as expenditures or expenses when consumed.

4. Restricted Assets

Cash held in the Municipal Liquor Fund as restricted debt service funds are classified as restricted assets on the Balance Sheet to subsidize potential deficiencies from the liquor store operations that could adversely affect debt service payments.

5. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, sidewalks and similar items) and intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

5. Capital Assets (Continued)

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

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

<u>Assets</u>	<u>Years</u>
Buildings	7-40
Improvements Other than Buildings	5-40
Furniture and Equipment	3-50
Infrastructure	25-50

Capital assets not being depreciated include land, right of ways and easements and construction in progress.

6. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City currently only has one type of item, which arises only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the governmental funds balance sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities and Net Position or Fund Balance (Continued)

7. Compensated Absences

Full-time employees employed by the City after January 1, 1995 are eligible for 3 to 6 weeks of annual leave depending on their length of service with the City. Annual leave may not accrue in excess of 800 hours. Upon termination of employment with the City, employees in “good standing” are reimbursed for all accrued and unused annual leave. Employees employed by the City prior to January 1, 1995 were eligible to elect to continue earning sick leave and vacation in lieu of the annual leave option. Those employees who elected not to take the annual leave provisions continue to be eligible to earn 12 days of sick leave and 2 to 4 weeks of vacation per year depending on their length of service with the City. Sick leave may carry forward indefinitely. Upon termination of employment in “good standing”, employees with more than 10 years of continuous service shall be paid up to one-third of their accrued and unused sick leave. The maximum amount of vacation that may be accumulated is twice the amount earned in any one year. Upon termination of employment, “good standing” employees shall be paid for their accrued and unused vacation leave. Vacation and sick leave benefits are recorded as expenditures in governmental funds when the obligations are expected to be liquidated with expendable financial resources. Vacation and sick benefits are recorded as expenses in proprietary funds when earned. In accordance with accounting principles generally accepted in the United States of America, compensated absences are reflected as a liability in the General Fund for employees that have retired but have yet to receive their entire leave balances. Compensated absences payable in the government-wide Statement of Net Position and the Statement of Net Position – Proprietary Funds include all leave balances accrued but not yet used by employees, whether or not the employees have terminated employment with the City.

8. Long-Term Obligations

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

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

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

9. Fund Balance

a. Classification

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

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form, such as prepaid items and inventories.
- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (adopting a resolution) of the City Council (highest level of decision making authority) and that remain binding unless removed by the City Council through subsequent formal action.
- Assigned Fund Balance – These are amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed and include remaining amounts (except for negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed. The City Council has approved a fund balance policy that has delegated the power to assign fund balances to the City Administrator and/or the Finance Director/Treasurer.
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

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

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Assets, Liabilities and Net Position or Fund Balance (Continued)

9. Fund Balance (Continued)

b. Minimum Fund Balance

The City's target General Fund balance is to maintain a minimum unassigned General Fund balance of 50% of the subsequent year's budgeted amount for property taxes for working capital in addition to an amount equal to six months of operating expenditures.

10. Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment 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 statement when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

1. In August of each year, City staff submits to the City Council, a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the fund level. No fund’s budget can be increased without City Council approval. The City Council may authorize transfer of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.
6. Annual appropriated budgets are adopted during the year for the General Fund and Cable TV Special Revenue Fund. Annual appropriated budgets are not adopted for Debt Service Funds because effective budgetary control is alternatively achieved through bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls and formal appropriated budgets are not adopted for most Capital Projects Funds. In 2012, the City also adopted formal annual appropriated budgets for the Road Improvements, Future Capital Projects and Equipment Certificate Capital Projects Funds.
7. The Finance Director/Treasurer presents monthly reports to the City Council explaining any variance from the approved budget.
8. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original amounts budgeted. Budgeted expenditure appropriations lapse at year-end.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2012, expenditures exceeded appropriations in the following Funds:

	<u>Expenditures</u>	<u>Appropriations</u>
Road Improvements Capital Projects Fund	\$ 4,640,243	\$ 4,155,000
Future Capital Projects Capital Projects Fund	585,550	-

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

C. Deficit Fund Balances

The following Funds had deficit fund balances at December 31, 2012:

Debt Service:

Improvement Bonds of 2006 (3330)	\$ 1,378,887
Improvement Bonds of 2007 (3340)	731,186
Improvement Bonds of 2003 (3165)	130,781
Improvement Bonds of 2004 (3185)	2,358,321
2001/2008B Refunding Improvement Bonds (3285)	2,223,132
G.O. Refunding Bonds of 2002 (3300)	50,932

Capital Projects:

Road Improvements (2025)	\$ 3,958,742
Dakota County Construction Projects (4030)	129,526
1999 Improvement Construction (4225)	48,807
2000 Improvement Construction (4245)	18,621
2008 Construction Projects (4400)	76,963
Engineer Developer Review Nonreimbursable (4600)	39,241
Construction Projects (4500)	280,652
2003 Improvement Construction (4300)	955,443

The deficits listed above will be eliminated by transfers from other funds, collection of special assessments, future special assessment bond issues, future tax levies and state grant reimbursements.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

A. Deposits

In accordance with applicable *Minnesota Statutes*, the City maintains deposits at depository banks authorized by the City Council.

Minnesota Statutes requires all deposits with financial institutions be protected by federal deposit insurance, corporate surety bonds or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by FDIC insurance or corporate surety bonds.

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 3 – DEPOSITS AND INVESTMENTS

A. Deposits (Continued)

Custodial Credit Risk – Deposits: As of December 31, 2012, the City’s bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution’s trust department or agent and in the City’s name.

As of December 31, 2012, the City had deposits and petty cash as follows:

Deposits	\$ 6,184,130
Petty Cash	10,670
	\$ 6,194,800
	\$ 6,194,800

B. Investments

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

Investment Type	Fair Value	Investment Maturities			
		Less Than One Year	1-5 Years	6-10 Years	Greater Than 10 Years
Money Markets	\$ 1,016,492	\$ 1,016,492	\$ -	\$ -	\$ -
Brokered Certificates of Deposit	1,971,974	-	1,971,974	-	-
U.S. Agency Securities	20,681,513	-	1,174,879	11,149,874	8,356,760
Municipal Bonds	32,959,752	1,352,435	14,330,686	16,432,939	843,692
Total Investments	\$ 56,629,731	\$ 2,368,927	\$ 17,477,539	\$ 27,582,813	\$ 9,200,452

Interest Rate Risk: Approximately 4% of the City’s investments have maturity dates less than one year. About 16% of the City’s investments will mature more than 10 years from December 31, 2012.

Credit Risk: As of December 31, 2012, the City’s investments in municipal bonds were rated A by Standard & Poor’s (S&P) and A3 or better by Moody’s Investors Service. The City’s investments in government securities were rated AAA by S&P and Aaa by Moody’s Investors Service.

Concentration of Credit Risk: As of December 31, 2012, the City had investments, as indicated in the following chart, that exceeded 5% of the City’s total investments.

Investment	Market Value	Percent
Total FHLB	\$ 12,920,879	22.95%
Total FNMA	5,365,000	9.53%

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 3 – DEPOSITS AND INVESTMENTS

B. Investments (Continued)

In addition, the City's cash held with a fiscal agent is also exposed to concentration of credit risk as 93.89% is invested in a FFCB Bond.

Custodial Credit Risk – Investments: The City's investments held by the broker-dealer were insured by SIPC or other supplemental insurance as of December 31, 2012. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits, the portion of the supplemental policy applicable to the City's portfolio is unknown. The City accepts this risk due to the controls in place at the broker-dealer.

C. Deposits and Investments

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 6,194,800
Investments (Note 3.B.)	<u>56,629,731</u>
Total Deposits and Investments	<u><u>\$ 62,824,531</u></u>

Deposits and investments are presented in the December 31, 2012 basic financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 62,504,949
Cash with Fiscal Agent	<u>319,582</u>
Total Deposits and Investments	<u><u>\$ 62,824,531</u></u>

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 2,523,813	\$ 269,625	\$ -	\$ 2,793,438
Construction in Progress	549,456	10,229,214	10,262,254	516,416
Total Capital Assets not being Depreciated	<u>3,073,269</u>	<u>10,498,839</u>	<u>10,262,254</u>	<u>3,309,854</u>
Capital Assets being Depreciated:				
Buildings	27,324,952	108,720	-	27,433,672
Improvements Other than Buildings	24,112,627	63,846	-	24,176,473
Furniture and Equipment	15,492,475	749,122	405,597	15,836,000
Infrastructure	<u>67,204,577</u>	<u>10,687,472</u>	<u>-</u>	<u>77,892,049</u>
Total Capital Assets being Depreciated	<u>134,134,631</u>	<u>11,609,160</u>	<u>405,597</u>	<u>145,338,194</u>
Less Accumulated Depreciation for:				
Buildings	8,814,506	689,200	-	9,503,706
Improvements Other than Buildings	5,751,576	804,255	-	6,555,831
Furniture and Equipment	9,918,468	965,356	405,597	10,478,227
Infrastructure	<u>26,838,464</u>	<u>2,080,273</u>	<u>-</u>	<u>28,918,737</u>
Total Accumulated Depreciation	<u>51,323,014</u>	<u>4,539,084</u>	<u>405,597</u>	<u>55,456,501</u>
Total Capital Assets being Depreciated, Net	<u>82,811,617</u>	<u>7,070,076</u>	<u>-</u>	<u>89,881,693</u>
Governmental Activities Capital Position, Net	<u>\$ 85,884,886</u>	<u>\$ 17,568,915</u>	<u>\$ 10,262,254</u>	<u>\$ 93,191,547</u>

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 4 – CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land and Land Improvements	\$ 5,816,447	\$ 153,043	\$ -	\$ 5,969,490
Construction in Progress	2,296,935	1,236,373	2,753,471	779,837
Total Capital Assets not being Depreciated	<u>8,113,382</u>	<u>1,389,416</u>	<u>2,753,471</u>	<u>6,749,327</u>
Capital Assets being Depreciated:				
Buildings	15,180,578	3,249,702	244,267	18,186,013
Improvements Other than Buildings	122,525,450	5,886,250	24,795	128,386,905
Furniture and Equipment	4,327,069	353,719	112,690	4,568,098
Total Capital Assets being Depreciated	<u>142,033,097</u>	<u>9,489,671</u>	<u>381,752</u>	<u>151,141,016</u>
Less Accumulated Depreciation for:				
Buildings	6,954,021	450,427	195,849	7,208,599
Improvements Other than Buildings	30,976,160	1,644,792	17,355	32,603,597
Furniture and Equipment	3,162,445	220,031	112,690	3,269,786
Total Accumulated Depreciation	<u>41,092,626</u>	<u>2,315,250</u>	<u>325,894</u>	<u>43,081,982</u>
Total Capital Assets being Depreciated, Net	<u>100,940,471</u>	<u>7,174,421</u>	<u>55,858</u>	<u>108,059,034</u>
Business-Type Activities Capital Assets, Net	<u>\$ 109,053,853</u>	<u>\$ 8,563,837</u>	<u>\$ 2,809,329</u>	<u>\$ 114,808,361</u>

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 4 – CAPITAL ASSETS

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

Governmental Activities:

General Government	\$ 375,867
Public Safety	564,053
Public Works	2,421,090
Parks and Recreation	<u>1,178,074</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 4,539,084</u></u>

Business-Type Activities:

Municipal Liquor	\$ 128,144
Municipal Golf Course	83,491
Sports Arena	137,216
Water and Sewer	1,466,180
Storm Drainage	481,083
Cemetery	<u>19,136</u>
 Total Depreciation Expense - Business-Type Activities	 <u><u>\$ 2,315,250</u></u>

NOTE 5 – INTERFUND ACTIVITY

A. Transfers

Transfers during the year ended December 31, 2012 were as follows:

	Transfers In						Total
	General Fund	Road Improvements	Future Capital Projects	Water and Sewer	Municipal Golf Course	Nonmajor Governmental Funds	
Transfers Out:							
General Fund	\$ -	\$ -	\$ 1,519,000	\$ -	\$ -	\$ 18,061	\$ 1,537,061
Closed Bond Issues	-	-	-	-	-	336,390	336,390
Future Capital Projects	-	912,381	-	-	-	-	912,381
Nonmajor Governmental Funds	-	548,637	-	25,299	1,200,000	-	1,773,936
Municipal Liquor	525,000	-	-	-	-	-	525,000
Water and Sewer	600,000	936,076	-	-	-	-	1,536,076
Storm Drainage	-	239,328	-	60,000	-	-	299,328
 Total Transfers	 <u>\$ 1,125,000</u>	 <u>\$ 2,636,422</u>	 <u>\$ 1,519,000</u>	 <u>\$ 85,299</u>	 <u>\$ 1,200,000</u>	 <u>\$ 354,451</u>	 <u>\$ 6,920,172</u>

These transfers were made to fund operations, debt payments, capital outlay or to close funds.

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 5 – INTERFUND ACTIVITY

B. Due to/from Other Funds

Balances as of December 31, 2012 were as follows:

	Amounts Due to			Total
	Closed Bond Issues	Future Capital Projects	Nonmajor Governmental Funds	
Amounts Due from:				
Improvement Bonds of 2006	\$ 1,378,887	\$ -	\$ -	\$ 1,378,887
Improvement Bonds of 2007	731,186	-	-	731,186
Road Improvements	-	3,579,464	-	3,579,464
Nonmajor Governmental Funds	2,404,845	2,638,114	1,238,626	6,281,585
 Total Due to/from Other Funds	<u>\$ 4,514,918</u>	<u>\$ 6,217,578</u>	<u>\$ 1,238,626</u>	<u>\$ 11,971,122</u>

Balances represent accruals to absorb temporary negative cash balances.

C. Advances to/from Other Funds

	Advances From			Total
	Future Capital Projects	Nonmajor Governmental Funds	Water and Sewer	
Advances To:				
Municipal Golf Course	\$ 2,086,535	\$ 77,000	\$ -	\$ 2,163,535
Sports Arena	-	-	711,898	711,898
Total Advances to/from Other Funds	<u>\$ 2,086,535</u>	<u>\$ 77,000</u>	<u>\$ 711,898</u>	<u>\$ 2,875,433</u>

Balance represents accruals to temporarily cover operations and capital improvements.

NOTE 6 – LONG-TERM DEBT

A. General Obligation Bonds

The City issues general obligation (G.O.) bonds to provide financing for street, utility, park, cemetery and tax increment project improvements. Debt service is covered respectively by special assessments, general property taxes and tax increments.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 year serial bonds with fluctuating debt service payments each year.

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 6 – LONG-TERM DEBT

B. G.O. Equipment Certificates

The City issues G.O. equipment certificates to provide financing for capital equipment. Debt service is covered by general property taxes.

G.O. equipment certificates are direct obligation and pledge the full faith and credit of the City. These certificates generally are issued as five year notes with fluctuating debt service payments each year.

C. G.O. Revenue and Revenue Bonds

The City issues revenue bonds to provide financing for its enterprise funds. The City issued revenue bonds for the liquor store and G.O. Revenue Bonds for the arena, water and sewer and storm drainage activity. Debt service is covered through the revenue producing activities of these funds.

D. Components of Long-Term Liabilities

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
Long-Term Liabilities:					
Governmental Activities:					
G.O. Bonds:					
G.O. Park Bonds 2007A	3.40%-4.40%	\$ 6,400,000	12/15/32	\$ 6,045,000	\$ 125,000
G.O. Park Bonds 2008D	2.40%-4.20%	6,685,000	12/15/32	6,310,000	125,000
G.O. State-Aid Road Refunding Bonds 2009A	2.00%-3.00%	2,775,000	12/01/16	2,320,000	560,000
G.O. Refunding Improvement Bonds 2010A	1.50%-2.00%	435,000	12/01/15	330,000	105,000
G.O. Park Bonds 2011A	2.00%-4.10%	1,345,000	12/15/32	1,305,000	40,000
G.O. Equipment Certificate Bonds 2012A	2.00%	1,305,000	12/15/21	1,305,000	170,000
G.O. Park Refunding Bonds 2012A	2.00%	4,550,000	12/15/17	4,550,000	815,000
Total G.O. Bonds				<u>22,165,000</u>	<u>1,940,000</u>
G.O. Improvement Bonds:					
G.O. Improvement Bonds 2007B	3.35%-4.10%	3,600,000	12/15/23	2,475,000	225,000
G.O. Taxable Refunding Bonds 2008A	4.25%-4.55%	2,420,000	12/01/13	550,000	550,000
G.O. Improvement Refunding Bonds 2008B	3.25%-4.00%	2,415,000	12/01/15	1,185,000	400,000
G.O. Improvement Refunding Bonds 2010A	1.50%-2.15%	2,135,000	12/01/19	1,855,000	280,000
G.O. Improvement Refunding Bonds 2010A	1.50%-2.00%	1,395,000	12/01/15	1,030,000	355,000
G.O. Improvement Bonds 2012A	2.00%	920,000	12/15/22	920,000	-
Total G.O. Improvement Bonds				<u>8,015,000</u>	<u>1,810,000</u>
Total Governmental Activities Bonds				<u>30,180,000</u>	<u>3,750,000</u>
Unamortized Bond Premium				330,981	-
Compensated Absences				<u>2,444,395</u>	<u>1,422,120</u>
Total Governmental Activities				<u>\$ 32,955,376</u>	<u>\$ 5,172,120</u>

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 6 – LONG-TERM DEBT

D. Components of Long-Term Liabilities (Continued)

	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Final Maturity</u>	<u>Principal Outstanding</u>	<u>Due Within One Year</u>
Long-Term Liabilities: (Continued)					
Business-Type Activities:					
Revenue Bonds:					
Liquor Store Revenue Bonds 2008C	2.60%-4.60%	\$ 3,295,000	12/01/25	\$ 2,775,000	\$ 145,000
G.O. Revenue Bonds:					
Recreational Revenue Refunding Bonds 2004	1.25%-4.80%	1,015,000	12/01/14	225,000	110,000
G.O. Refunding Bonds 2010A	1.50%	355,000	12/01/14	185,000	90,000
G.O. Storm Water Bonds 2011A	2.00%-3.60%	2,600,000	12/15/26	2,325,000	140,000
Total G.O. Bonds				<u>2,735,000</u>	<u>340,000</u>
Total Business-Type Activities Bonds				5,510,000	485,000
Unamortized Bond Premium				21,462	-
Capital Lease Obligation				44,884	33,827
Compensated Absences				<u>430,601</u>	<u>225,621</u>
Total Business-Type Activities				<u>\$ 6,006,947</u>	<u>\$ 744,448</u>

E. Minimum Debt Payments

Annual debt service requirements to maturity are as follows:

Governmental Activities

Year Ending December 31,	G.O. Bonds		G.O. Improvement Bonds		Total Long-Term Bonded Debt	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 1,940,000	\$ 759,295	\$ 1,810,000	\$ 238,144	\$ 3,750,000	\$ 997,439
2014	2,020,000	688,245	1,270,000	178,006	3,290,000	866,251
2015	2,190,000	638,738	1,300,000	146,700	3,490,000	785,438
2016	2,100,000	584,495	600,000	108,400	2,700,000	692,895
2017	1,520,000	531,320	595,000	92,350	2,115,000	623,670
2018-2022	3,150,000	2,273,110	2,215,000	233,250	5,365,000	2,506,360
2023-2027	3,915,000	1,631,225	225,000	9,225	4,140,000	1,640,450
2028-2032	<u>5,330,000</u>	<u>710,182</u>	-	-	<u>5,330,000</u>	<u>710,182</u>
Total	<u>\$ 22,165,000</u>	<u>\$ 7,816,610</u>	<u>\$ 8,015,000</u>	<u>\$ 1,006,075</u>	<u>\$ 30,180,000</u>	<u>\$ 8,822,685</u>

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 6 – LONG-TERM DEBT

E. Minimum Debt Payments (Continued)

Business-Type Activities

Year Ending December 31,	Revenue Bonds		G.O. Revenue Bonds		Total Long-Term Bonded Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 145,000	\$ 116,853	\$ 340,000	\$ 74,638	\$ 485,000	\$ 191,491
2014	150,000	111,850	355,000	65,428	505,000	177,278
2015	155,000	106,450	150,000	55,583	305,000	162,033
2016	160,000	100,560	155,000	52,583	315,000	153,143
2017	170,000	94,320	160,000	49,483	330,000	143,803
2018-2022	1,000,000	359,600	855,000	191,273	1,855,000	550,873
2023-2026	995,000	104,640	720,000	58,333	1,715,000	162,973
Total	<u>\$ 2,775,000</u>	<u>\$ 994,273</u>	<u>\$ 2,735,000</u>	<u>\$ 547,321</u>	<u>\$ 5,510,000</u>	<u>\$ 1,541,594</u>

F. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
Bonds Payable:				
G.O. Bonds	\$ 22,685,000	\$ 5,855,000	\$ (6,375,000)	\$ 22,165,000
G.O. Improvement Bonds	9,000,000	920,000	(1,905,000)	8,015,000
Total Bonds Payable	31,685,000	6,775,000	(8,280,000)	30,180,000
Unamortized Premium	-	330,981	-	330,981
Compensated Absences	2,342,251	1,536,776	(1,434,632)	2,444,395
Governmental Activities Long-Term Liabilities	<u>\$ 34,027,251</u>	<u>\$ 8,642,757</u>	<u>\$ (9,714,632)</u>	<u>\$ 32,955,376</u>
Business-Type Activities:				
Bonds Payable:				
G.O. Revenue Bonds	\$ 3,185,000	\$ -	\$ (450,000)	\$ 2,735,000
Revenue Bonds	2,915,000	-	(140,000)	2,775,000
Total Bonds Payable	6,100,000	-	(590,000)	5,510,000
Unamortized Premium	-	22,548	(1,086)	21,462
Capital Lease Obligation	77,975	-	(33,091)	44,884
Compensated Absences	433,143	247,052	(249,594)	430,601
Business-Type Activities Long-Term Liabilities	<u>\$ 6,611,118</u>	<u>\$ 269,600</u>	<u>\$ (873,771)</u>	<u>\$ 6,006,947</u>

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

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 6 – LONG-TERM DEBT

F. Changes in Long-Term Liabilities (Continued)

In September 2012, the City issued G.O. Refunding Bonds, Series 2012A in the amount of \$ 4,550,000. The Bonds were issued to refund the G.O. Refunding Bonds of 2004. The total cash savings to the City is \$ 452,740 with a net present value benefit of \$ 442,356. The amount of the refunded principal paid during 2012 is shown as an expenditure on the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

G. Capital Lease Obligations

The City is obligated under three leases accounted for as capital leases. The asset and liability under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The capital assets related to these leases totaled \$ 160,563 and have a remaining net book value of \$ 62,403. Minimum future lease payments under the capital leases in the aggregate are as follows:

Year Ending December 31,		
2013	\$	36,108
2014		11,802
Net Minimum Lease Payments		47,910
Less Amount Representing Interest		(3,026)
Present Value of Net Minimum Lease Payments	\$	44,884

H. Operating Lease

On January 28, 2010 the City entered into an agreement to extend the existing liquor store building lease at Apple Valley Shopping Center with Time Square Shopping Center II, LLP for three years commencing February 1, 2010 and ending January 31, 2013 at a base rent of \$ 10,000 per month. Lease expenditures for the year ending December 31, 2012 were \$ 120,000.

On December 13, 2012, the City entered into an agreement to extend the lease for an additional term of three years commencing February 1, 2013, and ending January 31, 2016 at a base rent of \$ 10,500 per month. The following is a schedule by years of future minimum payments required under the leases as of December 31, 2012.

Year Ending December 31,		
2013	\$	125,500
2014		126,000
2015		126,000
2016		10,500
Total	\$	388,000

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 7 – JOINT POWERS COMMITMENT

On August 25, 2005, the City entered into a joint powers agreement (the “Agreement”) with the Cities of Eagan, Burnsville, Farmington, Hastings, Inver Grove Heights, Lakeville, Mendota Heights, Rosemount, South St. Paul, West St. Paul, Minnesota and Dakota County, Minnesota, to establish the Dakota Communications Center (DCC), a Minnesota nonprofit corporation. The purpose of the DCC is to engage in the operation and maintenance of a county-wide public safety answering point and communications center for law enforcement, fire, emergency medical services and other public safety services for the mutual benefit of residents residing in the above mentioned cities and county (members). Pursuant to the Agreement, members are required to provide DCC their pro rata share of the cost of operations, maintenance and capital projects.

On May 1, 2007, the DCC issued Public Safety Revenue Bonds, Series 2007 in the amount of \$ 7,315,000 to provide financing for the acquisition of equipment and reimbursement for conversion costs. The Bonds are special obligations of the DCC, payable from revenues to be received from members. Pursuant to the Agreement, members will levy taxes for the payment of their pro rata share of the principal and interest payments due on the Bonds. The Bonds mature February 1, 2014 and bear interest rates ranging from 4.0% to 5.0%. The debt will be repaid with member assessments over a seven year amortization. All members reserve the right to prepay, in whole or in part on any date, its allocated share of principal and interest on the Bonds.

Payments from the City are provided from General Fund appropriations. The City’s future member payments to the DCC as of December 31, 2012 are as follows:

<u>Payment Year</u>	<u>Amount</u>
2013	\$ 156,800
2014	<u>156,000</u>
Total	<u>\$ 312,800</u>

Pursuant to Section 9.5 of the Agreement, member payments are submitted monthly and held in escrow by US Bank National Association (Trustee) until the funds are remitted to the Bond holders according to the established Bond principal and interest due dates. The interest earnings from the escrow account will reduce future member obligations on the debt.

NOTE 8 – CONDUIT DEBT OBLIGATIONS

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

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 8 – CONDUIT DEBT OBLIGATIONS

As of December 31, 2012, the City’s conduit debt consisted of the following:

	<u>Outstanding Balance</u>
ISD No. 196:	
Public Project Revenue Bond (Independent School District No. 196 Lease Obligations), Series 2006C	\$ 1,180,000
Augustana Care	
Health Care Revenue Bonds (Augustana Health Care Center Project), Series 2011A	1,375,000
Health Care Revenue Bonds (Augustana Health Care Center Project), Series 2011B	1,570,000
Health Care Revenue Bonds (Augustana Health Care Center Project), Series 2012	1,000,000
Ecumen:	
Housing and Health Care Revenue Bonds (The Seasons at Apple Valley Project), Series 2010	5,405,000
Lifeworks Services:	
Educational Facilities Revenue Note, Series 2011	<u>2,300,000</u>
Total Conduit Debt Obligations	<u><u>\$ 12,830,000</u></u>

NOTE 9 – RISK MANAGEMENT

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

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City’s workers’ compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2012 is estimated to be immaterial based on workers’ compensation rates and salaries for the year.

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 9 – RISK MANAGEMENT

At December 31, 2012, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 10 – FUND BALANCE/NET POSITION

A. Fund Balance Classifications

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

	General Fund	Debt Service			Capital Projects		Other Governmental Funds	Total	
		Closed Bond Issues	Improvement Bonds of 2006	Improvement Bonds of 2007	1997 Park Bonds	Road Improvements			Future Capital Projects
Nonspendable:									
Inventory	\$ 29,416	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,416	
Prepaid Items	210,046	-	-	-	-	-	1,750	211,796	
Restricted:									
Debt Service	-	-	-	176,892	-	-	2,759,183	2,936,075	
EDA	-	-	-	-	-	-	100,723	100,723	
TIF	-	-	-	-	-	-	4,116,814	4,116,814	
Park Dedication	-	-	-	-	-	-	467,305	467,305	
911 System	-	-	-	-	-	-	300,877	300,877	
Cable Capital Equipment	-	-	-	-	-	-	204,220	204,220	
Energy Grant	-	-	-	-	-	-	44,079	44,079	
TIF Capital Projects	-	-	-	-	-	-	1,267,142	1,267,142	
Park Improvements	-	-	-	-	-	-	524,282	524,282	
Electric Projects	-	-	-	-	-	-	1,070,157	1,070,157	
Cable TV	-	-	-	-	-	-	147,481	147,481	
Solid Waste Grant	-	-	-	-	-	-	57,429	57,429	
Police Forfeiture	-	-	-	-	-	-	112,406	112,406	
Lodging Tax	-	-	-	-	-	-	86,154	86,154	
Committed:									
Squad Refitting	15,232	-	-	-	-	-	-	15,232	
Community Center	9,990	-	-	-	-	-	-	9,990	
Municipal Buildings-Generator Replacement	35,500	-	-	-	-	-	-	35,500	
IT Computer Equipment	61,956	-	-	-	-	-	-	61,956	
IT Software Licensing	12,300	-	-	-	-	-	-	12,300	
Traffic Signs	10,520	-	-	-	-	-	-	10,520	
Fire Equipment	64,507	-	-	-	-	-	-	64,507	
Assigned:									
Fire Station No. 1 Parking Lot Improvements	167,546	-	-	-	-	-	-	167,546	
Fire Station No. 1 Exterior and Bay Painting	56,800	-	-	-	-	-	-	56,800	
Code Enforcement-Software Replacement	55,627	-	-	-	-	-	-	55,627	
Debt Service	-	7,256,638	-	-	-	-	3,505,132	10,761,770	
Other Capital Projects Equipment	-	-	-	-	-	15,864,837	403,313	16,268,150	
Police Special Projects	-	-	-	-	-	-	1,178,090	1,178,090	
Tree Preservation	-	-	-	-	-	-	161,210	161,210	
Ponds	-	-	-	-	-	-	362,263	362,263	
Pathways and Sidewalks	-	-	-	-	-	-	236,647	236,647	
Dodd Road	-	-	-	-	-	-	238,551	238,551	
Dakota Technical Building	-	-	-	-	-	-	229,941	229,941	
EDA	-	-	-	-	-	-	563,269	563,269	
Capital Building	-	-	-	-	-	-	955,262	955,262	
Park Improvement Development	-	-	-	-	-	-	405,527	405,527	
Physical Improvement	-	-	-	-	-	-	1,625	1,625	
Fire Capital Purchases	-	-	-	-	-	-	144,075	144,075	
Unassigned	12,646,076	-	(1,378,887)	(731,186)	-	(3,958,742)	31,663	264,842	
Total Fund Balance	\$ 13,375,516	\$ 7,256,638	\$ (1,378,887)	\$ (731,186)	\$ 176,892	\$ (3,958,742)	\$ 15,864,837	\$ 13,364,151	\$ 43,969,219

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 10 – FUND BALANCE/NET POSITION

B. Net Position

Restricted net position is comprised of the restricted fund balance in the governmental funds plus the effects of the conversion to the government-wide net position. The Liquor Fund has a restricted net position balance of \$ 319,582 as a requirement of the bond covenant for the Liquor Store Revenue Bonds.

NOTE 11 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees' Retirement Association

A. Plan Description

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

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

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all GERF and PEPFF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 11 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

Public Employees' Retirement Association (Continued)

A. Plan Description (Continued)

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

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

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

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2012. PEPFF members were required to contribute 9.6% of their annual covered salary in 2012. In 2012, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members and 14.4% for PEPFF members. The City's contributions to the Public Employees' Retirement Fund for the years ending December 31, 2012, 2011 and 2010 were \$ 645,052, \$ 642,037 and \$ 617,175, respectively. The City's contributions to the PEPFF for the years ending December 31, 2012, 2011 and 2010 were \$ 610,304, \$ 611,641 and \$ 591,022, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 12 – DEFINED CONTRIBUTION PLAN

The Mayor and three Council Members of the City are covered by the Public Employees' Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

CITY OF APPLE VALLEY

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012**

NOTE 12 – DEFINED CONTRIBUTION PLAN

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes* Chapter 353D.03 specifies Plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official’s employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% of the assets in each member’s account annually.

Total contributions made by the City during the year 2012 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rates
\$ 1,765	\$ 1,765	5.0%	5.0%	5.0%

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by HealthPartners.

B. Funding Policy

Retirees and their spouses contribute to the health care plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with HealthPartners. The required contributions are based on projected pay-as-you-go financing requirements. As of January 1, 2012, there were approximately 12 retirees receiving health benefits from the City’s health plan.

C. Annual OPEB Cost and Net OPEB Obligation

The City’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The table on the following page shows the components of the City’s annual OPEB cost of the year, the amount actually contributed to the plan and changes in the City’s net OPEB obligation to the plan.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

	2012
ARC	\$ 226,477
Interest on Net OPEB Obligation	34,703
Adjustment to ARC	(29,762)
Annual OPEB Cost (Expense)	231,418
Contributions Made	(48,640)
Increase in Net OPEB Obligation	182,778
Net OPEB Obligation - Beginning of Year	771,169
Net OPEB Obligation - End of Year	\$ 953,947

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2012, 2011 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
12/31/12	\$ 231,418	\$ 48,640	21%	\$ 953,947
12/31/11	254,156	86,097	34%	771,169
12/31/10	254,671	65,270	26%	603,110

D. Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$ 2,131,117 and the actuarial value of assets was \$ 0, resulting in an unfunded actuarial accrued liability (UAAL) of \$ 2,131,117. The covered payroll (annual payroll of active employees covered by the plan) was \$ 11,616,482 and the ratio of the UAAL to the covered payroll was 18%.

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

The Schedule of Funding Progress – Other Post Employment Benefits, presented as required supplementary information following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 13 – POST EMPLOYMENT HEALTH CARE PLAN

E. Actuarial Methods and Assumptions

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

As of January 1, 2012, the most recent actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions included a 4.5% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5%, shorter-term, based on City's general assets). The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 9% initially, reduced incrementally to an ultimate rate of 5% after 12 years. Both rates included a 3.0% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at January 1, 2012 was 30 years.

NOTE 14 – COMMITMENTS

At December 31, 2012, the City had the following construction contract commitments outstanding:

<u>Project</u>	<u>Contractor/Vendor</u>	<u>Commitment</u>
Palomino Guardrail Installation	Highway Technologies	\$ 1,317
Flagstaff Ave Extension	LaTour Construction, Inc.	54,922
Traffic Signal Improvements	Egan Companies	91,751
Sanitary Lift Station No. 2 Replacement	Geislinger & Sons, Inc.	30,891
Cartegraph Sewer & Water Conversion	CarteGraph Systems, Inc.	2,344
Wells 6,11,13 & High Zone Pump 4	Keys Well Drilling	87,502
Well No. 11 Electrical Upgrades	Master Electric, Inc.	18,888
Sanitary Sewer Pipe Lining	Veit & Company, Inc.	43,639
Water Treatment Chemicals	Hawkins, Inc.	57,000
2012 Pond Cleanouts	Kevin Casey, LLC	3,658
		<hr/>
Total		<u>\$ 391,912</u>

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS December 31, 2012

NOTE 15 – JOINT POWERS AGREEMENT WITH DAKOTA COUNTY

In July 1987, the City and Dakota County (the “County”) entered into an agreement whereby the City and County jointly acquired certain real estate for the purpose of building a library facility to serve the City and surrounding communities. The City’s portion of the cost of the property was \$ 348,414. As part of this agreement, the City transferred its interest in the property to the County but maintains a lien for 30 years. If during this time the County terminates its library use, the County will pay the City the unamortized cost of the property.

NOTE 16 – SUBSEQUENT EVENTS

On February 14, 2013 the City awarded the AV Project 2012-108, Water Treatment Plant Expansion contract, to Magney Construction, Inc., the lowest responsible bidder, in the amount of \$14,435,400.

On March 28, 2013 the City awarded the AV Project 2013-101, Greenleaf Street and Utility Improvements contract, to LaTour Construction, Inc., the lowest responsible bidder, in the amount of \$ 2,714,980.

On March 28, 2013 the City awarded the AV Project 2013-102, Whitney Drive Improvements contract, to McNamara Contracting, Inc., the lowest responsible bidder, in the amount of \$ 1,651,112.

On May 7, 2013 the City awarded the energy savings performance contract to Ameresco, Inc., in an amount not to exceed \$ 899,650.

On March 5, 2013, the City Council approved the issuance and sale of \$ 9,000,000 General Obligation Crossover Refunding Bonds, Series 2013A at an interest rate ranging from 1.75%-2.35% that provides a net present value cash flow savings of \$ 1,031,660. Principal and interest on the Bonds will be paid entirely from ad valorem taxes levied by the City.

The City has evaluated subsequent events through May 29, 2013, the date which the financial statements were available to be issued.

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2012, the City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This action resulted in the establishment of categories outside of assets and liabilities titled deferred inflows. The Statement also retitled Net Assets to Net Position. The City also implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This resulted in an adjustment to the beginning net position on the Statement of Activities and Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds of \$ 101,831 to remove deferred charges no longer required to be amortized in accordance with GASB Statement No. 65.

CITY OF APPLE VALLEY

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012

NOTE 18 – GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement will be effective for the year ending December 31, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION OTHER
THAN MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF APPLE VALLEY

**SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS
December 31, 2012**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/12	\$ -	\$ 2,131,117	\$ 2,131,117	0.0%	\$ 11,616,482	18.3%
01/01/10	-	2,236,253	2,236,253	0.0%	11,655,388	19.2%
01/01/08	-	2,859,748	2,859,748	0.0%	10,909,139	26.2%

See Note 13 in the Notes to the Financial Statements for more details on this Schedule.

SUPPLEMENTARY INFORMATION

CITY OF APPLE VALLEY
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Special Revenue			
	Cable TV (2010)	Solid Waste Grant (2040)	Police Forfeiture (2060)	EDA Operations (3210)
ASSETS				
Cash and Investments	\$ 137,574	\$ 57,429	\$ 116,050	\$ 955,262
Taxes Receivable - Delinquent	-	-	-	-
Special Assessments Receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Accounts Receivable	17,782	-	-	-
Due from Other Funds	-	-	-	-
Advances to Other Funds	-	-	-	-
Due from Other Governments	1,084	-	-	-
Prepaid Items	1,750	-	-	-
Total Assets	\$ 158,190	\$ 57,429	\$ 116,050	\$ 955,262
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Wages Payable	\$ 7,181	\$ -	\$ -	\$ -
Accounts Payable	1,778	-	3,644	-
Contracts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Interest Payable	-	-	-	-
Total Liabilities	8,959	-	3,644	-
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable	1,750	-	-	-
Restricted	147,481	57,429	112,406	-
Assigned	-	-	-	955,262
Unassigned	-	-	-	-
Total Fund Balances	149,231	57,429	112,406	955,262
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 158,190	\$ 57,429	\$ 116,050	\$ 955,262

Special Revenue		Debt Service					
Lodging Tax (7000)	Total	Cemetery Bonds of 2004 (3065)	G.O. Closed Bond Issues (3075)	Refunding Bonds of 2003 (3155)	Improvement Bonds of 2003 (3165)	Improvement Bonds of 2004 (3185)	State Aid Street Bonds of 2004 (3190)
\$ 80,160	\$ 1,346,475	\$ 48,436	\$ 1,259,808	\$ 1,006,698	\$ -	\$ -	\$ 302,825
-	-	-	-	-	-	-	-
-	-	-	-	3,617	-	4,464	-
-	-	-	-	20,459	13,951	-	-
-	-	-	-	19,075	-	4,464	-
5,994	23,776	-	-	-	-	-	-
-	-	-	1,238,626	-	-	-	-
-	-	-	-	-	-	-	-
-	1,084	-	-	-	-	-	-
-	1,750	-	-	-	-	-	-
<u>\$ 86,154</u>	<u>\$ 1,373,085</u>	<u>\$ 48,436</u>	<u>\$ 2,498,434</u>	<u>\$ 1,049,849</u>	<u>\$ 13,951</u>	<u>\$ 8,928</u>	<u>\$ 302,825</u>
\$ -	\$ 7,181	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,422	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	130,781	2,358,321	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	12,603	-	-	-	130,781	2,358,321	-
-	-	-	-	-	-	-	-
-	-	-	-	43,151	13,951	8,928	-
-	-	-	-	43,151	13,951	8,928	-
-	1,750	-	-	-	-	-	-
86,154	403,470	48,436	-	-	-	-	302,825
-	955,262	-	2,498,434	1,006,698	-	-	-
-	-	-	-	-	(130,781)	(2,358,321)	-
<u>86,154</u>	<u>1,360,482</u>	<u>48,436</u>	<u>2,498,434</u>	<u>1,006,698</u>	<u>(130,781)</u>	<u>(2,358,321)</u>	<u>302,825</u>
<u>\$ 86,154</u>	<u>\$ 1,373,085</u>	<u>\$ 48,436</u>	<u>\$ 2,498,434</u>	<u>\$ 1,049,849</u>	<u>\$ 13,951</u>	<u>\$ 8,928</u>	<u>\$ 302,825</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Debt Service			
	1998/2008 Improvement Bonds (3195)	2001/2008B Refunding Improvement Bonds (3285)	G.O. Refunding Bonds of 2002 (3300)	2003/2009A Refunding Improvement Bonds (3305)
ASSETS				
Cash and Investments	\$ 149,961	\$ -	\$ -	\$ 705,993
Taxes Receivable - Delinquent	-	-	-	-
Special Assessments Receivable:				
Current	161,655	107,432	-	-
Delinquent	-	98,021	-	-
Deferred	204,703	698,383	-	-
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Advances to Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Prepaid Items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 516,319</u>	<u>\$ 903,836</u>	<u>\$ -</u>	<u>\$ 705,993</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Contracts Payable	-	-	-	-
Due to Other Funds	-	2,223,132	50,932	-
Due to Other Governments	-	-	-	-
Interest Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>2,223,132</u>	<u>50,932</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	-	-	-	-
Unavailable Revenue - Special Assessments	366,358	903,836	-	-
Total Deferred Inflows of Resources	<u>366,358</u>	<u>903,836</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	149,961	-	-	705,993
Assigned	-	-	-	-
Unassigned	-	(2,223,132)	(50,932)	-
Total Fund Balances	<u>149,961</u>	<u>(2,223,132)</u>	<u>(50,932)</u>	<u>705,993</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 516,319</u>	<u>\$ 903,836</u>	<u>\$ -</u>	<u>\$ 705,993</u>

Debt Service

Improvement Bonds of 2010 (3320)	G.O. Equipment Certificates of 2006 (3335)	Economic Development (3215)	Tax Increment Downtown Redevelopment (3260)	Taxable Tax Increment Bonds of 2003 (3270)	Taxable Tax Increment Bonds of 1985-1992A Refunding (3220)	Tax Increment Fischer Marketplace (3275)	G.O. Park Bond of 2007 (3345)
\$ 1,170,211	\$ 50,032	\$ 100,723	\$ 266,329	\$ 1,063,741	\$ 2,398,596	\$ 399,662	\$ 87,337
-	-	-	-	-	-	-	-
61,558	-	-	-	-	-	-	-
86,785	-	-	-	-	-	-	-
369,349	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,687,903</u>	<u>\$ 50,032</u>	<u>\$ 100,723</u>	<u>\$ 266,329</u>	<u>\$ 1,063,741</u>	<u>\$ 2,398,596</u>	<u>\$ 399,662</u>	<u>\$ 87,337</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,219	-	775	4,468	-
-	-	-	-	-	-	-	-
-	-	-	<u>1,219</u>	<u>-</u>	<u>775</u>	<u>4,468</u>	<u>-</u>
-	-	-	-	-	-	-	-
517,692	-	-	-	-	-	-	-
<u>517,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
1,170,211	50,032	100,723	265,110	1,063,741	2,397,821	395,194	87,337
-	-	-	-	-	-	-	-
<u>1,170,211</u>	<u>50,032</u>	<u>100,723</u>	<u>265,110</u>	<u>1,063,741</u>	<u>2,397,821</u>	<u>395,194</u>	<u>87,337</u>
<u>\$ 1,687,903</u>	<u>\$ 50,032</u>	<u>\$ 100,723</u>	<u>\$ 266,329</u>	<u>\$ 1,063,741</u>	<u>\$ 2,398,596</u>	<u>\$ 399,662</u>	<u>\$ 87,337</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Debt Service			
	G.O. Park Bond of 2008 (3355)	G.O. Park Bond of 2011 (3360)	G.O. Equipment Certificates of 2012 (3370)	G.O. Refunding Bonds of 2012 (3375)
ASSETS				
Cash and Investments	\$ 137,832	\$ 27,216	\$ 30,764	\$ 3,051
Taxes Receivable - Delinquent	-	-	-	-
Special Assessments Receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Advances to Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 137,832</u>	<u>\$ 27,216</u>	<u>\$ 30,764</u>	<u>\$ 3,051</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Contracts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Interest Payable	-	-	870	3,033
Total Liabilities	<u> </u>	<u> </u>	<u>870</u>	<u>3,033</u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-
Total Deferred Inflows of Resources	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	137,832	27,216	29,894	18
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>137,832</u>	<u>27,216</u>	<u>29,894</u>	<u>18</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 137,832</u>	<u>\$ 27,216</u>	<u>\$ 30,764</u>	<u>\$ 3,051</u>

Debt Service		Capital Projects					
Improvement Bonds of 2012 (3380)	Total	Equipment Certificates (2005)	Park Dedication (2015)	Energy Grant (2050)	Police Special Projects (2055)	Police 911 (2065)	Tree Preservation (2070)
\$ 50,041	\$ 9,259,256	\$ 1,101,090	\$ 467,876	\$ 44,065	\$ 161,210	\$ 300,877	\$ 362,556
-	-	-	-	-	-	-	-
-	338,726	-	-	-	-	-	-
-	219,216	-	-	-	-	-	-
-	1,295,974	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,238,626	-	-	-	-	-	-
-	-	77,000	-	-	-	-	-
-	-	-	-	14	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 50,041</u>	<u>\$ 12,351,798</u>	<u>\$ 1,178,090</u>	<u>\$ 467,876</u>	<u>\$ 44,079</u>	<u>\$ 161,210</u>	<u>\$ 300,877</u>	<u>\$ 362,556</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	571	-	-	-	293
-	-	-	-	-	-	-	-
-	4,763,166	-	-	-	-	-	-
-	6,462	-	-	-	-	-	-
613	4,516	-	-	-	-	-	-
<u>613</u>	<u>4,774,144</u>	<u>-</u>	<u>571</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293</u>
-	-	-	-	-	-	-	-
-	1,853,916	-	-	-	-	-	-
-	<u>1,853,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
49,428	6,981,772	-	467,305	44,079	-	300,877	-
-	3,505,132	1,178,090	-	-	161,210	-	362,263
-	(4,763,166)	-	-	-	-	-	-
<u>49,428</u>	<u>5,723,738</u>	<u>1,178,090</u>	<u>467,305</u>	<u>44,079</u>	<u>161,210</u>	<u>300,877</u>	<u>362,263</u>
<u>\$ 50,041</u>	<u>\$ 12,351,798</u>	<u>\$ 1,178,090</u>	<u>\$ 467,876</u>	<u>\$ 44,079</u>	<u>\$ 161,210</u>	<u>\$ 300,877</u>	<u>\$ 362,556</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Capital Projects			
	Pond (2075)	Pathways and Sidewalks (2080)	Dodd Road (2085)	Dakota Technical Building (2090)
ASSETS				
Cash and Investments	\$ 236,647	\$ 238,551	\$ 229,941	\$ 563,269
Taxes Receivable - Delinquent	-	-	-	-
Special Assessments Receivable:				
Current	-	-	-	-
Delinquent	-	-	-	-
Deferred	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Funds	-	-	-	-
Advances to Other Funds	-	-	-	-
Due from Other Governments	-	-	-	-
Prepaid Items	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 236,647</u>	<u>\$ 238,551</u>	<u>\$ 229,941</u>	<u>\$ 563,269</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Contracts Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	-	-	-
Interest Payable	-	-	-	-
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred Inflows of Resources				
Unavailable Revenue - Property Taxes	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-
Total Deferred Inflows of Resources	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	236,647	238,551	229,941	563,269
Unassigned	-	-	-	-
Total Fund Balances	<u>236,647</u>	<u>238,551</u>	<u>229,941</u>	<u>563,269</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 236,647</u>	<u>\$ 238,551</u>	<u>\$ 229,941</u>	<u>\$ 563,269</u>

Capital Projects

Capital Building (4000)	Park Improvement Development (4010)	Dakota County Construction Projects (4030)	C.I.P. Development (4045)	1999 Improvement Construction (4225)	2000 Improvement Construction (4245)	2008 Construction Projects (4400)	Engineer Developer Review Nonreimbursable (4600)
\$ 451,426	\$ 1,625	\$ -	\$ 254,705	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 451,426</u>	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ 254,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	204	-	-	10,750	-	-
45,899	-	-	-	-	-	-	-
-	-	129,322	-	48,807	7,871	76,963	39,241
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>45,899</u>	<u>-</u>	<u>129,526</u>	<u>-</u>	<u>48,807</u>	<u>18,621</u>	<u>76,963</u>	<u>39,241</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
405,527	1,625	-	254,705	-	-	-	-
-	-	(129,526)	-	(48,807)	(18,621)	(76,963)	(39,241)
<u>405,527</u>	<u>1,625</u>	<u>(129,526)</u>	<u>254,705</u>	<u>(48,807)</u>	<u>(18,621)</u>	<u>(76,963)</u>	<u>(39,241)</u>
<u>\$ 451,426</u>	<u>\$ 1,625</u>	<u>\$ -</u>	<u>\$ 254,705</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2012

	Capital Projects				
	2012 Improvement Construction (4715)	Cable Capital Equipment (4800)	Physical Improvement (4900)	Private Development (4920)	Construction Projects (4500)
ASSETS					
Cash and Investments	\$ 46,240	\$ 204,220	\$ 204,852	\$ 124,838	\$ -
Taxes Receivable - Delinquent	-	-	-	-	-
Special Assessments Receivable:					
Current	-	-	-	-	29,017
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	406,237
Accounts Receivable	-	-	-	-	59,830
Due from Other Funds	-	-	-	-	-
Advances to Other Funds	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Total Assets	<u>\$ 46,240</u>	<u>\$ 204,220</u>	<u>\$ 204,852</u>	<u>\$ 124,838</u>	<u>\$ 495,084</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accrued Wages Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	22,470	-	60,777	-	58,206
Contracts Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	282,276
Due to Other Governments	-	-	-	-	-
Interest Payable	-	-	-	-	-
Total Liabilities	<u>22,470</u>	<u>-</u>	<u>60,777</u>	<u>-</u>	<u>340,482</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	435,254
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,254</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	204,220	-	-	-
Assigned	23,770	-	144,075	124,838	-
Unassigned	-	-	-	-	(280,652)
Total Fund Balances	<u>23,770</u>	<u>204,220</u>	<u>144,075</u>	<u>124,838</u>	<u>(280,652)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 46,240</u>	<u>\$ 204,220</u>	<u>\$ 204,852</u>	<u>\$ 124,838</u>	<u>\$ 495,084</u>

Capital Projects

2003 Improvement Construction (4300)	TIF District No. 13 (4700)	TIF District No. 7 (4710)	Electric Franchise Fee (4750)	2007 Park Bond (4935)	Fire Grants Project (7600)	Total	Total Nonmajor Governmental Funds
\$ -	\$ 1,094,242	\$ 170,824	\$ 954,897	\$ 525,105	\$ 31,663	\$ 7,770,719	\$ 18,376,450
-	6,085	-	-	-	-	6,085	6,085
-	-	-	-	-	-	29,017	367,743
-	-	-	-	-	-	-	219,216
-	-	-	-	-	-	406,237	1,702,211
3,439	-	-	115,260	-	-	178,529	202,305
-	-	-	-	-	-	-	1,238,626
-	-	-	-	-	-	77,000	77,000
-	-	-	-	-	-	14	1,098
-	-	-	-	-	-	-	1,750
<u>\$ 3,439</u>	<u>\$ 1,100,327</u>	<u>\$ 170,824</u>	<u>\$ 1,070,157</u>	<u>\$ 525,105</u>	<u>\$ 31,663</u>	<u>\$ 8,467,601</u>	<u>\$ 22,192,484</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,181
24,943	1,497	1,479	-	-	-	181,190	186,612
-	-	-	-	823	-	46,722	46,722
933,939	-	-	-	-	-	1,518,419	6,281,585
-	-	-	-	-	-	-	6,462
-	-	-	-	-	-	-	4,516
<u>958,882</u>	<u>1,497</u>	<u>1,479</u>	<u>-</u>	<u>823</u>	<u>-</u>	<u>1,746,331</u>	<u>6,533,078</u>
-	6,085	-	-	-	-	6,085	6,085
-	-	-	-	-	-	435,254	2,289,170
-	6,085	-	-	-	-	441,339	2,295,255
-	-	-	-	-	-	-	1,750
-	1,092,745	169,345	1,070,157	524,282	-	3,873,010	11,258,252
-	-	-	-	-	31,663	3,956,174	8,416,568
(955,443)	-	-	-	-	-	(1,549,253)	(6,312,419)
<u>(955,443)</u>	<u>1,092,745</u>	<u>169,345</u>	<u>1,070,157</u>	<u>524,282</u>	<u>31,663</u>	<u>6,279,931</u>	<u>13,364,151</u>
<u>\$ 3,439</u>	<u>\$ 1,100,327</u>	<u>\$ 170,824</u>	<u>\$ 1,070,157</u>	<u>\$ 525,105</u>	<u>\$ 31,663</u>	<u>\$ 8,467,601</u>	<u>\$ 22,192,484</u>

CITY OF APPLE VALLEY

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012**

	Special Revenue				
	Cable TV (2010)	Solid Waste Grant (2040)	Police Forfeiture (2060)	EDA Operations (3210)	Lodging Tax (7000)
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-	-
Franchise Fees	68,396	-	-	-	-
Other Taxes	-	-	-	-	75,472
Special Assessments	-	-	-	-	-
Intergovernmental	86,992	-	-	-	-
Miscellaneous:					
Investment Income	2,431	1,048	2,016	17,259	1,444
Rentals	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Contributions and Donations	-	-	-	-	-
Other	397	4,503	3,347	-	-
Total Revenues	<u>158,216</u>	<u>5,551</u>	<u>5,363</u>	<u>17,259</u>	<u>76,916</u>
EXPENDITURES					
Current					
General Government	-	-	-	10,000	-
Public Safety	-	-	12,280	-	-
Public Works	-	5,287	-	-	-
Parks and Recreation	160,519	-	-	-	66,004
Debt Service					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
Capital Outlay					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	7,915	-	-	-	-
Total Expenditures	<u>168,434</u>	<u>5,287</u>	<u>12,280</u>	<u>10,000</u>	<u>66,004</u>
Excess of Revenues Over (Under) Expenditures	(10,218)	264	(6,917)	7,259	10,912
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Asset	150	-	10,378	-	-
Issuance of Debt	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-
Premium on Issuance of Debt	-	-	-	-	-
Transfers In	18,061	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>18,211</u>	<u>-</u>	<u>10,378</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	7,993	264	3,461	7,259	10,912
FUND BALANCES					
Beginning of Year	<u>141,238</u>	<u>57,165</u>	<u>108,945</u>	<u>948,003</u>	<u>75,242</u>
End of Year	<u>\$ 149,231</u>	<u>\$ 57,429</u>	<u>\$ 112,406</u>	<u>\$ 955,262</u>	<u>\$ 86,154</u>

Special Revenue	Debt Service						
Total	Cemetery Bonds of 2004 (3065)	G.O. Closed Bond Issues (3075)	Refunding Bonds of 2003 (3155)	Improvement Bonds of 2003 (3165)	Improvement Bonds of 2004 (3185)	State Aid Street Bonds of 2004 (3190)	1998/2008 Improvement Bonds (3195)
\$ -	\$ 70,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
68,396	-	-	-	-	-	-	-
75,472	-	-	-	-	-	-	-
-	-	-	7,706	-	5,469	-	206,996
86,992	-	-	-	-	-	49,320	-
24,198	11	44,855	17,997	-	-	6,660	9,799
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,247	-	-	-	-	-	-	-
<u>263,305</u>	<u>70,011</u>	<u>44,855</u>	<u>25,703</u>	<u>-</u>	<u>5,469</u>	<u>55,980</u>	<u>216,795</u>
10,000	-	-	-	-	-	-	-
12,280	-	-	-	-	-	-	-
5,287	-	-	-	-	-	-	-
226,523	-	-	-	-	-	-	-
-	385,000	-	-	-	-	95,000	605,000
-	18,095	-	-	-	-	3,088	51,645
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,915	-	-	-	-	-	-	-
<u>262,005</u>	<u>403,095</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,088</u>	<u>656,645</u>
1,300	(333,084)	44,855	25,703	-	5,469	(42,108)	(439,850)
10,528	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	320,000	-	-	-	-	-	-
-	15,650	-	-	-	-	-	-
18,061	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>28,589</u>	<u>335,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
29,889	2,566	44,855	25,703	-	5,469	(42,108)	(439,850)
1,330,593	45,870	2,453,579	980,995	(130,781)	(2,363,790)	344,933	589,811
<u>\$ 1,360,482</u>	<u>\$ 48,436</u>	<u>\$ 2,498,434</u>	<u>\$ 1,006,698</u>	<u>\$ (130,781)</u>	<u>\$ (2,358,321)</u>	<u>\$ 302,825</u>	<u>\$ 149,961</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012**

	Debt Service				
	2001/2008B Refunding Improvement Bonds (3285)	G.O. Refunding Bonds of 2002 (3300)	2003/2009A Refunding Improvement Bonds (3305)	Improvement Bonds of 2010 (3320)	G.O. Equipment Certificates of 2006 (3335)
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 117,000
Tax Increments	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Other Taxes	-	-	-	-	-
Special Assessments	222,733	-	-	158,955	-
Intergovernmental	-	-	749,612	-	-
Miscellaneous:					
Investment Income	-	-	9,149	23,301	1,043
Rentals	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Contributions and Donations	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>222,733</u>	<u>-</u>	<u>758,761</u>	<u>182,256</u>	<u>118,043</u>
EXPENDITURES					
Current					
General Government	-	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Debt Service					
Principal	405,000	-	440,000	280,000	105,000
Interest and Other Charges	55,094	-	73,225	38,900	7,100
Capital Outlay					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Total Expenditures	<u>460,094</u>	<u>-</u>	<u>513,225</u>	<u>318,900</u>	<u>112,100</u>
Excess of Revenues Over (Under) Expenditures	(237,361)	-	245,536	(136,644)	5,943
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Asset	-	-	-	-	-
Issuance of Debt	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-
Premium on Issuance of Debt	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(237,361)	-	245,536	(136,644)	5,943
FUND BALANCES					
Beginning of Year	<u>(1,985,771)</u>	<u>(50,932)</u>	<u>460,457</u>	<u>1,306,855</u>	<u>44,089</u>
End of Year	<u>\$ (2,223,132)</u>	<u>\$ (50,932)</u>	<u>\$ 705,993</u>	<u>\$ 1,170,211</u>	<u>\$ 50,032</u>

Debt Service

Economic Development (3215)	Tax Increment Downtown Redevelopment (3260)	Taxable Tax Increment Bonds of 2003 (3270)	Taxable Tax Increment Bonds of 1985-1992A Refunding (3220)	Tax Increment Fischer Marketplace (3275)	G.O. Park Bond of 2007 (3345)	G.O. Park Bond of 2008 (3355)	G.O. Park Bond of 2011 (3360)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 390,000	\$ 370,000	\$ 87,000
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,812	26,458	18,865	43,164	7,215	1,462	2,584	542
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,812</u>	<u>26,458</u>	<u>18,865</u>	<u>43,164</u>	<u>7,215</u>	<u>391,462</u>	<u>372,584</u>	<u>87,542</u>
-	-	-	1,425	8,642	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	110,000	110,000	40,000
-	-	-	-	-	256,330	252,308	42,763
-	1,192,146	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>1,192,146</u>	<u>-</u>	<u>1,425</u>	<u>8,642</u>	<u>366,330</u>	<u>362,308</u>	<u>82,763</u>
1,812	(1,165,688)	18,865	41,739	(1,427)	25,132	10,276	4,779
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,812	(1,165,688)	18,865	41,739	(1,427)	25,132	10,276	4,779
98,911	1,430,798	1,044,876	2,356,082	396,621	62,205	127,556	22,437
<u>\$ 100,723</u>	<u>\$ 265,110</u>	<u>\$ 1,063,741</u>	<u>\$ 2,397,821</u>	<u>\$ 395,194</u>	<u>\$ 87,337</u>	<u>\$ 137,832</u>	<u>\$ 27,216</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012**

	Debt Service			Capital Projects	
	G.O. Equipment Certificates of 2012 (3370)	G.O. Refunding Bonds of 2012 (3375)	Improvement Bonds of 2012 (3380)	Total	Equipment Certificates (2005)
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 1,034,000	\$ -
Tax Increments	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Other Taxes	-	-	-	-	-
Special Assessments	-	-	-	601,859	-
Intergovernmental	-	-	-	798,932	-
Miscellaneous:					
Investment Income	172	18	303	215,410	7,124
Rentals	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Contributions and Donations	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>172</u>	<u>18</u>	<u>303</u>	<u>2,650,201</u>	<u>7,124</u>
EXPENDITURES					
Current					
General Government	-	-	-	10,067	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Debt Service					
Principal	-	-	-	2,575,000	-
Interest and Other Charges	-	-	-	798,548	18,655
Capital Outlay					
General Government	-	-	-	1,192,146	-
Public Works	-	-	-	-	275,253
Parks and Recreation	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,575,761</u>	<u>293,908</u>
Excess of Revenues Over (Under) Expenditures	172	18	303	(1,925,560)	(286,784)
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Asset	-	-	-	-	-
Issuance of Debt	29,722	-	49,125	78,847	1,275,278
Issuance of Refunding Bonds	-	-	-	320,000	-
Premium on Issuance of Debt	-	-	-	15,650	63,376
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>29,722</u>	<u>-</u>	<u>49,125</u>	<u>414,497</u>	<u>1,338,654</u>
Net Change in Fund Balances	29,894	18	49,428	(1,511,063)	1,051,870
FUND BALANCES					
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,234,801</u>	<u>126,220</u>
End of Year	<u>\$ 29,894</u>	<u>\$ 18</u>	<u>\$ 49,428</u>	<u>\$ 5,723,738</u>	<u>\$ 1,178,090</u>

Capital Projects

Park Dedication (2015)	Energy Grant (2050)	Police Special Projects (2055)	Police 911 (2065)	Tree Preservation (2070)	Pond (2075)	Pathways and Sidewalks (2080)	Dodd Road (2085)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
19,506	896	2,358	5,785	6,591	4,258	4,293	4,138
-	-	-	-	-	-	-	-
-	-	7,623	-	-	-	-	-
-	-	525	-	-	-	-	-
63,733	-	1,150	-	-	-	-	-
<u>83,239</u>	<u>896</u>	<u>11,656</u>	<u>5,785</u>	<u>6,591</u>	<u>4,258</u>	<u>4,293</u>	<u>4,138</u>
-	-	-	-	-	-	-	-
-	-	2,452	66,400	-	-	-	-
-	-	-	-	-	-	-	-
6,469	-	-	-	4,400	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	7,914	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,604	-	-	-	-	-	-	-
<u>10,073</u>	<u>7,914</u>	<u>2,452</u>	<u>66,400</u>	<u>4,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
73,166	(7,018)	9,204	(60,615)	2,191	4,258	4,293	4,138
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,200,000)	-	-	-	-	-	-	-
<u>(1,200,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(1,126,834)	(7,018)	9,204	(60,615)	2,191	4,258	4,293	4,138
1,594,139	51,097	152,006	361,492	360,072	232,389	234,258	225,803
<u>\$ 467,305</u>	<u>\$ 44,079</u>	<u>\$ 161,210</u>	<u>\$ 300,877</u>	<u>\$ 362,263</u>	<u>\$ 236,647</u>	<u>\$ 238,551</u>	<u>\$ 229,941</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Capital Projects				
	Dakota Technical Building (2090)	Capital Building (4000)	Park Improvement Development (4010)	Dakota County Construction Projects (4030)	C.I.P. Development (4045)
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Increments	-	-	-	-	-
Franchise Fees	-	-	-	-	-
Other Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Miscellaneous:					
Investment Income	9,421	8,123	29	-	4,583
Rentals	80,000	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-
Contributions and Donations	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues	<u>89,421</u>	<u>8,123</u>	<u>29</u>	<u>-</u>	<u>4,583</u>
EXPENDITURES					
Current					
General Government	1,002	-	-	-	-
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
Capital Outlay					
General Government	-	-	-	5,276	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Total Expenditures	<u>1,002</u>	<u>-</u>	<u>-</u>	<u>5,276</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	88,419	8,123	29	(5,276)	4,583
OTHER FINANCING SOURCES (USES)					
Proceeds from Sale of Capital Asset	-	-	-	-	-
Issuance of Debt	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-
Premium on Issuance of Debt	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	88,419	8,123	29	(5,276)	4,583
FUND BALANCES					
Beginning of Year	<u>474,850</u>	<u>397,404</u>	<u>1,596</u>	<u>(124,250)</u>	<u>250,122</u>
End of Year	<u>\$ 563,269</u>	<u>\$ 405,527</u>	<u>\$ 1,625</u>	<u>\$ (129,526)</u>	<u>\$ 254,705</u>

Capital Projects

1999 Improvement Construction (4225)	2000 Improvement Construction (4245)	2008 Construction Projects (4400)	Engineer Developer Review Nonreimbursable (4600)	2012 Improvement Construction (4715)	Cable Capital Equipment (4800)	Physical Improvement (4900)	Future Improvements (4910)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	144,746	-	-
-	-	-	-	-	-	-	-
-	-	-	-	78,700	-	-	-
-	-	-	-	5,419	1,070	3,988	9,872
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,900	93,935	-	-	-
-	-	-	<u>2,900</u>	<u>178,054</u>	<u>145,816</u>	<u>3,988</u>	<u>9,872</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	36,845	-
-	-	-	-	-	-	-	-
-	-	-	-	17,984	-	-	-
-	-	727	1,587	-	-	-	-
-	-	-	-	1,054,284	-	-	-
-	-	-	-	-	-	-	-
-	-	<u>727</u>	<u>1,587</u>	<u>1,072,268</u>	<u>-</u>	<u>36,845</u>	<u>-</u>
-	-	(727)	1,313	(894,214)	145,816	(32,857)	9,872
-	-	-	-	-	-	-	-
-	-	-	-	870,875	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	47,109	-	-	-
-	-	329,800	-	-	-	-	-
-	-	-	-	-	-	-	(548,637)
-	-	<u>329,800</u>	<u>-</u>	<u>917,984</u>	<u>-</u>	<u>-</u>	<u>(548,637)</u>
-	-	329,073	1,313	23,770	145,816	(32,857)	(538,765)
<u>(48,807)</u>	<u>(18,621)</u>	<u>(406,036)</u>	<u>(40,554)</u>	<u>-</u>	<u>58,404</u>	<u>176,932</u>	<u>538,765</u>
<u>\$ (48,807)</u>	<u>\$ (18,621)</u>	<u>\$ (76,963)</u>	<u>\$ (39,241)</u>	<u>\$ 23,770</u>	<u>\$ 204,220</u>	<u>\$ 144,075</u>	<u>\$ -</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012**

	Capital Projects			
	Private Development (4920)	Construction Projects (4500)	2003 Improvement Construction (4300)	TIF District No. 13 (4700)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Tax Increments	-	-	-	1,433,292
Franchise Fees	-	-	-	-
Other Taxes	-	-	-	-
Special Assessments	-	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous:				
Investment Income	2,246	-	-	40,014
Rentals	-	-	-	-
Refunds and Reimbursements	-	-	-	-
Contributions and Donations	-	-	-	-
Other	-	154,448	-	-
Total Revenues	<u>2,246</u>	<u>154,448</u>	<u>-</u>	<u>1,473,306</u>
EXPENDITURES				
Current				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Park and Recreation	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
Capital Outlay				
General Government	-	-	-	2,656,857
Public Works	-	536,424	9,646	-
Park and Recreation	-	-	-	-
Total Expenditures	<u>-</u>	<u>536,424</u>	<u>9,646</u>	<u>2,656,857</u>
Excess of Revenues Over (Under) Expenditures	2,246	(381,976)	(9,646)	(1,183,551)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Asset	-	-	-	-
Issuance of Debt	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-
Premium on Issuance of Debt	-	-	-	-
Transfers In	-	-	6,590	-
Transfers Out	-	(25,299)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(25,299)</u>	<u>6,590</u>	<u>-</u>
Net Change in Fund Balances	2,246	(407,275)	(3,056)	(1,183,551)
FUND BALANCES				
Beginning of Year	<u>122,592</u>	<u>126,623</u>	<u>(952,387)</u>	<u>2,276,296</u>
End of Year	<u>\$ 124,838</u>	<u>\$ (280,652)</u>	<u>\$ (955,443)</u>	<u>\$ 1,092,745</u>

Capital Projects

TIF District No. 7 (4710)	Electric Franchise Fee (4750)	2007 Park Bond (4935)	Fire Grants Project (7600)	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,034,000
578,989	-	-	-	2,012,281	2,012,281
-	534,146	-	-	678,892	747,288
-	-	-	-	-	75,472
-	-	-	-	-	601,859
-	-	-	-	78,700	964,624
16,768	12,439	11,696	570	181,187	420,795
-	-	-	-	80,000	80,000
-	-	47,000	-	54,623	54,623
-	-	-	-	525	525
-	-	-	-	316,166	324,413
<u>595,757</u>	<u>546,585</u>	<u>58,696</u>	<u>570</u>	<u>3,402,374</u>	<u>6,315,880</u>
-	-	-	-	1,002	21,069
-	-	-	-	68,852	81,132
-	-	-	-	36,845	42,132
-	-	-	-	10,869	237,392
-	-	-	-	-	2,575,000
-	-	-	-	36,639	835,187
1,489,259	-	-	-	4,161,620	5,353,766
-	-	-	-	1,875,607	1,875,607
-	-	263,263	-	266,867	274,782
<u>1,489,259</u>	<u>-</u>	<u>263,263</u>	<u>-</u>	<u>6,458,301</u>	<u>11,296,067</u>
(893,502)	546,585	(204,567)	570	(3,055,927)	(4,980,187)
-	-	-	-	-	10,528
-	-	-	-	2,146,153	2,225,000
-	-	-	-	-	320,000
-	-	-	-	110,485	126,135
-	-	-	-	336,390	354,451
-	-	-	-	(1,773,936)	(1,773,936)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>819,092</u>	<u>1,262,178</u>
(893,502)	546,585	(204,567)	570	(2,236,835)	(3,718,009)
<u>1,062,847</u>	<u>523,572</u>	<u>728,849</u>	<u>31,093</u>	<u>8,516,766</u>	<u>17,082,160</u>
<u>\$ 169,345</u>	<u>\$ 1,070,157</u>	<u>\$ 524,282</u>	<u>\$ 31,663</u>	<u>\$ 6,279,931</u>	<u>\$ 13,364,151</u>

CITY OF APPLE VALLEY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
General Property Taxes				
Current	\$ 17,910,000	\$ 17,910,000	\$ 18,084,118	\$ 174,118
Delinquent	200,000	200,000	80,681	(119,319)
Total General Property Taxes	<u>18,110,000</u>	<u>18,110,000</u>	<u>18,164,799</u>	<u>54,799</u>
Franchise Fees	450,000	450,000	450,000	-
Other Taxes	74,000	74,000	78,654	4,654
Special Assessments	14,000	14,000	30,025	16,025
Licenses and Permits				
General Government	148,550	148,550	144,983	(3,567)
Public Safety	5,000	5,000	5,828	828
Public Works	526,000	526,000	882,986	356,986
Total Licenses and Permits	<u>679,550</u>	<u>679,550</u>	<u>1,033,797</u>	<u>354,247</u>
Intergovernmental Revenue				
Federal:				
ARRA - Public Safety	-	-	42,781	42,781
State:				
PERA Aid	43,000	43,000	36,095	(6,905)
Fire Relief Aid - Public Safety	182,389	182,389	185,481	3,092
Police Relief Aid - Public Safety	330,000	330,000	310,681	(19,319)
Other - Public Safety	16,000	16,000	67,952	51,952
Local:				
Other - General Government	-	-	25,435	25,435
Other - Public Safety	-	-	699	699
Total Intergovernmental Revenue	<u>571,389</u>	<u>571,389</u>	<u>669,124</u>	<u>97,735</u>
Charges for Services				
Administration Charges - General Government:				
Construction Funds	41,200	41,200	18,171	(23,029)
Enterprise Funds	670,000	670,000	670,000	-
Investment Charges - General Government	100,000	100,000	100,000	-
Engineering Charges - Public Works - Construction	528,246	528,246	577,880	49,634
Other - General Government	17,800	17,800	20,665	2,865
Other - Public Safety	176,179	176,179	228,026	51,847
Other - Public Works	-	-	20,524	20,524
Other - Parks and Recreation	965,000	965,000	936,295	(28,705)
Total Charges for Services	<u>2,498,425</u>	<u>2,498,425</u>	<u>2,571,561</u>	<u>73,136</u>
Fines and Forfeitures	279,450	279,450	278,913	(537)
Investment Income	160,000	160,000	171,318	11,318
Donations	-	-	1,276	1,276
Rentals				
Fire Station	30,500	30,500	30,558	58
Antenna Rentals - Public Works	300,000	300,000	327,198	27,198
Recreation Facilities - Parks and Recreation	129,000	129,000	121,946	(7,054)
Total Rentals	<u>459,500</u>	<u>459,500</u>	<u>479,702</u>	<u>20,202</u>

CITY OF APPLE VALLEY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Miscellaneous - General Government	\$ 20,000	\$ 20,000	\$ 10,215	\$ (9,785)
Miscellaneous - Public works	-	-	3,514	3,514
Refunds and Reimbursements				
Parks and Recreation	60,000	60,000	58,738	(1,262)
Total Revenues	<u>23,376,314</u>	<u>23,376,314</u>	<u>24,001,636</u>	<u>625,322</u>
EXPENDITURES				
General Government				
Mayor and City Council:				
Personal Services	111,798	111,798	101,304	(10,494)
Other Current Expenditures	24,370	24,370	14,939	(9,431)
Total Mayor and City Council	<u>136,168</u>	<u>136,168</u>	<u>116,243</u>	<u>(19,925)</u>
Administration:				
Personal Services	372,711	372,711	362,120	(10,591)
Other Current Expenditures	15,660	15,660	14,386	(1,274)
Total Administration	<u>388,371</u>	<u>388,371</u>	<u>376,506</u>	<u>(11,865)</u>
Finance and Data Processing:				
Personal Services	505,642	505,642	487,563	(18,079)
Other Current Expenditures	266,200	266,200	238,856	(27,344)
Total Finance and Data Processing	<u>771,842</u>	<u>771,842</u>	<u>726,419</u>	<u>(45,423)</u>
Information Technology:				
Personal Services	305,590	305,590	302,625	(2,965)
Other Current Expenditures	192,500	192,500	221,506	29,006
Capital Outlay	137,600	137,600	35,047	(102,553)
Total Information Technology	<u>635,690</u>	<u>635,690</u>	<u>559,178</u>	<u>(76,512)</u>
Human Resources:				
Personal Services	482,587	482,587	338,671	(143,916)
Other Current Expenditures	71,745	71,745	81,256	9,511
Total Human Resources	<u>554,332</u>	<u>554,332</u>	<u>419,927</u>	<u>(134,405)</u>
City Clerk/Elections:				
Personal Services	172,934	172,934	171,853	(1,081)
Other Current Expenditures	143,259	143,259	124,487	(18,772)
Total City Clerk/Elections	<u>316,193</u>	<u>316,193</u>	<u>296,340</u>	<u>(19,853)</u>
Legal:				
Other Current Expenditures	468,745	468,745	478,309	9,564
General Government Buildings:				
Personal Services	161,169	161,169	160,382	(787)
Other Current Expenditures	165,838	165,838	170,946	5,108
Capital Outlay	50,000	50,000	23,784	(26,216)
Total General Government Buildings	<u>377,007</u>	<u>377,007</u>	<u>355,112</u>	<u>(21,895)</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES				
General Government (Continued)				
Community Development:				
Personal Services	\$ 538,049	\$ 538,049	\$ 531,591	\$ (6,458)
Other Current Expenditures	66,385	66,385	59,617	(6,768)
Total Community Development	<u>604,434</u>	<u>604,434</u>	<u>591,208</u>	<u>(13,226)</u>
Code Enforcement:				
Personal Services	193,481	193,481	139,917	(53,564)
Other Current Expenditures	15,900	105,900	37,472	(68,428)
Total Code Enforcement	<u>209,381</u>	<u>299,381</u>	<u>177,389</u>	<u>(121,992)</u>
Unallocated:				
Personal Services	6,000	6,000	8,899	2,899
Other Current Expenditures	425,991	425,991	288,043	(137,948)
Total Unallocated	<u>431,991</u>	<u>431,991</u>	<u>296,942</u>	<u>(135,049)</u>
Total General Government	<u>4,894,154</u>	<u>4,984,154</u>	<u>4,393,573</u>	<u>(590,581)</u>
Public Safety				
Police Protection:				
Personal Services	6,232,507	6,232,507	6,028,164	(204,343)
Other Current Expenditures	1,493,615	1,590,222	1,498,833	(91,389)
Capital Outlay	205,000	205,000	203,662	(1,338)
Total Police Protection	<u>7,931,122</u>	<u>8,027,729</u>	<u>7,730,659</u>	<u>(297,070)</u>
Fire Protection:				
Personal Services	922,619	922,619	911,303	(11,316)
Other Current Expenditures	454,179	487,930	428,820	(59,110)
Capital Outlay	57,640	120,076	77,182	(42,894)
Total Fire Protection	<u>1,434,438</u>	<u>1,530,625</u>	<u>1,417,305</u>	<u>(113,320)</u>
Fire Relief:				
Other Current Expenditures	<u>462,918</u>	<u>462,918</u>	<u>466,798</u>	<u>3,880</u>
Civil Defense:				
Other Current Expenditures	<u>18,038</u>	<u>18,038</u>	<u>13,050</u>	<u>(4,988)</u>
Animal Control:				
Personal Services	108,672	108,672	54,861	(53,811)
Other Current Expenditures	24,550	24,550	15,382	(9,168)
Total Animal Control	<u>133,222</u>	<u>133,222</u>	<u>70,243</u>	<u>(62,979)</u>
Building Inspection:				
Personal Services	424,196	424,196	420,789	(3,407)
Other Current Expenditures	23,330	23,330	68,361	45,031
Total Building Inspection	<u>447,526</u>	<u>447,526</u>	<u>489,150</u>	<u>41,624</u>
Total Public Safety	<u>10,427,264</u>	<u>10,620,058</u>	<u>10,187,205</u>	<u>(432,853)</u>

CITY OF APPLE VALLEY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES				
Public Works				
Public Works Administration:				
Personal Services	\$537,864	\$537,864	\$524,387	\$ (13,477)
Other Current Expenditures	76,060	76,060	42,025	(34,035)
Total Public Works Administration	<u>613,924</u>	<u>613,924</u>	<u>566,412</u>	<u>(47,512)</u>
Central Maintenance Facility:				
Personal Services	430,842	430,842	396,265	(34,577)
Other Current Expenditures	159,515	159,515	129,760	(29,755)
Capital Outlay	132,600	132,600	94,836	(37,764)
Total Central Maintenance Facility	<u>722,957</u>	<u>722,957</u>	<u>620,861</u>	<u>(102,096)</u>
Streets:				
Personal Services	1,474,985	1,474,985	1,299,458	(175,527)
Other Current Expenditures	893,397	893,397	717,387	(176,010)
Capital Outlay	32,000	32,000	31,353	(647)
Total Streets	<u>2,400,382</u>	<u>2,400,382</u>	<u>2,048,198</u>	<u>(352,184)</u>
Engineering:				
Personal Services	440,339	440,339	473,425	33,086
Other Current Expenditures	65,907	65,907	50,037	(15,870)
Capital Outlay	22,000	22,000	23,784	1,784
Total Engineering	<u>528,246</u>	<u>528,246</u>	<u>547,246</u>	<u>19,000</u>
Total Public Works	<u>4,265,509</u>	<u>4,265,509</u>	<u>3,782,717</u>	<u>(482,792)</u>
Culture and Recreation				
Parks and Recreation Administration:				
Personal Services	723,941	723,941	659,031	(64,910)
Other Current Expenditures	144,550	144,550	137,472	(7,078)
Total Parks and Recreation Administration	<u>868,491</u>	<u>868,491</u>	<u>796,503</u>	<u>(71,988)</u>
Recreation Programs:				
Personal Services	245,582	245,582	216,207	(29,375)
Other Current Expenditures	193,700	193,700	153,495	(40,205)
Total Recreation Programs	<u>439,282</u>	<u>439,282</u>	<u>369,702</u>	<u>(69,580)</u>
Parks Maintenance:				
Personal Services	1,409,781	1,409,781	1,401,328	(8,453)
Other Current Expenditures	779,000	779,000	810,992	31,992
Capital Outlay	37,000	37,000	39,650	2,650
Total Parks Maintenance	<u>2,225,781</u>	<u>2,225,781</u>	<u>2,251,970</u>	<u>26,189</u>
Redwood Pool:				
Personal Services	70,950	70,950	63,096	(7,854)
Other Current Expenditures	40,400	40,400	40,743	343
Total Redwood Pool	<u>111,350</u>	<u>111,350</u>	<u>103,839</u>	<u>(7,511)</u>
Aquatic Swim Center:				
Personal Services	316,443	316,443	323,549	7,106
Other Current Expenditures	305,700	305,700	260,586	(45,114)
Capital Outlay	6,300	6,300	7,242	942
Total Aquatic Swim Center	<u>628,443</u>	<u>628,443</u>	<u>591,377</u>	<u>(37,066)</u>

(Continued)

CITY OF APPLE VALLEY

(Continued)

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Over (Under)
	Original	Final		
EXPENDITURES				
Culture and Recreation (Continued)				
Apple Valley Community Center:				
Personal Services	\$ 190,951	\$ 190,951	\$ 170,795	\$ (20,156)
Other Current Expenditures	135,575	135,575	90,786	(44,789)
Capital Outlay	12,000	12,000	-	(12,000)
Total Apple Valley Community Center	<u>338,526</u>	<u>338,526</u>	<u>261,581</u>	<u>(76,945)</u>
Hayes Community and Senior Center:				
Personal Services	225,289	225,289	214,751	(10,538)
Other Current Expenditures	62,600	62,600	56,956	(5,644)
Total Hayes Community and Senior Center	<u>287,889</u>	<u>287,889</u>	<u>271,707</u>	<u>(16,182)</u>
Cable TV:				
Other Current Expenditures	21,825	21,825	10,015	(11,810)
Total Culture and Recreation	<u>4,921,587</u>	<u>4,921,587</u>	<u>4,656,694</u>	<u>(264,893)</u>
Total Expenditures	<u>24,508,514</u>	<u>24,791,308</u>	<u>23,020,189</u>	<u>(1,771,119)</u>
Excess of Revenues Over (Under) Expenditures	(1,132,200)	(1,414,994)	981,447	2,396,441
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Assets	20,000	20,000	100,377	80,377
Transfer to Special Revenue Fund	(12,800)	(12,800)	(18,061)	(5,261)
Transfer to Capital Project Fund	-	-	(1,519,000)	(1,519,000)
Transfer from Water/Sewer Fund	600,000	600,000	600,000	-
Transfer from Liquor Fund	525,000	525,000	525,000	-
Total Other Financing Sources (Uses)	<u>1,132,200</u>	<u>1,132,200</u>	<u>(311,684)</u>	<u>(1,443,884)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (282,794)</u>	669,763	<u>\$ 952,557</u>
FUND BALANCES				
Beginning of Year			<u>12,705,753</u>	
End of Year			<u>\$ 13,375,516</u>	

CITY OF APPLE VALLEY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - ROAD IMPROVEMENTS CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 1,675,000	\$ 1,675,000	\$ 1,675,000	\$ -
Special Assessments	-	-	170,924	170,924
Intergovernmental	700,000	700,000	1,000,000	300,000
Miscellaneous Revenues:				
Refunds and Reimbursements	-	-	13,805	13,805
Total Revenues	2,375,000	2,375,000	2,859,729	484,729
EXPENDITURES				
Current				
Public Works	306,000	306,000	-	(306,000)
Capital Outlay				
Public Works	3,849,000	3,849,000	4,640,243	791,243
Total Expenditures	4,155,000	4,155,000	4,640,243	485,243
Excess of Revenues Under Expenditures	(1,780,000)	(1,780,000)	(1,780,514)	(514)
OTHER FINANCING SOURCES				
Transfers In	1,780,000	1,780,000	2,636,422	856,422
Net Change in Fund Balances	\$ -	\$ -	855,908	\$ 855,908
FUND BALANCES				
Beginning of Year			(4,814,650)	
End of Year			\$ (3,958,742)	

CITY OF APPLE VALLEY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUTURE CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 8,270	\$ 8,270
Miscellaneous Revenues:				
Investment Income	195,000	195,000	255,933	60,933
Total Revenues	<u>195,000</u>	<u>195,000</u>	<u>264,203</u>	<u>69,203</u>
EXPENDITURES				
Capital Outlay				
Public Safety	-	-	500,000	500,000
Public Works	-	-	85,550	85,550
Total Expenditures	<u>-</u>	<u>-</u>	<u>585,550</u>	<u>585,550</u>
Excess of Revenues Over (Under) Expenditures	195,000	195,000	(321,347)	(516,347)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	1,519,000	1,519,000
Transfers Out	-	-	(912,381)	(912,381)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>606,619</u>	<u>606,619</u>
Net Change in Fund Balances	<u>\$ 195,000</u>	<u>\$ 195,000</u>	285,272	<u>\$ 90,272</u>
FUND BALANCES				
Beginning of Year			<u>15,579,565</u>	
End of Year			<u>\$ 15,864,837</u>	

CITY OF APPLE VALLEY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CABLE TV SPECIAL REVENUE FUND
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
REVENUES				
Franchise Fees	\$ 71,000	\$ 71,000	\$ 68,396	\$ (2,604)
Intergovernmental	86,458	86,458	86,992	534
Miscellaneous Revenues:				
Investment Income	2,000	2,000	2,431	431
Other	13,150	13,150	397	(12,753)
Total Revenues	172,608	172,608	158,216	(14,392)
EXPENDITURES				
Current				
Parks and Recreation	186,065	186,065	160,519	(25,546)
Capital Outlay				
Parks and Recreation	-	-	7,915	7,915
Total Expenditures	186,065	186,065	168,434	(17,631)
Excess of Revenues Over (Under) Expenditures	(13,457)	(13,457)	(10,218)	3,239
OTHER FINANCING SOURCES				
Proceeds from Sale of Capital Asset	-	-	150	150
Transfers In	12,800	12,800	18,061	5,261
Total Other Financing Sources	12,800	12,800	18,211	5,411
Net Change in Fund Balances	\$ (657)	\$ (657)	7,993	\$ 8,650
FUND BALANCES				
Beginning of Year			141,238	
End of Year			\$ 149,231	

CITY OF APPLE VALLEY

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - EQUIPMENT CERTIFICATE CAPITAL PROJECTS FUND
For the Year Ended December 31, 2012**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Over (Under)</u>
REVENUES				
Miscellaneous Revenues:				
Investment Income	\$ 2,500	\$ 2,500	\$ 7,124	\$ 4,624
EXPENDITURES				
Debt Service:				
Interest and Other Charges	-	-	18,655	18,655
Capital Outlay				
Public Works	796,200	796,200	275,253	(520,947)
Total Expenditures	<u>796,200</u>	<u>796,200</u>	<u>293,908</u>	<u>(502,292)</u>
Excess of Revenues Over (Under) Expenditures	(793,700)	(793,700)	(286,784)	506,916
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	796,200	796,200	1,275,278	479,078
Premium on Issuance of Debt	-	-	63,376	63,376
Total Other Financing Sources (Uses)	<u>796,200</u>	<u>796,200</u>	<u>1,338,654</u>	<u>542,454</u>
Net Change in Fund Balances	<u>\$ 2,500</u>	<u>\$ 2,500</u>	1,051,870	<u>\$ 1,049,370</u>
FUND BALANCES				
Beginning of Year			<u>126,220</u>	
End of Year			<u>\$ 1,178,090</u>	

CITY OF APPLE VALLEY

**COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS
December 31, 2012**

	Governmental Activities		
	Risk		
	Insurance Trust (7100)	Management (7200)	Total Internal Service Funds
ASSETS			
Current Assets			
Cash and Investments (Including Cash Equivalents)	\$ 57,283	\$ 3,411,501	\$ 3,468,784
Accounts Receivable	233	2,889	3,122
Prepaid Items	-	172,397	172,397
Total Assets	\$ 57,516	\$ 3,586,787	\$ 3,644,303
LIABILITIES AND NET POSITION			
Current Liabilities			
Accounts Payable	\$ -	\$ 4,744	\$ 4,744
Compensated Absences Payable	-	1,422,120	1,422,120
Total Current Liabilities	-	1,426,864	1,426,864
Noncurrent Liabilities			
Compensated Absences Payable	-	1,022,275	1,022,275
Total Liabilities	-	2,449,139	2,449,139
Net Position			
Unrestricted	57,516	1,137,648	1,195,164
Total Liabilities and Net Position	\$ 57,516	\$ 3,586,787	\$ 3,644,303

CITY OF APPLE VALLEY

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2012**

	Governmental Activities		
	Insurance Trust (7100)	Risk Management (7200)	Total Internal Service Funds
OPERATING REVENUE			
Charges for Services	\$ 175,600	\$ 1,066,164	\$ 1,241,764
OPERATING EXPENSES			
Personal Services	192,312	409,395	601,707
Contractual Services	-	8,000	8,000
Other Charges	-	638,446	638,446
Total Operating Expenses	192,312	1,055,841	1,248,153
Operating Income (Loss)	(16,712)	10,323	(6,389)
NONOPERATING REVENUE			
Investment Income	1,111	60,150	61,261
Grants and Contributions	-	48,036	48,036
Total Nonoperating Revenue	1,111	108,186	109,297
Change in Net Position	(15,601)	118,509	102,908
NET POSITION			
Beginning of Year	73,117	1,019,139	1,092,256
End of Year	\$ 57,516	\$ 1,137,648	\$ 1,195,164

CITY OF APPLE VALLEY

**COMBINING STATEMENT OF CASH FLOWS -
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2012

	Governmental Activities		
	Insurance Trust (7100)	Risk Management (7200)	Total Internal Service Funds
CASH FLOWS - OPERATING ACTIVITIES			
Receipts from Customers	\$ 175,367	\$ 1,063,275	\$ 1,238,642
Payments to Suppliers	(192,312)	(1,021,732)	(1,214,044)
Net Cash Flows - Operating Activities	(16,945)	41,543	24,598
 CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES			
Grants and Contributions	-	48,036	48,036
 CASH FLOWS - INVESTING ACTIVITIES			
Interest and Dividends Received	1,111	60,150	61,261
 Net Change in Cash and Cash Equivalents	(15,834)	149,729	133,895
 CASH AND CASH EQUIVALENTS			
January 1	73,117	3,261,772	3,334,889
 December 31	\$ 57,283	\$ 3,411,501	\$ 3,468,784
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (16,712)	\$ 10,323	\$ (6,389)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities:			
Accounts Receivable	(233)	(2,889)	(3,122)
Prepaid Items	-	(57,184)	(57,184)
Accounts Payable	-	(10,851)	(10,851)
Compensated Absences Payable	-	102,144	102,144
Total Adjustments	(233)	31,220	30,987
Net Cash Flows - Operating Activities	\$ (16,945)	\$ 41,543	\$ 24,598

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STATISTICAL SECTION

CITY OF APPLE VALLEY

STATISTICAL SECTION

SUMMARY

This part of the City's comprehensive annual financial report presents detailed information to assist the reader in understanding the preceding financial statements and reports in the context of the City's overall financial health. The statistical section is designed to complement the comprehensive annual financial report by providing an historical analysis of financial indicators.

CONTENTS

Financial Trend Data

These schedules contain trend information to illustrate how the City's financial performance has changed over time. They include an analysis of revenues and expenses and changes in net position for governmental activities and business-type activities.

Table 1	Net Position by Component
Table 2	Changes in Net Position
Table 3	Fund Balances of Governmental Funds
Table 4	Changes in Fund Balances of Governmental Funds

Revenue Capacity Data

These schedules contain historical information about the City's most significant local revenue source, property taxes. Information contained within these schedules includes an illustration of how the City's tax capacity and tax rates have changed over time. Also included is a more comprehensive look at how tax rates of overlapping governments have changed over time.

Table 5	Assessed and Estimated Actual Value of Taxable Property
Table 6	Property Tax Capacity Rates Direct and Overlapping Governments
Table 7	Principal Property Taxpayers
Table 8	Property Tax Levies and Collections

Debt Capacity Data

These schedules present information designed to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Table 9	Ratios of Outstanding Debt by Type
Table 10	Ratios of General Bonded Debt
Table 11	Direct and Overlapping Governmental Activities Debt
Table 12	Legal Debt Margin Information
Table 13	Pledged Revenue Coverage

CITY OF APPLE VALLEY

STATISTICAL SECTION

CONTENTS

Demographic and Economic Information

These schedules provide demographic and economic indicators to illustrate the overall environment in which the City's financial activities take place.

Table 14 Demographic and Economic Statistics

Table 15 Principal Employers

Operating Indicators

These schedules contain information about City services and capital assets to assist the reader in understanding how the information contained within the City's comprehensive annual financial report relates to the services the City provides and the activities it performs.

Table 16 Full-Time Equivalent City Government Employees by Function

Table 17 Operating Indicators by Function

Table 18 Capital Asset Statistics by Function/Program

CITY OF APPLE VALLEY

Table 1

**NET POSITION BY COMPONENT
Last Ten Years
(Accrual Basis of Accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Net Investment in capital assets	\$ 28,773,536	\$ 22,982,033	\$ 28,694,282	\$ 37,570,960	\$ 34,412,008	\$ 41,867,201	\$ 43,981,788	\$ 45,477,393	\$ 54,928,735	\$ 64,226,520
Restricted	28,180,692	34,165,446	44,147,505	37,773,983	44,173,435	30,525,737	24,664,257	24,656,491	21,580,777	17,001,111
Unrestricted	18,433,757	23,959,174	11,253,973	10,819,067	12,745,088	30,010,778	36,290,872	38,798,761	42,115,459	43,609,670
Total governmental activities net position	\$ 75,387,985	\$ 81,106,653	\$ 84,095,760	\$ 86,164,010	\$ 91,330,531	\$ 102,403,716	\$ 104,936,917	\$ 108,932,645	\$ 118,624,971	\$ 124,837,301
Business-type activities										
Net Investment in capital assets	\$ 84,715,634	\$ 86,311,795	\$ 90,562,608	\$ 93,728,440	\$ 97,927,988	\$ 100,280,579	\$ 101,447,457	\$ 102,320,160	\$ 104,198,009	\$ 110,376,210
Restricted	-	-	-	-	-	275,000	289,049	291,591	309,518	319,582
Unrestricted	12,849,077	15,424,386	16,490,064	18,078,297	19,088,334	17,998,903	19,100,650	20,094,976	19,431,679	19,030,882
Total business-type activities net position	\$ 97,564,711	\$ 101,736,181	\$ 107,052,672	\$ 111,806,737	\$ 117,016,322	\$ 118,554,482	\$ 120,837,156	\$ 122,706,727	\$ 123,939,206	\$ 129,726,674
Primary Government										
Net Investment in capital assets	\$ 113,489,170	\$ 109,293,828	\$ 119,256,890	\$ 131,299,400	\$ 132,339,996	\$ 142,147,780	\$ 145,429,245	\$ 147,797,553	\$ 159,126,744	\$ 174,602,730
Restricted	28,180,692	34,165,446	44,147,505	37,773,983	44,173,435	30,800,737	24,953,306	24,948,082	21,890,295	17,320,693
Unrestricted	31,282,834	39,383,560	27,744,037	28,897,364	31,833,422	48,009,681	55,391,522	58,893,737	61,547,138	62,640,552
Total primary government net position	\$ 172,952,696	\$ 182,842,834	\$ 191,148,432	\$ 197,970,747	\$ 208,346,853	\$ 220,958,198	\$ 225,774,073	\$ 231,639,372	\$ 242,564,177	\$ 254,563,975

Source Information: Audited Financial Statements for Fiscal Years Ending December 31, 2003-2012

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CITY OF APPLE VALLEY

Table 2

**CHANGES IN NET POSITION
Last Ten Years
(Accrual Basis of Accounting)**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities:										
General government	\$ 5,891,412	\$ 5,525,615	\$ 6,829,322	\$ 6,632,165	\$ 7,856,220	\$ 8,147,712	\$ 8,685,487	\$ 10,081,345	\$ 7,086,321	\$ 7,398,895
Public safety	7,477,596	8,340,982	8,735,679	8,731,171	9,543,225	10,223,407	10,306,540	10,092,977	10,548,223	11,101,520
Public works	650,473	6,127,372	8,811,532	6,128,560	6,212,755	7,349,899	8,393,981	7,008,886	5,744,780	6,382,139
Park and recreation	3,227,118	3,944,179	4,182,048	4,417,497	5,235,779	5,011,287	5,754,969	6,261,801	6,169,552	6,166,397
Interest on long-term debt	2,651,218	2,638,220	1,884,397	1,881,814	1,540,980	2,102,579	1,773,863	1,556,130	1,459,728	1,235,351
Total governmental activities expenses	<u>\$ 19,897,817</u>	<u>\$ 26,576,368</u>	<u>\$ 30,442,978</u>	<u>\$ 27,791,207</u>	<u>\$ 30,388,959</u>	<u>\$ 32,834,884</u>	<u>\$ 34,914,840</u>	<u>\$ 35,001,139</u>	<u>\$ 31,008,604</u>	<u>\$ 32,284,302</u>
Business-type activities:										
Municipal Liquor	970,830	5,808,146	5,895,443	6,144,064	6,247,330	6,985,584	8,062,876	8,285,841	8,177,679	8,377,991
Municipal Golf Course	840,019	1,004,999	1,034,341	961,616	886,143	1,047,254	1,011,443	1,057,715	1,051,605	1,292,371
Sports Arena	688,533	724,748	654,391	727,323	714,437	755,102	771,198	748,541	799,993	778,931
Water and Sewer	6,571,697	6,978,395	6,909,465	7,093,682	7,265,384	7,983,126	7,226,393	7,302,254	7,309,277	7,194,007
Storm Drainage	626,211	432,442	851,910	937,185	1,228,726	926,799	869,376	846,743	917,054	1,001,140
Cemetery	-	-	-	33,361	46,284	45,882	56,518	68,868	69,004	69,376
Street Light Utility	-	-	-	-	-	-	-	410,787	398,114	447,954
Total business-type activities	<u>9,697,290</u>	<u>14,948,730</u>	<u>15,345,550</u>	<u>15,897,231</u>	<u>16,388,304</u>	<u>17,743,747</u>	<u>17,997,804</u>	<u>18,720,749</u>	<u>18,722,726</u>	<u>19,161,770</u>
Total primary government expenses	<u>\$ 29,595,107</u>	<u>\$ 41,525,098</u>	<u>\$ 45,788,528</u>	<u>\$ 43,688,438</u>	<u>\$ 46,777,263</u>	<u>\$ 50,578,631</u>	<u>\$ 52,912,644</u>	<u>\$ 53,721,888</u>	<u>\$ 49,731,330</u>	<u>\$ 51,446,072</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 4,503,926	\$ 4,876,484	\$ 4,966,663	\$ 4,344,282	\$ 4,561,595	\$ 4,596,508	\$ 3,556,572	\$ 3,583,822	\$ 3,613,549	\$ 3,610,478
Public safety	300,855	218,688	232,373	507,185	565,351	647,651	603,425	755,339	587,486	554,820
Public works	4,055,224	359,025	809,598	259,375	211,770	112,651	457,516	1,046,007	1,055,995	1,543,446
Park and recreation	820,068	1,191,534	1,118,859	1,185,441	1,027,078	1,027,675	1,259,959	1,721,486	1,314,377	1,504,546
Operating grants and contributions	541,340	624,299	654,077	680,177	1,028,408	1,153,964	1,577,419	1,872,316	534,041	579,675
Capital grants and contributions	696,364	6,285,068	4,309,470	3,272,979	5,926,863	10,345,742	2,451,327	3,271,761	4,398,403	4,445,816
Total governmental activities program revenues	<u>10,917,777</u>	<u>13,555,098</u>	<u>12,091,040</u>	<u>10,249,439</u>	<u>13,321,065</u>	<u>17,884,191</u>	<u>9,906,218</u>	<u>12,250,731</u>	<u>11,503,851</u>	<u>12,238,781</u>
Business-type activities:										
Charges for services:										
Municipal Liquor	1,383,533	6,242,480	6,405,618	6,622,752	6,974,113	7,390,696	8,772,571	9,032,194	9,005,660	9,231,890
Municipal Golf Course	820,871	877,950	812,820	834,872	922,648	1,049,707	1,085,429	1,114,395	1,023,866	1,122,791
Sports Arena	541,545	539,892	554,609	607,559	555,262	538,694	627,595	606,262	650,350	647,134
Water and Sewer	8,424,403	8,169,840	8,060,081	8,145,197	8,635,246	8,670,265	9,250,812	8,439,232	8,361,750	9,256,709
Storm Drainage	1,051,385	1,112,142	1,112,827	1,225,052	1,141,260	1,227,331	9,250,812	1,360,483	1,370,348	1,517,090
Cemetery	-	-	-	94,690	93,780	110,175	95,320	89,695	114,365	127,735
Street Light Utility	-	-	-	-	-	-	-	465,552	433,464	454,477
Operating grants and contributions	-	-	-	4,207	142,686	47,285	25,190	-	10,170	13,890
Capital grants and contributions	30,035,131	2,170,659	4,095,167	-	-	324,323	316,200	645,427	643,164	3,201,690
Total business-type activities program revenues	<u>42,256,868</u>	<u>19,112,963</u>	<u>21,041,122</u>	<u>17,534,329</u>	<u>18,464,995</u>	<u>19,358,476</u>	<u>29,423,929</u>	<u>21,753,240</u>	<u>21,613,137</u>	<u>25,573,406</u>
Total primary government program revenues	<u>\$ 53,174,645</u>	<u>\$ 32,668,061</u>	<u>\$ 33,132,162</u>	<u>\$ 27,783,768</u>	<u>\$ 31,786,060</u>	<u>\$ 37,242,667</u>	<u>\$ 39,330,147</u>	<u>\$ 34,003,971</u>	<u>\$ 33,116,988</u>	<u>\$ 37,812,187</u>

CITY OF APPLE VALLEY

Table 2

CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense)/Revenue										
Governmental activities	\$ (8,980,040)	\$ (13,021,270)	\$ (18,351,938)	\$ (17,541,768)	\$ (17,067,894)	\$ (14,950,693)	\$ (25,008,622)	\$ (22,750,408)	\$ (19,504,753)	\$ (20,045,521)
Business-type activities	32,559,578	4,164,233	5,695,572	1,637,098	2,076,691	1,614,729	11,426,125	3,032,491	2,890,411	6,411,636
Total primary government net expense	<u>\$ 23,579,538</u>	<u>\$ (8,857,037)</u>	<u>\$ (12,656,366)</u>	<u>\$ (15,904,670)</u>	<u>\$ (14,991,203)</u>	<u>\$ (13,335,964)</u>	<u>\$ (13,582,497)</u>	<u>\$ (19,717,917)</u>	<u>\$ (16,614,342)</u>	<u>\$ (13,633,885)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes	\$ 14,713,416	\$ 15,728,058	\$ 16,867,319	\$ 19,912,947	\$ 21,008,503	\$ 21,983,181	\$ 24,078,701	21,697,421	\$ 21,460,141	\$ 21,769,647
Tax Increments	1,425,688	1,562,082	1,583,537	-	-	-	-	2,311,405	2,240,269	2,012,281
Lodging Tax	-	-	-	-	-	-	-	67,311	74,105	75,472
Gravel Tax	-	-	-	-	-	-	-	36,314	38,666	36,439
Unallocated State and County Aids	217,001	163,868	47,854	67,040	959,190	584,294	292,225	95,019	117,000	145,755
Other General Revenue	-	-	-	54,087	12,568	22,638	385,647	162,064	6,799	5,653
Unrestricted Investment Earnings	530,163	970,255	1,081,951	1,897,055	2,166,594	1,352,749	912,413	643,741	2,372,693	1,026,594
Gain on Sale of Assets	-	(56,694)	-	-	106,442	120,765	48,309	109,558	169,776	110,905
Transfers	(122,713)	447,369	1,001,911	(1,317,741)	(2,018,882)	955,251	1,824,528	1,623,303	2,717,630	1,075,105
Total governmental activities	<u>\$ 16,763,555</u>	<u>\$ 18,814,938</u>	<u>\$ 20,582,572</u>	<u>\$ 20,613,388</u>	<u>\$ 22,234,415</u>	<u>\$ 25,018,878</u>	<u>\$ 27,541,823</u>	<u>\$ 26,746,136</u>	<u>\$ 29,197,079</u>	<u>\$ 26,257,851</u>
Business-type activities:										
Unrestricted investment earnings	191,240	354,606	520,324	720,940	992,512	672,485	426,300	320,166	888,863	388,923
Property taxes	100,000	100,000	100,000	123,500	121,500	125,000	120,000	125,000	120,000	120,000
Other	-	-	2,506	-	-	81,197	152,243	15,217	50,835	43,845
Transfers	122,713	(447,369)	(1,001,911)	1,317,741	2,018,882	(955,251)	(1,824,528)	(1,623,303)	(2,717,630)	(1,075,105)
Total business-type activities	<u>413,953</u>	<u>7,237</u>	<u>(379,081)</u>	<u>2,162,181</u>	<u>3,132,894</u>	<u>(76,569)</u>	<u>(1,125,985)</u>	<u>(1,162,920)</u>	<u>(1,657,932)</u>	<u>(522,337)</u>
Total primary government	<u>\$ 17,177,508</u>	<u>\$ 18,822,175</u>	<u>\$ 20,203,491</u>	<u>\$ 22,775,569</u>	<u>\$ 25,367,309</u>	<u>\$ 24,942,309</u>	<u>\$ 26,415,838</u>	<u>\$ 25,583,216</u>	<u>\$ 27,539,147</u>	<u>\$ 25,735,514</u>
Change in Net Position										
Governmental activities	\$ 7,783,515	\$ 5,793,668	\$ 2,230,634	\$ 3,071,620	\$ 5,166,521	\$ 10,068,185	\$ 2,533,201	\$ 3,995,728	\$ 9,692,326	\$ 6,212,330
Business-type activities	32,973,531	4,171,470	5,316,491	3,799,279	5,209,585	1,538,160	10,300,140	1,869,571	1,232,479	5,889,299
Total primary government	<u>\$ 40,757,046</u>	<u>\$ 9,965,138</u>	<u>\$ 7,547,125</u>	<u>\$ 6,870,899</u>	<u>\$ 10,376,106</u>	<u>\$ 11,606,345</u>	<u>\$ 12,833,341</u>	<u>\$ 5,865,299</u>	<u>\$ 10,924,805</u>	<u>\$ 12,101,629</u>

Note (1) - The Street Light Utility was established in fiscal year 2010, the street light activity prior to 2010 was included in the water and sewer fund

Source Information: Audited Financial Statements for Fiscal Years Ending December 31, 2003-2012

CITY OF APPLE VALLEY

Table 3

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 66,834	\$ 88,705	\$ 89,863	\$ 112,094	\$ 161,283	\$ 122,232	\$ 40,515	\$ 53,113	-	-
Unreserved	16,359,291	11,177,609	11,008,601	13,354,939	11,005,460	11,103,476	12,181,208	12,594,013	-	-
Nonspendable	-	-	-	-	-	-	-	-	118,661	239,462
Committed	-	-	-	-	-	-	-	-	165,872	210,005
Assigned	-	-	-	-	-	-	-	-	278,724	279,973
Unassigned	-	-	-	-	-	-	-	-	12,142,496	12,646,076
Total general fund	<u>\$16,426,125</u>	<u>\$11,266,314</u>	<u>\$11,098,464</u>	<u>\$13,467,033</u>	<u>\$11,166,743</u>	<u>\$11,225,708</u>	<u>\$12,221,723</u>	<u>\$12,647,126</u>	<u>\$12,705,753</u>	<u>\$13,375,516</u>
All other Governmental Funds										
Reserved reported in:										
Special Revenue Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service Funds	24,973,926	34,504,765	34,213,218	24,664,247	-	-	-	-	-	-
Capital Projects Funds	-	-	1,809,860	3,475,896	-	-	-	-	-	-
Unreserved reported in:										
Special Revenue Funds	876,288	540,412	586,907	295,462	286,647	361,472	342,464	324,251	-	-
Debt Service Funds	(1,082,225)	(1,429,437)	(2,486,434)	(4,618,885)	19,405,845	20,923,916	16,996,037	15,892,926	-	-
Capital Projects Funds	(1,455,021)	3,777,337	662,127	2,361,571	12,051,437	12,447,954	10,965,444	14,011,232	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	1,750
Restricted	-	-	-	-	-	-	-	-	15,537,787	11,435,144
Assigned	-	-	-	-	-	-	-	-	28,795,063	31,538,043
Unassigned	-	-	-	-	-	-	-	-	(13,395,872)	(12,381,234)
Total all other governmental funds	<u>23,312,968</u>	<u>37,393,077</u>	<u>34,785,678</u>	<u>26,178,291</u>	<u>31,743,929</u>	<u>33,733,342</u>	<u>28,303,945</u>	<u>30,228,409</u>	<u>30,936,978</u>	<u>30,593,703</u>
Total all funds	<u>\$39,739,093</u>	<u>\$48,659,391</u>	<u>\$45,884,142</u>	<u>\$39,645,324</u>	<u>\$42,910,672</u>	<u>\$44,959,050</u>	<u>\$40,525,668</u>	<u>\$42,875,535</u>	<u>\$43,642,731</u>	<u>\$43,969,219</u>

Source Information: Audited Financial Statements for Fiscal Years Ending December 31, 2003-2012

Note: Fund Balance descriptions changed due to GASB 54 implementation effective January 1, 2011.

CITY OF APPLE VALLEY

Table 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Years
(Modified Accrual Basis of Accounting)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
General property taxes	\$ 14,713,442	\$ 15,728,058	\$ 16,866,020	\$ 18,004,451	\$ 18,994,579	\$ 19,916,783	\$ 21,544,567	\$ 21,709,126	\$ 21,408,873	\$ 21,773,048
Tax Increments	1,425,662	1,562,082	1,583,537	1,861,288	1,981,344	2,040,480	2,185,762	2,311,405	2,240,269	2,012,281
Other taxes	71,188	76,474	70,374	103,110	68,416	102,282	96,992	103,625	152,020	154,126
Special assessments	5,719,793	2,409,888	2,193,486	1,241,912	2,384,730	1,419,869	2,471,962	2,055,783	2,125,776	4,015,591
Licenses and permits	1,241,513	1,136,543	1,026,657	877,166	1,094,222	561,594	755,444	1,018,847	796,316	1,033,797
Intergovernmental	1,454,705	3,441,561	4,264,771	1,056,957	2,344,740	1,934,886	2,429,800	2,996,658	2,407,596	2,642,018
Charges for services	889,035	836,851	1,294,562	1,319,731	1,358,148	1,454,353	1,145,890	1,349,123	1,436,256	1,783,390
Franchise Fees	916,938	782,871	894,723	941,034	972,270	1,023,368	1,096,578	1,160,771	1,177,715	1,197,288
Fines and forfeits	231,093	270,659	201,365	327,584	339,819	324,461	316,324	258,165	288,946	278,913
Investment income	616,010	785,694	1,056,304	1,852,136	2,102,608	1,256,353	840,898	593,336	2,232,966	965,333
Rentals	220,834	232,909	227,641	263,907	311,731	271,758	444,877	592,831	511,453	559,702
Contributions and Donations	2,550	13,682	16,088	13,444	3,561	11,045	7,150	11,484	2,750	1,801
Administrative Fees	995,659	845,399	830,060	931,777	915,543	1,311,479	651,052	778,400	828,999	788,171
Other	3,225,404	1,537,460	1,379,689	547,054	218,690	772,437	509,778	697,054	321,565	338,142
Refunds and Reimbursements	554,875	245,578	200,238	270,826	235,531	341,756	165,345	450,972	139,581	127,166
Total revenues	32,278,701	29,905,709	32,105,515	29,612,377	33,325,932	32,742,904	34,662,419	36,087,580	36,071,081	37,670,767
Expenditures										
Current:										
General government	4,167,450	5,843,724	5,613,101	5,381,510	5,961,983	6,310,842	6,159,832	7,418,012	4,710,163	4,355,811
Public safety	7,566,061	8,040,341	7,980,865	8,545,705	8,757,650	9,470,152	9,635,166	9,728,340	9,890,086	9,987,493
Public works	3,023,777	3,187,003	2,688,646	2,517,120	2,812,372	3,355,405	3,501,792	3,593,951	3,675,687	3,674,876
Park and recreation	3,440,792	3,711,429	3,907,903	3,957,320	4,106,632	4,373,278	4,692,052	4,768,656	4,855,184	4,847,194
Miscellaneous	495,756	-	-	-	-	-	-	-	-	-
Capital outlay	5,980,006	8,152,531	9,758,709	7,128,776	10,615,297	11,666,201	11,727,599	5,879,024	6,339,340	13,266,488
Debt Service										
Principal	7,061,963	7,697,633	4,265,000	3,885,000	5,125,000	5,070,000	5,060,000	4,160,000	4,665,000	8,280,000
Interest and fiscal charges	-	-	2,061,451	1,891,707	1,468,677	2,001,578	1,880,399	1,615,929	1,487,399	1,224,408
Total expenditures	31,735,805	36,632,661	36,275,675	33,307,138	38,847,611	42,247,456	42,656,840	37,163,912	35,622,859	45,636,270
Excess (deficiency) of revenues over expenditures	542,896	(6,726,952)	(4,170,160)	(3,694,761)	(5,521,679)	(9,504,552)	(7,994,421)	(1,076,332)	448,222	(7,965,503)
Other Financing Sources (Uses)										
Transfers in	5,422,666	12,750,187	3,739,019	9,963,636	20,100,223	4,290,930	17,777,689	5,734,691	5,874,339	5,634,873
Transfers out	(5,545,379)	(12,302,818)	(2,737,108)	(9,052,561)	(21,303,155)	(2,967,903)	(14,701,754)	(3,680,241)	(3,156,709)	(4,559,768)
Bonds issued	10,919,103	15,495,000	400,000	6,645,000	10,000,000	11,520,000	2,775,000	3,965,000	1,345,000	6,775,000
Payment of Refunded Debt	(3,790,000)	-	-	(11,340,000)	-	(2,360,000)	(2,400,000)	(2,750,000)	(3,920,000)	-
Premium on debt issued	-	-	-	6,760	-	54,759	61,795	47,191	6,568	330,981
Discount on debt Issued	-	(176,192)	(7,000)	(4,953)	(116,483)	(110,621)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	106,442	120,765	48,309	109,558	169,776	110,905
Total other financing sources (uses)	7,006,390	15,766,177	1,394,911	(3,782,118)	8,787,027	10,547,930	3,561,039	3,426,199	318,974	8,291,991
Net change in fund balances	\$ 7,549,286	\$ 9,039,225	\$ (2,775,249)	\$ (7,476,879)	\$ 3,265,348	\$ 1,043,378	\$ (4,433,382)	\$ 2,349,867	\$ 767,196	\$ 326,488
Debt service as a percentage of noncapital expenditures	27.4%	27.0%	23.9%	22.1%	23.4%	23.1%	22.4%	18.5%	20.5%	27.5%

Source Information: Audited Financial Statements for Fiscal Years Ending December 31, 2003-2012

CITY OF APPLE VALLEY

Table 5

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years**

Payable Year	Residential Property	Commercial Property	Industrial and Utility Property	Agricultural Property	Apartments	Other	Personal Property	Total Taxable Assessed Value	Total Direct Tax Capacity Rate	Estimated Actual Taxable Market Value	Taxable Assessed Value as a Percentage of Actual Value
2003	\$ 28,055,998	\$ 5,566,423	\$ 679,953	\$ 89,086	\$ 1,950,511	\$ 3,592	\$ 594,342	\$36,939,905	41.578	\$ 3,296,883,200	1.12%
2004	31,865,114	6,315,639	794,575	81,727	1,837,253	3,783	624,966	41,523,057	39.610	3,732,010,300	1.11%
2005	36,407,099	6,790,699	964,239	85,607	2,188,421	4,204	644,557	47,084,826	36.753	4,245,331,100	1.11%
2006	40,330,787	7,647,156	1,044,718	101,422	2,437,262	4,505	643,081	52,208,931	35.690	4,704,286,700	1.11%
2007	43,306,059	8,773,678	1,222,863	98,543	2,666,783	4,613	656,378	56,728,917	34.891	5,082,798,800	1.12%
2008	44,078,807	9,483,581	1,331,742	113,556	2,639,548	4,829	684,166	58,336,229	35.537	5,202,130,200	1.12%
2009	43,107,127	10,171,716	1,225,657	127,972	2,564,523	4,760	701,073	57,902,828	37.086	5,135,644,200	1.13%
2010	39,692,580	10,053,775	1,238,900	130,237	2,498,076	4,283	688,202	54,306,053	39.867	4,787,691,200	1.13%
2011	36,918,099	9,363,833	1,038,862	130,124	2,319,888	3,959	764,694	50,539,459	42.388	4,457,368,700	1.13%
2012	32,937,899	9,210,935	1,004,132	116,719	2,445,781	2,316	773,692	46,491,474	44.110	4,061,762,557	1.14%

Source: Dakota County

Notes:

(1) The tax capacity (assessed taxable value) of the property is calculated by applying a statutory formula to the estimated market value of the property.

CITY OF APPLE VALLEY

Table 6

**PROPERTY TAX CAPACITY RATES
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years**

Fiscal Year	City Direct Tax Capacity Rate	Overlapping Tax Capacity Rates			Total Overlapping	Total Direct and Overlapping Tax Rate
	General	Dakota County	School District (1)	Other (2)		
2003	41.578	32.463	27.638	5.288	65.389	106.967
2004	39.610	30.300	26.074	5.128	61.502	101.112
2005	36.753	28.267	26.251	5.217	59.735	96.488
2006	35.690	26.318	27.554	5.244	59.116	94.806
2007	34.891	25.127	23.607	5.024	53.758	88.649
2008	35.537	25.184	21.136	4.996	51.316	86.853
2009	37.086	25.821	21.109	4.916	51.846	88.932
2010	39.867	27.269	25.391	4.987	57.647	97.514
2011	42.388	29.149	26.959	5.199	61.307	103.695
2012	44.110	31.426	28.440	5.562	65.428	109.538

Fiscal Year	City Direct Market Value Tax Rate	Overlapping Market Value Tax Rates			Total Overlapping	Total Direct and Overlapping Tax Rate
	General	Dakota County	School District (1)	Other (2)		
2003	0.000154	0.000094	0.001612		0.001706	0.001860
2004	0.000142	0.000075	0.001398		0.001473	0.001615
2005	0.000193	0.000067	0.001086		0.001153	0.001346
2006	0.000180	0.000059	0.002244		0.002303	0.002483
2007	0.000171	0.000052	0.002082		0.002134	0.002305
2008	0.000174	0.000047	0.002127		0.002175	0.002348
2009	0.000311	0.000047	0.002103		0.002150	0.002461
2010	0.000337	0.000050	0.002227		0.002277	0.002614
2011	0.000375	0.000054	0.002260		0.002314	0.002689
2012	0.000417	0.000055	0.002213		0.002268	0.002685

Source: Dakota County

Overlapping rates are those of local and county governments that apply to property owners within the City of Apple Valley. Not all overlapping rates apply to all City of Apple Valley property owners.

(1) Independent School District 196

(2) Includes Metropolitan Council, Moquito Control Abatement, Metro Transit, Dakota County CDA, Light Rail, and Vermillion River Watershed

CITY OF APPLE VALLEY

Table 7

**PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Prior**

Taxpayer	2012			2003		
	Net Tax Capacity Value	Rank	Percentage of Total City Tax Capacity Value	Net Tax Capacity Value	Rank	Percentage of Total City Tax Capacity Value
Principal Life Insurance Co	\$ 538,880	1	1.16%	\$ -	-	-
Target Corporation	529,574	2	1.14%	184,186	8	0.51%
Wal-Mart	488,156	3	1.05%	168,842	11	0.46%
CAR Apple Valley Square LLC	391,660	4	0.84%	-	-	-
Individual	375,000	5	0.81%	465,000	1	1.28%
Dakota Electric Association	362,562	6	0.78%	243,194	3	0.67%
Centro Bradley Southport Centre LLC	333,376	7	0.72%	-	-	-
Wings Financial Federal Credit Union	266,868	8	0.57%	-	-	-
Apple Valley Leased Housing Assoc. III	262,200	9	0.56%	-	-	-
Fischer Sand & Aggregate Co.	237,110	10	0.51%	-	-	-
Fischer Market Place LLP	-	-	-	452,172	2	1.24%
Bradley Operating Ltd. Partnership	-	-	-	239,976	4	0.66%
NWA Federal Credit Union	-	-	-	238,104	5	0.66%
Apple Valley Square Corp.	-	-	-	202,666	6	0.56%
Individual	-	-	-	202,500	7	0.56%
Lemieux Partnership II	-	-	-	183,000	9	0.50%
Sam's Real Estate Business Trust	-	-	-	177,250	10	0.49%
Total	\$ 3,785,386		8.14%	\$ 2,756,890		7.59%

Source: Dakota County

Total Tax Capacity	<u>\$ 46,491,474</u>	<u>\$ 36,345,563</u>
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CITY OF APPLE VALLEY

Table 8

**PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years**

Fiscal Year	Taxes Levied for the Year			Collected within the Year of Levy		Total Collections to Date		
	Gross Operating Tax Levy	MVHC/ Ag Credit and Fiscal Disparities Rec'd (1)	Total Net Tax Levy	Amount	Percentage of Levy	Delinquencies Collected as of Most Recent Report	Amount	Percentage of Levy
2003	\$ 15,993,034	\$ (2,989,831)	\$ 12,953,824	\$ 12,842,947	99.14%	\$ 110,877	\$12,953,824	100.00%
2004	16,971,252	(3,791,235)	13,175,541	13,055,185	99.09%	113,886	13,169,071	99.95%
2005	17,929,158	(4,046,086)	13,914,367	13,751,640	98.83%	143,272	13,894,912	99.86%
2006	19,030,124	(2,653,509)	16,374,234	16,159,262	98.69%	210,515	16,369,777	99.97%
2007	20,094,045	(2,717,715)	17,334,233	17,047,283	98.34%	279,314	17,326,597	99.96%
2008	20,998,612	(2,955,499)	18,037,810	17,724,935	98.27%	266,104	17,991,039	99.74%
2009	22,627,731	(3,436,931)	19,190,369	18,828,050	98.11%	360,559	19,188,609	99.99%
2010	22,839,554	(3,815,622)	19,000,860	18,723,194	98.54%	79,569	18,802,763	98.96%
2011	22,700,000	(3,612,353)	19,087,647	18,846,881	98.74%	-	18,846,881	98.74%
2012	22,025,249	(2,821,637)	19,203,612	18,996,562	98.92%	-	18,996,562	98.92%

Notes:

(1) Property Tax Credits are aids provided by the State of Minnesota in the form of Market Value Homestead Credit (MVHC) and the Metropolitan Fiscal Disparities Program, which a portion of the commercial property values are shared among communities in the form of a reduction to the local property tax levy and receipts from the fiscal disparity pool. The MVHC credit was discontinued in 2012.

CITY OF APPLE VALLEY

Table 9

**RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years**

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	G.O. Tax Increment Bonds	G.O. Bonds	G.O. Improvement Bonds	MSA Road Bonds	Revenue Bonds	Capital Lease			
2003	\$ 1,905,000	\$ 16,735,000	\$ 21,840,000	\$ -	\$ 4,335,000	\$ -	\$ 46,590,860	2.43%	\$ 962
2004	1,905,000	26,930,000	21,200,000	-	3,915,000	-	55,776,405	2.77%	1,141
2005	1,740,000	26,485,000	17,945,000	-	4,185,000	-	52,477,121	2.54%	1,071
2006	1,575,000	17,370,000	18,645,000	-	3,050,000	-	43,566,622	2.04%	892
2007	1,405,000	21,940,000	19,120,000	-	2,580,000	-	48,008,535	2.13%	971
2008	1,230,000	25,795,000	19,530,000	-	5,405,000	50,505	54,826,685	2.36%	1,097
2009	1,050,000	24,295,000	13,750,000	2,775,000	4,725,000	40,918	49,376,068	2.28%	1,000
2010	865,000	20,535,000	14,750,000	2,775,000	4,075,000	109,211	45,764,398	2.07%	932
2011	-	19,925,000	9,000,000	2,760,000	6,100,000	77,975	40,638,369	1.76%	816
2012	-	19,845,000	8,015,000	2,320,000	5,510,000	44,884	35,734,884	N/A	715

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

(1)See the Demographic and Economic Statistics schedule for personal income and population data.

CITY OF APPLE VALLEY

Table 10

**RATIOS OF GENERAL BONDED DEBT
Last Ten Years**

<u>Fiscal Year</u>	<u>G.O. Tax Increment Bonds</u>	<u>G.O. Bonds</u>	<u>G.O. Improvement Bonds</u>	<u>MSA Road Bonds</u>	<u>Less Amounts Available in Debt Service Funds</u>	<u>Total</u>	<u>Percentage of Taxable Market Value of Property</u>	<u>Per Capita (1)</u>
2003	\$ 1,905,000	\$ 16,735,000	\$ 21,840,000	\$ -	\$ 13,238,739	\$ 27,241,261	0.83%	\$ 563
2004	1,905,000	26,930,000	21,200,000	-	11,287,830	38,747,170	1.04%	793
2005	1,740,000	26,485,000	17,945,000	-	10,400,480	35,769,520	0.84%	730
2006	1,575,000	17,370,000	18,645,000	-	9,157,385	28,432,615	0.60%	582
2007	1,405,000	21,940,000	19,120,000	-	6,792,199	35,672,801	0.70%	721
2008	1,230,000	25,795,000	19,530,000	-	5,355,600	41,199,400	0.79%	824
2009	1,050,000	24,295,000	13,750,000	2,775,000	7,239,227	34,630,773	0.67%	701
2010	865,000	20,535,000	14,750,000	2,775,000	10,393,064	28,531,936	0.60%	581
2011	-	19,925,000	9,000,000	2,760,000	9,455,268	22,229,732	0.50%	446
2012	-	19,845,000	8,015,000	2,320,000	8,176,337	22,003,663	0.54%	440

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

(1)See the Demographic and Economic Statistics schedule for personal income and population data.

CITY OF APPLE VALLEY

Table 11

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2012**

	<u>Net Debt Outstanding</u>	<u>Percentage of Debt Applicable to City</u>	<u>City's Share of Overlapping Debt</u>
Overlapping:			
Dakota County	\$ 46,400,000	10.91%	\$ 5,062,240
School Districts:			
ISD No. 191, Burnsville-Eagan-Savage	108,795,000	0.95%	1,033,553
ISD No. 196, Rosemount-Apple Valley-Eagan	91,364,247	30.95%	28,277,234
Metropolitan Council (1)	618,674	1.61%	9,961
Metro Transit (2)	317,355,092	1.84%	5,839,334
Total Overlapping	<u>564,533,013</u>		<u>40,222,322</u>
 City of Apple Valley Direct Debt	 <u>30,180,000</u>	 100.00%	 <u>30,180,000</u>
 Total Direct and Overlapping Debt:	 <u><u>\$594,713,013</u></u>		 <u><u>\$ 70,402,322</u></u>

Source: Dakota County. Percentage of debt applicable is calculated by dividing portion of tax capacity of the authority that lies in City of Apple Valley divided by the total tax capacity that lies in Dakota County.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates 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.

Notes:

- (1) Deductions: (A) \$1,078,268,995 Metropolitan Waste Control Commission Debt as of December 31, 2012
 - (a) Debt Service on (A) above is 100% self supported from revenues of the Metro Sanitary Sewer System, although the bonds are full faith and credit bonds.
 - (b) The only tax supported bond indebtedness is \$10,975,000 as of December 31, 2012, less non-escrowed funds for debt of \$10,356,326 as of December 31, 2012

- (2) Metro Transit has bonded indebtedness of \$ 380,605,000 as of December 31, 2012, less non-escrow funds for debt service of \$ 63,249,908 as of December 31, 2012. This debt is issued by the Metropolitan Council for all public transit operations in the transit district, of which Metro Transit is the largest public transit provider, and is payable from ad valorem taxes levied on all taxable property within the Metropolitan Transit District.

CITY OF APPLE VALLEY

Table 12

**LEGAL DEBT MARGIN INFORMATION
Last Ten Years**

	<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 (1)	\$ 65,937,664	\$ 74,640,206	\$ 84,906,622	\$ 94,085,734	\$ 101,655,976	\$ 156,063,906	\$ 154,069,326	\$ 143,630,736	\$ 133,721,061	\$ 121,852,877
Total net debt applicable to limit	<u>16,735,000</u>	<u>26,930,000</u>	<u>26,485,000</u>	<u>17,370,000</u>	<u>21,940,000</u>	<u>25,795,000</u>	<u>24,295,000</u>	<u>20,535,000</u>	<u>19,925,000</u>	<u>19,845,000</u>
Legal debt margin	<u>\$ 49,202,664</u>	<u>\$ 47,710,206</u>	<u>\$ 58,421,622</u>	<u>\$ 76,715,734</u>	<u>\$ 79,715,976</u>	<u>\$ 130,268,906</u>	<u>\$ 129,774,326</u>	<u>\$ 123,095,736</u>	<u>\$ 113,796,061</u>	<u>\$ 102,007,877</u>
Total net debt applicable to the limit as a percentage of debt limit	25.38%	36.08%	31.19%	18.46%	21.58%	16.53%	15.77%	14.30%	14.90%	16.29%

Legal Debt Margin Calculation for Fiscal Year 2012

Market Value (after fiscal disparities)	\$4,061,762,557
Debt limit (3% of assessed value)	121,852,877
Debt applicable to limit	<u>19,845,000</u>
Legal debt margin	<u>\$ 102,007,877</u>

Note (1) : The debt limit was raised from 2% to 3% of taxable market value, effective June 30, 2008

CITY OF APPLE VALLEY

Table 13

**PLEGDED REVENUE COVERAGE
Last Ten Years**

Fiscal Year	Liquor Store - Revenue Bonds						Coverage
	Operating Revenues/ Gross Profit	Less Operating Expense	Net Available Revenue	Debt Service			
				Principal	Interest		
2003	\$ 1,383,533	\$ 970,830	\$ 412,703	\$ -	\$ -	n/a	
2004	1,506,001	1,072,153	433,848	-	-	n/a	
2005	1,649,094	1,138,919	510,175	-	-	n/a	
2006	1,645,290	1,166,602	478,688	-	-	n/a	
2007	1,939,508	1,212,725	726,783	-	-	n/a	
2008	1,883,996	1,383,688	500,308	-	66,105	7.568	
2009	2,501,430	1,656,559	844,871	115,000	132,210	3.418	
2010	2,486,461	1,607,986	878,475	130,000	129,220	3.389	
2011	2,557,573	1,601,269	956,304	135,000	125,450	3.672	
2012	2,528,423	1,557,994	970,429	140,000	121,333	3.713	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
n/a - not applicable

CITY OF APPLE VALLEY

Table 14

**DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income</u>	<u>Per Capita Personal Income (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (2)</u>
2003	48,418	\$ 1,916,723,366	\$ 39,587	N/A	12,115	3.80%
2004	48,875	2,010,082,125	41,127	N/A	11,976	3.60%
2005	48,988	2,066,166,876	42,177	N/A	11,839	3.40%
2006	48,862	2,133,119,472	43,656	N/A	11,655	3.30%
2007	49,456	2,253,858,288	45,573	33,960	11,445	3.70%
2008	49,983	2,319,311,166	46,402	37,027	11,348	4.50%
2009	49,376	2,168,149,536	43,911	36,097	11,216	7.00%
2010	49,084	2,209,859,848	45,022	35,450	11,291	6.80%
2011	49,801	2,303,893,862	46,262	36,179	11,264	5.70%
2012	49,978	N/A	N/A	N/A	11,219	4.90%

Sources:

- (1) U.S. Census Bureau, Population Division
- (2) Dakota County; Data from Bureau of Economic Analysis
- (3) City of Apple Valley; Data from Bureau of Economic Analysis (Data for Apple Valley not available prior to 2007)
- (4) Schools located in the City boundaries: Independent School District No. 196 including Dakota Ridge School.
School Enrollment defined as adjusted ADM's (Average Daily Membership)

ADM is weighted as follows in computing pupil units:

	<u>Early</u>	<u>Kindergarten</u>	<u>Elementary</u>	<u>Elementary</u>	<u>Secondary</u>
Fiscal Year 2003 to 2007	Various	0.557	1.115	1.06	1.3
Fiscal Year 2008 to 2012	Various	0.612	1.115	1.06	1.3

N/A- Not Available

CITY OF APPLE VALLEY

Table 15

**PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior**

Taxpayer	2012			2003		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Independent School District No. 196	1,418	1	10%	1,913	1	15%
Target	690	2	5%	500	2	4%
Uponor	400	3	3%	209	10	2%
Dakota County	390	4	3%	349	3	3%
Wal-Mart	380	5	3%	340	4	3%
Apple Valley Health Care Center	290	6	2%	250	8	2%
Wings Financial Federal Credit Union	254	7	2%	214	9	2%
Apple Valley Ford	242	8	2%			
Minnesotz Zoological Gardens	220	9	2%	260	7	2%
Apple Valley Medical Clinic	210	10	1%			
Sam's Club						
Cub Foods				300	5	2%
Fischer Sand and Aggregate Co				275	6	2%
Total	4,494		31%	4,610		36%

Sources: City of Apple Valley Community Development Department

CITY OF APPLE VALLEY

Table 16

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

	Budgeted Full-time Equivalent Employees as of December 31, 2007									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administration	3.08	3.12	3.00	3.00	3.00	3.00	3.00	3.00	2.81	3.00
Finance and Data Processing	7.08	5.35	5.00	5.00	5.00	5.00	4.95	5.00	5.00	4.71
Information and Technology	2.87	3.12	3.18	3.13	3.21	3.21	3.20	3.17	3.21	3.33
Human Resources	3.84	3.86	4.79	6.02	5.98	5.67	5.92	6.00	5.38	3.97
City Clerk / Elections	2.82	2.93	2.48	1.20	1.42	1.68	1.50	1.65	1.73	2.05
General Government Buildings	1.64	2.08	2.21	3.00	3.00	3.00	3.00	3.00	2.46	2.00
Community Development	5.00	5.19	5.02	4.65	4.87	5.00	5.00	5.01	5.02	5.16
Code Enforcement	2.03	2.12	2.00	2.77	3.00	2.98	2.15	2.00	1.71	1.82
Total General Government	28.36	27.77	27.68	28.77	29.48	29.54	28.72	28.83	27.32	26.04
Public Safety										
Police	70.21	72.42	71.30	71.86	63.62	63.97	64.00	62.00	60.09	58.72
Fire	16.34	15.93	17.71	16.17	17.43	16.49	18.94	16.44	18.45	18.40
Building Inspections	6.12	6.30	6.17	5.74	5.86	5.91	5.99	4.93	4.02	5.07
Total Public Safety	92.67	94.65	95.18	93.77	86.91	86.37	88.93	83.37	82.56	82.19
Public Works										
Public Works Administration	4.00	4.42	4.08	4.15	4.76	5.90	6.00	7.13	8.48	6.25
Central Maintenance Facility	5.52	6.00	5.78	5.80	5.53	5.51	5.50	5.52	5.48	5.25
Streets	15.27	16.29	16.23	16.16	16.17	17.36	17.07	17.19	17.32	16.63
Engineering (1)	-	-	-	-	-	-	-	-	0.73	4.28
Total Public Works	24.79	26.71	26.09	26.11	26.46	28.77	28.57	29.84	32.01	32.41
Culture and Recreation:										
Park and Recreation Administration	8.52	8.78	8.32	8.32	7.78	8.26	7.29	7.81	7.82	7.28
Recreation Programs	8.31	8.66	7.22	7.18	7.32	7.25	7.02	7.84	7.41	6.16
Park Maintenance	23.24	24.86	24.53	25.09	25.00	25.93	25.96	25.27	25.06	25.02
Redwood Pool (2)	-	-	0.29	2.71	2.40	2.50	2.80	2.13	1.94	2.32
Aquatic Swim Center	12.42	11.16	12.24	9.71	9.81	9.27	13.92	12.85	11.28	13.25
Community Center	2.93	3.10	3.42	4.38	4.65	4.15	4.56	3.76	4.03	5.07
Hayes Community and Senior Center	-	-	-	-	-	-	1.15	2.04	1.89	1.92
Cable TV	1.52	1.51	1.61	1.69	2.32	2.65	2.58	2.61	2.43	2.27
Total Recreation	56.94	58.07	57.63	59.08	59.28	60.01	65.28	64.31	61.86	63.29
Total General Government	202.76	207.20	206.58	207.73	202.13	204.69	211.50	206.35	203.75	203.93
Enterprise Funds										
Municipal Liquor (3)	15.02	15.52	15.33	15.20	14.98	16.85	19.91	19.49	18.99	18.98
Municipal Golf (4)	15.70	16.41	16.12	13.83	12.33	13.25	13.83	13.76	14.44	15.96
Sports Arena	7.06	7.31	6.49	6.53	6.28	6.04	6.29	6.05	6.72	6.47
Water and Sewer	15.22	17.17	17.26	17.61	17.94	18.11	18.88	18.58	18.45	18.84
Total Enterprise Funds	53.00	56.41	55.20	53.17	51.53	54.25	58.91	57.88	58.60	60.25
Total	255.76	263.61	261.78	260.90	253.66	258.94	270.41	264.23	262.35	264.18

Source: City of Apple Valley Human Resources Office

FTE's based on hours worked during the fiscal year; part-time employees converted to FTE based on 2,080 hours per year

Notes:

- (1) The city engineering function began in 2011
- (2) Redwood Pool FTE's were combined with Aquatic Center prior to 2006
- (3) Liquor Store number three opened in 2008
- (4) New Expanded Golf Clubhouse opened September 2012

CITY OF APPLE VALLEY

Table 17

OPERATING INDICATORS BY FUNCTION/PROGRAM
Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Elections		4		2	1	2		2		2
Registered voters		34,845		33,315	30,341	36,003		32,094		35,354
Number of votes cast		28,939		21,964	4,518	29,262		21,271		29,715
Voter participation (registered) (elections are held every other year)		83.05%		65.93%	14.89%	81.28%		66.28%		84.05%
Public Safety:										
Police:										
Crimes - Part I (2)	1,544	1,568	1,639	1,590	1,002	1,555	1,366	1,565	1,230	1,187
Crimes - Part II (2)	3,894	3,605	3,742	3,700	2,087	2,901	2,542	2,364	2,072	1,970
Total Arrests	2,170	2,818	2,893	3,106	2,400	2,278	2,137	1,985	1,963	1,962
DWI Arrests	281	267	228	302	294	251	288	205	213	145
Traffic Citations Issued	7,341	8,485	5,814	9,873	9,717	8,088	7,997	6,329	7,587	6,670
Total Calls for Service	37,219	37,732	36,153	40,606	39,860	41,682	41,049	38,335	40,272	39,223
Fire:										
Calls for Service	1,072	1,166	1,123	1,092	1,261	1,380	1,306	1,340	1,408	1,417
Medical	533	598	575	553	645	733	606	613	656	639
Fire	539	568	548	539	616	647	700	727	752	778
Fire Call Response Times Under 5 Minutes	48%	43%	38%	45%	36%	40%	41%	37%	40%	42%
Fire Call Response Times 6-10 Minutes	45%	49%	53%	48%	51%	51%	48%	52%	51%	49%
Fire Call Response Times over 10 Minutes	6%	8%	9%	8%	12%	9%	11%	11%	9%	9%
Public Works:										
Building Permits Issued	1,198	958	809	689	745	672	577	1,241	1,630	1,398
Permits Issued for New Dwelling Units	592	342	206	67	92	41	91	228	31	47
Commercial Building Permits Issued	118	94	116	93	118	110	73	102	71	96
Plumbing Permits Issued	1,333	1,172	1,063	1,019	1,024	900	912	920	886	1,027
Heating Permits Issued	758	644	613	582	622	521	557	771	540	692
Building inspections	6,746	5,160	3,937	3,813	4,510	4,028	3,470	3,621	5,187	6,890
Streets maintained (lane miles)	392	395	398	399	401	404	405	407	408	410
Cul-de-sacs maintained	305	306	309	312	313	313	314	329	329	330
Snow/Ice Events	25	23	38	22	34	50	48	35	29	25
Signs replaced	-	-	-	277	315	271	385	500	460	700
Boulevard trees trimmed	600	624	850	1,256	1,000	1,256	1,600	1,800	5,200	2,137
Fleet Div. vehicle work orders	1,490	1,582	1,604	1,584	1,561	1,689	1,733	1,735	1,751	1,850
Diseased elm and oak trees mitigated	482	1,317	956	637	738	863	729	588	486	260
Lakes monitored with water quality samples	3	3	4	4	6	6	7	7	7	7
Sump catch basins cleaned	1,759	1,464	1,209	1,498	1,338	1,492	1,406	1,505	1,303	1,400
Sewage pumped (million gallons)	1.3	1.4	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Miles of sanitary sewer cleaned	72.9	83	52.8	57.7	57	69.2	47.6	64.2	72.1	75
Sanitary lift station inspections	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716	1,716
Water produced (million gallons)	2.6	2.5	2.3	2.6	2.6	2.5	2.4	2.1	2.3	2.4
Water samples taken	1,098	1,128	1,098	1,098	1,128	1,098	1,098	1,128	1,098	1,098
Fire hydrants maintained	2,006	2,033	2,050	2,083	2,230	2,388	2,401	2,405	2,410	2,410
Pressure stations inspected	12	12	13	13	13	13	13	13	13	13
Air relief manholes inspected	12	13	15	15	15	15	15	15	15	15
Hydrant flushing	2,070	1,325	3,520	5,400	3,845	7,045	3,050	5,250	1,020	N/A
Hydrant flushing (minutes)	N/A	24,455								
Water breaks repaired	11	18	10	9	9	7	20	12	16	10
Burial sites sold	41	59	58	52	43	59	50	44	56	70
Burials	23	29	29	31	37	40	32	36	38	43

Source: Various City Departments

Notes:

- (1) Information not available is labeled n/a.
- (2) Part I and Part II crimes from State of Minnesota Department of Public Safety Bureau of Criminal Apprehension Minnesota Justice Information Services Uniform Crime Report for 2003 to 2006 part I and Part II crime data from 2007 on is from Apple Valley Police Department Annual Report

CITY OF APPLE VALLEY

Table 18

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked Squad Units	16	16	18	18	18	18	18	20	20	20
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Fire Engine Trucks	5	5	5	5	5	5	5	5	5	5
Fire Ladder Trucks	2	2	2	2	2	2	2	2	2	2
Fire Brush/ Rescue Trucks	1	1	1	1	1	1	1	1	1	1
Public Works										
Streets (centerline miles)	166	167	168	171	171	171	171	171	172	172
Cul-de-sacs	305	306	309	312	313	313	314	329	329	329
Trees maintained	7,000	7,000	7,000	7,000	7,000	7,000	9,500	9,500	9,500	9500
Parks										
Parks	46	48	49	49	49	49	49	50	50	50
Total Park Acreage	812	841	844	847	847	847	847	879	879	879
Trails (miles)	60	62	65	65	65	65	65	65	65	65
Athletic Complexes	4	4	4	4	4	4	4	5	5	5
Golf Course	1	1	1	1	1	1	1	1	1	1
Community Centers	2	2	2	2	2	2	2	2	2	2
Senior Center	1	1	1	1	1	1	1	1	1	1
Pools/ Aquatic Centers	2	2	2	2	2	2	2	2	2	2
Ice Arenas	2	2	2	2	2	2	2	2	2	2
Water										
Number of Connections	12,858	14,037	15,121	15,279	15,342	15,413	15,464	15,518	15,566	15,596
Miles of Water Mains and Laterals	228	230	231	233	235	240	240	241	241	241
Wells	17	18	18	18	19	19	19	19	19	19
Water Valves	3,403	3,460	3,507	3,565	3,600	3,680	3,705	3,712	3,726	3,751
Fire Hydrants	2,006	2,033	2,050	2,083	2,230	2,388	2,401	2,405	2,410	2,410
Water Reservoirs	4	4	4	4	5	5	5	5	5	5
Reservoir Capacity (millions of gallon)	11	11	11	11	13	13	13	13	13	12.5
Sanitary Sewer										
Number of Connections	12,524	13,678	14,746	14,889	14,940	14,989	15,033	15,087	15,130	15,160
Miles of Sanitary Sewer Mains and Laterals	186	187	189	190	191	193	193	193	194	194
Sanitary Lift Stations	9	9	9	9	9	9	9	9	9	5,384
Sanitary Manholes	5,181	5,221	5,272	5,315	5,315	5,335	5,360	5,372	5,384	5384
Storm Sewer										
Lift Stations	10	10	10	10	11	12	12	12	12	12

n/a is not available
Source: Various City Departments