

CITY OF EDINA, MINNESOTA

Comprehensive Annual Financial Report

Year ended December 31, 2002

Department of Finance

John Wallin--Treasurer and Finance Director

Peggy Gibbs--Assistant Finance Director

Paula Nelson—Accountant

CITY OF EDINA, MINNESOTA

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Introductory Section

CITY OF EDINA, MINNESOTA

Elected and Appointed Officials

December 31, 2002

	<u>Term of office expires January*</u>
Elected:	
Mayor—Dennis Maetzold	2005
Council:	
James Hovland	2007
Scot Housh	2007
Michael Kelly	2005
Linda Masica	2005
Appointed:	
Manager-Gordon Hughes	
Treasurer and Finance Director-John Wallin	
Assistant Finance Director-Peggy Gibbs	
Clerk-Debra Mangen	

*First Official business day.



City of Edina

March 28, 2003

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

In accordance with State Statutes, I hereby transmit the annual financial report of the City of Edina, Minnesota as of December 31, 2002 and for the fiscal year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed by the Finance Director in his accompanying letter of transmittal, and within that framework, I believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

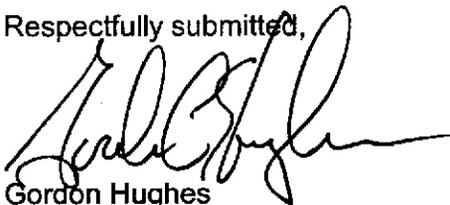
In accordance with the above-mentioned guidelines the accompanying report consists of three sections:

- 1) Introductory section-includes the Finance Director's letter of transmittal;
- 2) Financial section-includes the financial statements and supplemental schedules of the government accompanied by our independent auditors' reports; and
- 3) Statistical section-includes a number of tables of unaudited data depicting the financial history of the government for the past ten years, information on overlapping governments, and demographic and other miscellaneous information.

State law requires that the financial statements of the City of Edina, Minnesota be audited by a certified public accountant selected by the City Council. This requirement has been complied with, and our independent auditors' reports are included in the financial section of this report.

The City of Edina, Minnesota concluded fiscal year 2002 in a sound financial condition, which is shown in the report. Preparation of this annual financial report could not have been accomplished without the dedicated effort of the Finance Director and his entire staff. Their efforts over the past years toward upgrading the accounting and financial reporting systems of the City of Edina have lead substantially to the improved quality of the information being reported to the City Council, state oversight boards, and the citizens of the City of Edina.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gordon Hughes", written over the typed name below.

Gordon Hughes
City Manager



March 28, 2003

To the Honorable Mayor,
Members of the City Council,
and City Manager
City of Edina, Minnesota:

The Comprehensive Annual Financial Report of the City of Edina (the City), for the fiscal year ended December 31, 2002, is submitted herewith. This report was prepared by the City's Finance Department. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

Accounting System and Budgetary Control

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained through the issuance of purchase orders. Purchase orders which would result in an overrun of the budgeted allotment are not released until additional appropriations are made available.

The Reporting Entity and Its Services

The City has reviewed its reporting entity definition in accordance with Governmental Accounting Standards Board Statement 14. The entities included in the City's report are those for which the City is financially accountable and which the City's relationship with is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The City provides the full range of municipal services. These services include police and fire protection, civil defense, public health, animal control, inspections, public works maintenance, public improvements, parks and recreation activities, and general administrative services.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

General Governmental Functions

Revenues for general governmental functions reported within the General, Special Revenue, Debt Service and Capital Project Funds totaled \$36,494,140 in 2002, a decrease of 13.2 percent over 2001. General property taxes produced 67.8 percent of general revenues compared to 58.1 percent last year. The amount of revenues from various sources and the increase (decrease) over last year are shown in the following table:

Revenue Source	Total	Percent of total	Increase (decrease) from 2001
Taxes	\$24,735,336	67.78%	\$ 325,551
Special assessments	998,908	2.74%	(87,185)
Franchise fee	418,153	1.15%	(55,549)
Licenses and permits	1,939,207	5.31%	(300,404)
Intergovernmental	2,254,968	6.18%	(2,831,013)
Charges for services	2,096,806	5.75%	134,634
Fines and forfeitures	910,407	2.49%	(66,545)
Investment income	1,178,211	3.23%	(96,083)
Interest on funds held with fiscal agent	0	.00%	(83,407)
Sale and rental of property	1,782,063	4.88%	(2,480,921)
Other revenues	180,081	.49%	(4,385)
Total revenues	<u>\$36,494,140</u>	<u>100.00%</u>	<u>\$(5,545,307)</u>

Current tax collections were 99.32 percent of the tax levy, up .06 percent from last year. Delinquent tax collections were up from last year. The ratio of total collections (current and delinquent) to the current tax levy was 99.6 percent, an increase of .20 percent from last year.

Taxes were 67.8% of general revenues compared to 58.1% in 2001 and Intergovernmental revenues were 6.2% compared to 12.1% in 2001. This is due to the elimination of the Homestead Credit from the Intergovernmental revenues. It was replaced with Market Value Homestead Credit that is now reported in Taxes. There was a \$4 million sale of land in 2001. Investment income decreased compared with 2001 due to higher investment earnings in 2001.

Expenditures for general governmental purposes within the General, Special Revenue, Debt Service and Capital Project Funds totaled \$42,068,735 an increase of 6.4 percent over 2001. Increases (decreases) in levels of expenditures for major functions of the City over last year are shown in the following table:

Function	Total	Percent of total	Increase (decrease) from 2001
General government	\$2,984,012	7.1%	\$ 350,752
Public safety	9,893,428	23.5%	484,137
Public works	4,161,373	9.9%	(151,692)
Parks	2,602,266	6.2%	226,701
Unallocated general	445,929	1.1%	(60,566)
Other	1,942,490	4.6%	(270,757)
Capital outlay	11,059,757	26.2%	(133,398)
Bond principal	5,885,000	14.0%	2,145,000
Interest and fiscal charges	3,094,480	7.4%	(54,239)
Total expenditures	<u>\$42,068,735</u>	<u>100.0%</u>	<u>\$ 2,535,938</u>

Debt Administration

The ratio of net bonded debt to tax capacity and the amount of bonded debt per capita are useful indicators of the City's debt position and are listed below:

Ratio of net bonded debt to tax capacity	<u>1.0333</u>
Net bonded debt per capita	<u>\$ 1,426</u>

The following is a summary of bonded debt for fiscal year 2002:

Gross bonded debt outstanding, January 1, 2002	\$72,465,000
Add bonds issued in fiscal year 2002	13,810,000
Deduct bonds redeemed in fiscal year 2002	<u>15,540,000</u>
Gross bonded debt outstanding, December 31, 2002	70,735,000
Deduct sinking fund assets, December 31, 2002	<u>(3,070,758)</u>
Net bonded debt, December 31, 2002	<u><u>\$67,664,242</u></u>

The City's bonds have a Aaa rating as determined by Moody's Investors Service, and were upgraded to AAA from Standard & Poors in August, 2002.

At December 31, 2002, the City had \$40,855,000 of Tax Increment Bonds outstanding, excluding General Obligation, Improvement and Revenue Bonds. \$1,551,207 was available in the General Debt Service Fund for payment of these obligations, resulting in \$39,303,793 net general debt at December 31, 2002

Cash Management

The City subscribes to the "pooled cash" concept of investing which means that all funds with cash balances participate in an investment pool. This permits some funds to be overdrawn and others to show cash balances when in fact, the City has a cash balance. This pooled cash concept provides for investing greater amounts of money at more favorable rates. Interest earnings are then periodically allocated to the participating funds. During 2002, the City received in interest and dividends \$1,894,015. The following is a list of the City's cash and investments by classification as of December 31, 2002:

Cash	\$6,016,189
Cash deficit	(5,125,575)
Cash with plan administrator	3,687,756
Cash with fiscal agents	2,538
Certificates of deposit	1,478,485
Commercial paper	22,743,096
Banker's acceptance	1,563,887
Government securities	19,206,067
Money market investments	<u>14,252,328</u>
	<u><u>\$63,824,771</u></u>

Capital Project Funds

The major construction projects and equipment purchases are accounted for in three Capital Project Funds. The HRA Fund accounts for construction projects within the City's five tax increment districts. The Construction Fund and Revolving Fund are for construction projects or major equipment purchases funded through special assessments, State aids, General Fund appropriations, or working capital funds.

General Fixed Assets

The general fixed assets of the City are those fixed assets used in the performance of general governmental functions and exclude the fixed assets of the Enterprise Funds. As of December 31, 2002, the general fixed assets of the City amounted to \$109,024,642. This amount represents the original cost of the assets and is considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system.

Enterprise Funds

The City currently operates seven Enterprise Funds that are set up to operate primarily from user fees charged to the general public. A comparative statement of income (loss) before operating transfers for the fiscal years ended 2002 and 2001 is as follows:

	Income (loss)	
	2002	2001
Utilities	\$1,137,399	\$1,434,160
Liquor	801,934	885,368
Swimming pool	(72,100)	65,061
Golf course	(105,100)	(33,817)
Arena	(103,197)	(257,030)
Art Center	(173,986)	(180,303)
Edinborough Park/Centennial Lake	(171,094)	(225,391)
	<u>\$1,313,856</u>	<u>\$1,688,048</u>

Operating transfers to/from other funds for various purposes were \$114,000 to other enterprise funds, \$0 to the general fund and \$755,490 to the revolving fund in 2002 and \$239,000, \$46,000 and \$60,259 in 2001, respectively.

Independent Audit

Minnesota State Statutes require that every city with a population of more than 2,500 submit to the State Auditor audited financial statements that have been attested to by a certified public accountant, public accountant or the State Auditor. This Statute has been complied with, and the independent auditors' report of the certified public accounting firm of KPMG LLP has been included in this Comprehensive Annual Financial Report for 2002.

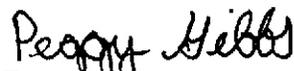
Acknowledgments

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the Department who assisted and contributed to its preparation. We should also like to thank the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



John Wallin, CPA
Treasurer and Finance Director



Peggy Gibbs
Assistant Finance Director

Financial Section

General Purpose Statements



4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Honorable Mayor and Members of the City Council
City of Edina, Minnesota:

We have audited the general-purpose financial statements of the City of Edina, Minnesota (the City), as of and for the year ended December 31, 2002, as listed in the accompanying table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining, individual fund, and account group financial statements and schedules in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.



The data designated as the statistical section and supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

KPMG LLP

March 28, 2003

CITY OF EDINA, MINNESOTA
 Combined Balance Sheet - All Fund Types and Account Groups

December 31, 2002
 (with comparative totals for December 31, 2001)

Assets and Other Debits	Governmental fund types			
	General	Special Revenue	Debt Service	Capital Projects
Cash (note 2)	\$ 0	0	340,066	39,827
Petty cash and change funds (note 2)	3,300	0	0	0
Investments (note 2)	14,678,223	1,246,638	0	33,739,131
Cash and investments with plan administrators (notes 2 and 7)	0	0	0	0
Cash and investments with fiscal agents (note 2)	0	0	0	0
Receivables:				
Accounts	223,820	103,539	0	113,283
Customers	0	0	0	0
Accrued interest	990	11,845	0	99,194
Special assessments	0	0	0	3,097,262
Due from other funds (note 9)	607,731	244,767	1,207,572	714,705
Due from other governments	202,378	158,280	3,569	34,348
Inventory	0	0	0	0
Prepaid expenses	417,093	0	0	0
Fixed assets (note 4)	0	0	0	0
Discount on bonds	0	0	0	0
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement of long-term debt	0	0	0	0
Amount to be provided for compensated absences	0	0	0	0
Total assets and other debits	<u>\$ 16,133,535</u>	<u>1,765,069</u>	<u>1,551,207</u>	<u>37,837,750</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts payable	416,906	25,673	0	861,906
Salaries payable	576,737	3,143	0	2,382
Contracts payable	0	0	0	226,909
Accrued interest payable	0	0	0	0
Due to other funds (note 9)	240,193	46,542	0	4,221,616
Due to other governments	109,169	100,113	0	21,806
Compensated absences payable	30,824	0	0	0
Deposits payable	10,000	0	0	20,289
Taxes payable	0	0	0	72,400
Deferred revenue	6,641	80	0	3,024,862
Obligation under capital lease (note 13)	0	0	0	0
Bonds payable (note 5)	0	0	0	0
Total liabilities	<u>1,390,470</u>	<u>175,551</u>	<u>0</u>	<u>8,452,170</u>
Fund equity and other credits:				
Investment in general fixed assets (note 4)	0	0	0	0
Investment in joint venture (note 18)	0	0	0	0
Contributed Capital (note 15)	0	0	0	0
Retained earnings:				
Reserved (note 10)	0	0	0	0
Unreserved-undesignated	0	0	0	0
Fund balance:				
Reserved (note 10)	417,093	0	1,551,207	2,635,229
Unreserved - designated (note 10)	14,325,972	0	0	18,737,582
Unreserved - undesignated	0	1,589,518	0	8,012,769
Total fund equity and other credits	<u>14,743,065</u>	<u>1,589,518</u>	<u>1,551,207</u>	<u>29,385,580</u>
Contingencies (note 12)				
Total liabilities, fund equity and other credits	<u>\$ 16,133,535</u>	<u>1,765,069</u>	<u>1,551,207</u>	<u>37,837,750</u>

See accompanying notes to financial statements

Proprietary fund type	Fiduciary fund type	Account groups		Totals (memorandum only)	
		General Fixed Asset	General Long-term Debt	2002	2001
Enterprise	Trust & Agency				
244,256	251,400	0	0	875,549	250,307
11,765	0	0	0	15,065	15,065
4,589,338	4,990,533	0	0	59,243,863	54,826,448
0	3,687,756	0	0	3,687,756	3,980,984
2,538	0	0	0	2,538	3,287,331
144,844	0	0	0	585,486	472,592
1,927,594	0	0	0	1,927,594	1,934,726
62,775	408	0	0	175,212	265,078
114,374	0	0	0	3,211,636	3,226,458
1,733,576	0	0	0	4,508,351	3,314,522
2,350	0	0	0	400,925	1,185,777
1,203,872	0	0	0	1,203,872	1,103,909
0	0	0	0	417,093	20,063
43,212,496	0	109,024,642	0	152,237,138	137,380,882
82,632	0	0	0	82,632	94,433
0	0	0	1,551,207	1,551,207	849,417
0	0	0	58,958,795	58,958,795	54,354,496
0	0	0	2,627,669	2,627,669	2,354,817
<u>53,332,410</u>	<u>8,930,097</u>	<u>109,024,642</u>	<u>63,137,671</u>	<u>291,712,381</u>	<u>268,917,305</u>
835,354	95,352	0	0	2,235,191	2,934,705
195,588	0	0	0	777,850	639,195
59,015	0	0	0	285,924	466,298
184,547	0	0	0	184,547	310,891
0	0	0	0	4,508,351	3,314,522
137,099	5,146,989	0	0	5,515,176	440,074
687,044	0	0	2,627,669	3,345,537	3,085,555
98,121	0	0	0	128,410	99,930
0	0	0	0	72,400	41,196
19,542	0	0	0	3,051,125	3,640,751
95,000	0	0	295,002	390,002	518,913
10,520,000	0	0	60,215,000	70,735,000	72,465,000
<u>12,831,310</u>	<u>5,242,341</u>	<u>0</u>	<u>63,137,671</u>	<u>91,229,513</u>	<u>87,957,030</u>
0	0	108,044,984	0	108,044,984	96,035,499
0	0	979,658	0	979,658	0
4,838,646	0	0	0	4,838,646	5,284,049
1,519,551	0	0	0	1,519,551	1,607,120
34,142,903	0	0	0	34,142,903	33,051,564
0	3,687,756	0	0	8,291,285	6,316,695
0	0	0	0	33,063,554	22,557,126
0	0	0	0	9,602,287	16,108,222
<u>40,501,100</u>	<u>3,687,756</u>	<u>109,024,642</u>	<u>0</u>	<u>200,482,868</u>	<u>180,960,275</u>
<u>53,332,410</u>	<u>8,930,097</u>	<u>109,024,642</u>	<u>63,137,671</u>	<u>291,712,381</u>	<u>268,917,305</u>

CITY OF EDINA, MINNESOTA

Combined Statement of Revenues, Expenditures and Changes in Fund Balance --
All Governmental Fund Types and Expendable Trust FundYear ended December 31, 2002
(with comparative totals for year ended December 31, 2001)

	Governmental fund types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes (note 3)	\$ 15,943,710	0	1,737,790	7,053,836
Special assessments	0	0	0	998,908
Franchise fees	0	418,153	0	0
Licenses and permits	1,939,207	0	0	0
Intergovernmental	788,775	374,433	0	1,091,760
Charges for services	2,049,470	0	0	47,336
Fines and forfeitures	910,407	0	0	0
Investment Income	151,388	118,782	0	908,041
Interest on funds held with fiscal agent	0	0	0	0
Sales and rental of property	383,984	0	0	1,398,079
Other revenues	30,394	7,899	0	141,788
Total revenues	22,197,335	919,267	1,737,790	11,639,748
Expenditures:				
Current:				
General government	2,984,012	0	0	0
Public safety	9,893,428	0	0	0
Public works	4,161,373	0	0	0
Parks	2,602,266	0	0	0
Unallocated general	445,929	0	0	0
Other	48,063	763,443	0	1,130,984
Capital outlay:				
General government	32,412	0	0	0
Public safety	313,451	0	0	0
Public works	392,244	0	0	0
Parks	56,785	0	0	0
Infrastructure	0	0	0	10,262,610
Other	0	2,255	0	0
Debt Service:				
Bond principal	0	0	5,885,000	0
Interest and fiscal charges	0	0	3,094,480	0
Total expenditures	20,929,963	765,698	8,979,480	11,393,594
Excess (deficiency) of revenues over expenditures	1,267,372	153,569	(7,241,690)	246,154
Other financing sources (uses):				
Operating transfers in (out):				
Operating transfers in (out)--General Fund	0	0	0	900,000
Operating transfers in (out)--Revolving Fund	(900,000)	0	0	0
Operating transfers in (out)--HRA	0	0	10,493,480	0
Operating transfers in (out)--General Debt Service Fund	0	0	0	(10,493,480)
Operating transfers in (out)--Liquor Fund	0	0	0	625,000
Operating transfers in (out)--Utility Fund	0	0	0	290,000
Operating transfers in (out)--Art Center Fund	0	0	0	(15,010)
Operating transfers in (out)--Edinborough Park Fund	0	0	0	(54,343)
Operating transfers in (out)--Arena Fund	0	0	0	(90,157)
Parkland dedication	0	0	0	0
Payments for refunding bonds	0	0	(2,550,000)	0
Proceeds from sale of bonds	0	0	0	13,637,416
Total other financing sources (uses)	(900,000)	0	7,943,480	4,799,426
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	367,372	153,569	701,790	5,045,580
Fund balance - January 1	14,375,693	1,435,949	849,417	24,340,000
Fund balance - December 31	\$ 14,743,065	1,589,518	1,551,207	29,385,580

See accompanying notes to financial statements

Fiduciary Type Expendable Trust	Totals (memorandum only)	
	2002	2001
0	24,735,336	24,409,785
0	998,908	1,086,093
0	418,153	473,702
0	1,939,207	2,239,611
0	2,254,968	5,085,981
0	2,096,806	1,962,172
0	910,407	976,952
(513,243)	664,968	1,023,544
0	0	83,407
0	1,782,063	4,262,984
372,015	552,096	501,279
<u>(141,228)</u>	<u>36,352,912</u>	<u>42,105,510</u>
0	2,984,012	2,633,260
0	9,893,428	9,409,291
0	4,161,373	4,313,065
0	2,602,266	2,375,565
0	445,929	506,495
152,000	2,094,490	2,298,104
0	32,412	417,949
0	313,451	737,972
0	392,244	576,727
0	56,785	116,905
0	10,262,610	9,342,455
0	2,255	1,147
0	5,885,000	3,740,000
0	3,094,480	3,148,719
<u>152,000</u>	<u>42,220,735</u>	<u>39,617,654</u>
<u>(293,228)</u>	<u>(5,867,823)</u>	<u>2,487,856</u>
0	900,000	0
0	(900,000)	0
0	10,493,480	6,015,411
0	(10,493,480)	(6,015,411)
0	625,000	100,000
0	290,000	100,000
0	(15,010)	(8,252)
0	(54,343)	(102,300)
0	(90,157)	(75,189)
0	0	60,280
0	(2,550,000)	(15,810,000)
0	13,637,416	0
<u>0</u>	<u>11,842,906</u>	<u>(15,735,461)</u>
(293,228)	5,975,083	(13,247,605)
<u>3,980,984</u>	<u>44,982,043</u>	<u>58,229,648</u>
<u>3,687,756</u>	<u>50,957,126</u>	<u>44,982,043</u>

CITY OF EDINA, MINNESOTA

Combined Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual - General and Special Revenue Fund TypesYear ended December 31, 2002
(with comparative totals for year ended December 31, 2001)

	General		Variance favorable (unfavorable)
	Budget	Actual	
Revenues:			
Taxes (note 3)	\$ 15,845,256	15,943,710	98,454
Licenses and permits	1,839,500	1,939,207	99,707
Intergovernmental	669,900	788,775	118,875
Charges for services	1,730,916	2,049,470	318,554
Fines and forfeitures	810,000	910,407	100,407
Investment income	113,200	151,388	38,188
Sales and rental of property	142,500	383,984	241,484
Other revenues	27,600	30,394	2,794
Total revenues	<u>21,178,872</u>	<u>22,197,335</u>	<u>1,018,463</u>
Expenditures:			
Current:			
General government	2,978,183	2,984,012	(5,829)
Public safety	9,960,296	9,893,428	66,868
Public works	4,358,789	4,161,373	197,416
Parks	2,700,832	2,602,266	98,566
Unallocated general	563,325	445,929	117,396
Other	0	48,063	(48,063)
Capital outlay:			
General government	43,916	32,412	11,504
Public safety	481,532	313,451	168,081
Public works	513,333	392,244	121,089
Parks	103,666	56,785	46,881
Total expenditures	<u>21,703,872</u>	<u>20,929,963</u>	<u>773,909</u>
Excess (deficiency) of revenues over expenditures	<u>(525,000)</u>	<u>1,267,372</u>	<u>1,792,372</u>
Other financing sources (uses):			
Operating transfers in	525,000	0	(525,000)
Operating transfers out	0	(900,000)	(900,000)
Parkland dedication	0	0	0
Total other financing sources (uses)	<u>525,000</u>	<u>(900,000)</u>	<u>(1,425,000)</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>\$ 0</u>	<u>367,372</u>	<u>367,372</u>
Fund balance - January 1		<u>14,375,693</u>	
Fund balance - December 31		<u><u>14,743,065</u></u>	

See accompanying notes to financial statements

Special Revenue			Totals (memorandum only)			
			2002		2001	
Budget	Actual	Variance favorable (unfavorable)	Budget	Actual	Variance favorable (unfavorable)	Actual
0	0	0	15,845,256	15,943,710	98,454	14,375,991
0	0	0	1,839,500	1,939,207	99,707	2,239,611
175,942	374,433	198,491	845,842	1,163,208	317,366	1,763,630
0	0	0	1,730,916	2,049,470	318,554	1,909,666
0	0	0	810,000	910,407	100,407	976,952
0	0	0	113,200	151,388	38,188	157,309
0	0	0	142,500	383,984	241,484	250,352
0	0	0	27,600	30,394	2,794	16,087
<u>175,942</u>	<u>374,433</u>	<u>198,491</u>	<u>21,354,814</u>	<u>22,571,768</u>	<u>1,216,954</u>	<u>21,689,598</u>
0	0	0	2,978,183	2,984,012	(5,829)	2,633,260
0	0	0	9,960,296	9,893,428	66,868	9,409,291
0	0	0	4,358,789	4,161,373	197,416	4,313,065
0	0	0	2,700,832	2,602,266	98,566	2,375,565
0	0	0	563,325	445,929	117,396	506,495
175,942	374,433	(198,491)	175,942	422,496	(246,554)	138,055
0	0	0	43,916	32,412	11,504	417,949
0	0	0	481,532	313,451	168,081	737,972
0	0	0	513,333	392,244	121,089	576,727
0	0	0	103,666	56,785	46,881	116,905
<u>175,942</u>	<u>374,433</u>	<u>(198,491)</u>	<u>21,879,814</u>	<u>21,304,396</u>	<u>575,418</u>	<u>21,225,284</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(525,000)</u>	<u>1,267,372</u>	<u>1,792,372</u>	<u>464,314</u>
0	0	0	525,000	0	(525,000)	0
0	0	0	0	(900,000)	(900,000)	(46,000)
0	0	0	0	0	0	60,280
0	0	0	<u>525,000</u>	<u>(900,000)</u>	<u>(1,425,000)</u>	<u>14,280</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>367,372</u>	<u>367,372</u>	<u>478,594</u>
	<u>0</u>			<u>14,375,693</u>		<u>13,897,099</u>
	<u>0</u>			<u>14,743,065</u>		<u>14,375,693</u>

CITY OF EDINA, MINNESOTA

Combined Statement of Revenues, Expenses and Changes in
Retained Earnings -- All Proprietary Fund TypesYear ended December 31, 2002
(with comparative totals for year ended December 31, 2001)

	Totals	
	2002	2001
Operating revenues:		
Charges for sales and services:		
Sales - Liquor	\$ 9,355,366	9,074,112
Sales - Retail	315,963	355,413
Sales - Utility	8,436,856	8,293,547
Sales - Concessions	393,255	373,534
Memberships	614,372	566,502
Admissions	679,700	644,705
Building rental	1,319,833	1,257,001
Rental of equipment	389,843	384,163
Greens fees	1,854,971	1,970,280
Other fees	1,502,767	1,515,604
Total operating revenues	<u>24,862,926</u>	<u>24,434,861</u>
Operating expenses:		
Cost of sales and services	7,333,354	7,241,612
Personal services	4,666,725	4,472,574
Contractual services	6,083,019	6,142,852
Commodities	1,338,451	1,153,468
Central services	1,616,916	1,521,300
Depreciation	2,141,915	2,142,943
Total operating expenses	<u>23,180,380</u>	<u>22,674,749</u>
Operating income	1,682,546	1,760,112
Nonoperating revenues (expenses):		
Intergovernmental	127,160	128,069
Investment income	497,335	490,708
Interest from fiscal agents	0	137,040
Donations	21,723	24,729
Miscellaneous revenue (expense)	102,709	190
Interest and fiscal charges	(416,714)	(647,970)
Interest on capital lease	(7,620)	(10,483)
Gain (loss) on disposal of capital assets	(681,482)	(155,229)
Amortization of bond discount	(11,801)	(39,118)
Total nonoperating expenses	<u>(368,690)</u>	<u>(72,064)</u>
Income before operating transfers	1,313,856	1,688,048
Operating transfers in (out):		
General fund	0	46,000
Art center fund	(114,000)	(104,000)
Liquor store fund	114,000	239,000
Arena fund	0	(135,000)
Revolving fund	(755,490)	(60,259)
Total operating transfers, net	<u>(755,490)</u>	<u>(14,259)</u>
Net income	558,366	1,673,789
Add depreciation on contributed assets	445,404	440,951
Increase in retained earnings	<u>1,003,770</u>	<u>2,114,740</u>
Retained earnings - January 1	<u>34,658,684</u>	<u>32,543,944</u>
Retained earnings - December 31	<u>\$ 35,662,454</u>	<u>34,658,684</u>

See accompanying notes to financial statements

CITY OF EDINA, MINNESOTA

Combined Statement of Cash Flows -- All Proprietary Fund Types

Year Ended December 31, 2002
(with comparative totals for year ended December 31, 2001)

	Totals	
	2002	2001
Cash flows from operating activities:		
Operating income	\$ 1,682,546	1,760,112
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	2,141,915	2,142,943
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(12,372)	(17,957)
(Increase) decrease in customer accounts receivable	7,132	235,499
(Increase) decrease in special assessments receivable	797	(38,714)
(Increase) decrease in due from other funds	414,644	(587,830)
(Increase) decrease in due from other governments	(137)	2,314
Increase in prepaid expenses	1,133	53,497
(Increase) decrease in inventory	(96,905)	3,937
Decrease (increase) in accounts payable	(7,552)	117,078
Increase in salaries payable	69,211	5,496
Increase (decrease) in contracts payable	31,996	(67,544)
Decrease in accrued interest payable	(126,344)	(16,472)
Increase (decrease) in due to other funds	(783,168)	783,168
Increase (decrease) in due to other governments	9,623	(228,205)
Increase in compensated absences payable	64,260	56,690
Increase in deposits payable	11,298	36,230
Increase in deferred revenue	14,502	0
Intergovernmental grants	127,160	128,069
Miscellaneous revenue	102,709	190
Total adjustments	<u>1,969,902</u>	<u>2,608,389</u>
Net cash provided by operating activities	<u>3,652,448</u>	<u>4,368,501</u>
Cash flows from noncapital financing activities:		
Donations	21,723	24,729
Operating transfer in--General Fund	0	46,000
Operating transfer (out)--Art Center	(114,000)	(104,000)
Operating transfer in--Liquor Store Fund	114,000	239,000
Operating transfer (out)--Arena	0	(135,000)
Operating transfer (out)--Revolving fund	(755,490)	(60,259)
Net cash provided by (used in) noncapital financing activities	<u>(733,767)</u>	<u>10,470</u>
Cash flows from capital and related financing activities:		
Net acquisition of capital assets	(4,009,027)	(2,134,388)
Loss on disposal of capital assets	(681,482)	(155,229)
Proceeds from revenue bonds	0	4,620,000
Principal paid on revenue bonds	(7,105,000)	(780,000)
Increase on bond discount	0	(54,097)
Principal paid on capital lease	(60,000)	(55,000)
Interest received from fiscal agent	0	137,040
Interest paid on capital lease	(7,620)	(10,483)
Interest paid on bonds	(416,714)	(647,970)
Net cash provided by (used in) capital and related financing activities	<u>(12,279,843)</u>	<u>919,873</u>
Cash flows from investing activities:		
Proceeds from sale of investments	5,818,331	0
Purchase of investments	0	(5,827,521)
Decrease in interest receivable	4,959	39,252
Investment income	497,335	490,708
Net cash provided by (used in) investing activities	<u>6,320,625</u>	<u>(5,297,561)</u>
Net increase (decrease) in cash and cash equivalents	(3,040,537)	1,283
Cash and equivalents, beginning of year	<u>3,299,096</u>	<u>3,297,813</u>
Cash and equivalents, end of year	<u>\$ 258,559</u>	<u>3,299,096</u>

See accompanying notes to financial statements

CITY OF EDINA, MINNESOTA

Notes to General Purpose Financial Statements

December 31, 2002

(1) Summary of Significant Accounting Policies

The City operates under the "Optional Plan B" form of government according to applicable State of Minnesota Statutes. The Statutes prescribe a Council-Manager form of organization. The City provides the following services: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administration. The City was incorporated in 1888.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

A. Financial Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" the City's financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable for the component unit if it appoints a voting majority of the component unit's governing body and is able to impose its will on the component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the primary government and its component units (legally separate organizations). The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

In conformity with accounting principles generally accepted in the United States of America, the financial statements of a component unit has been included in the City's reporting entity as a blended component unit. The blended component unit's financial data are reported as part of the primary government.

Blended Component Unit. The following component unit has been presented as a blended component unit because the component unit's government body is substantively the same as the governing body of the City.

(Continued)

CITY OF EDINA, MINNESOTA

Housing and Redevelopment Authority of Edina

The Housing and Redevelopment Authority of Edina (HRA) strives to redevelop the residential and commercial areas of the City and to provide affordable housing, adequate jobs and a sound financial base for the City residents. The City Council members act as the HRA board and therefore the HRA's governing body is substantially the same as the City's governing body. No separate financial statements are available for the HRA. The HRA activities are included in the capital projects fund.

B. Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into six generic fund categories and three broad fund types as follows:

Governmental Funds

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

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

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

Capital Project Funds--Capital Project Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

Proprietary Funds

Enterprise Funds--Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including

(Continued)

CITY OF EDINA, MINNESOTA

depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds

Trust and Agency Funds—Trust Funds account for assets held by the City in a trustee capacity. The expendable trust fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent. Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

The General Fixed Assets Account Group is used to account for fixed assets not accounted for in proprietary funds. The Long-Term Debt Account Group is used to account for general long-term debt and certain other liabilities that are not specific liabilities of proprietary funds.

C. Measurement Focus

All Governmental Funds and the expendable trust fund are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources". Governmental Fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in Governmental Fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in Governmental Funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

(Continued)

CITY OF EDINA, MINNESOTA

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group, not in the Governmental Funds. The exception to this general rule is for revenue bonds, which are accounted for in Enterprise Funds.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for Governmental Fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-term Debt Account Group. All Proprietary Funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that current and long-term assets and current and long-term liabilities associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. The operating statements of the funds present increases (revenues) and decreases (expenses) in net total assets.

Depreciation of exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Buildings	20-30 years
Equipment and machinery	5-10 years
Distribution systems, sewer mains and lift stations	50 years

The City follows the practice of including, as part of property, plant and equipment of these funds, the costs of distribution systems, sewer mains and lift stations which are paid for by assessments against benefited property.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Governmental Fund types and expendable trust fund are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Major revenues that

(Continued)

CITY OF EDINA, MINNESOTA

are determined to be susceptible to accrual include property taxes, special assessments, intergovernmental revenues, charges for service, and investment income. Major revenues that are determined not to be susceptible to accrual because they are not available soon enough to pay liabilities of the current period or are not objectively measurable include delinquent property taxes and assessments, licenses, permits, fines and forfeitures.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which is recognized when due.

The Proprietary Fund types are accounted for using the accrual basis of accounting. Their revenues are recognized when earned and their expenses are recognized when incurred. Unbilled utility service receivables are recorded at year end.

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. The Governmental and Proprietary Funds' financial statements generally reflect such transactions as transfers. Nonrecurring or nonroutine transfers of equity between funds are recorded as equity transfers and, accordingly, are reported as additions or deductions from fund equity.

E. Budgets and Budgetary Accounting

The City adopts an annual budget for the General Fund and the Community Development Block Grant Fund, a special revenue fund. (The council has elected not to prepare a budget for the Communications Fund, a special revenue fund.) The budgets are prepared on the modified accrual basis of accounting. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by the passage of a resolution by the City Council.
4. Formal budgetary integration is employed as a management control device during the year.
5. Budgets for the General Fund and the Community Development Block Grant Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

(Continued)

CITY OF EDINA, MINNESOTA

6. The City Council may authorize transfers of budgeted amounts between departments.
7. Reported budget amounts are as originally adopted or as amended by Council-approved supplemental appropriations and budget transfers.
8. Expenditures may not legally exceed appropriations by department unless offset by increases in revenues. All unencumbered appropriations lapse at year end.

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration.

Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, and therefore, are presented in the financial statements as reservations of fund balances. Encumbrances are recorded in the Construction Fund which is part of the Capital Projects Fund.

G. Cash

Cash balances from all funds are pooled together and invested to the maximum extent at favorable rates. This also allows certain funds to generate a temporary cash overdraft. Interest earned is allocated as determined by the Investment Advisory Committee.

H. Investments

The City's investments, including deferred compensation investments and investments with fiscal agents, are stated at fair value, based on quoted market prices.

I. Statement of Cash Flows

For purposes of the statement of cash flows, the City's Enterprise Funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. Interfund Receivables/Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are recorded as due to/from other funds.

(Continued)

CITY OF EDINA, MINNESOTA**K. Inventory**

Inventory is stated at the lower of cost (determined on a first in, first out basis) or market value. The costs of proprietary fund-type inventories are recorded as expenditures when consumed rather than when purchased.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick leave is payable when used or upon termination of employment as a lump sum payment equal to 50% of their balance up to 960 hours. Employees hired before January 1, 2000 elected to choose from the above sick leave policy or six weeks severance after 20 years of service. Vacation pay is payable when used or upon termination of employment. Vacation and sick pay is accrued when incurred in Proprietary Funds and reported as a liability. For Governmental Funds, vacation pay that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the Fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported in the General Long-term Debt Account Group. No expenditure is reported for these amounts. The amount of accrued vacation pay at December 31, 2002 reported in the Governmental Funds, Proprietary Funds and General Long-term Debt Account Group was \$30,824, \$687,044, \$2,627,669 respectively.

M. Memorandum Only-Total Column

Total columns on the combined statements are captioned memorandum only to indicate that they are presented only to facilitate financial analysis. The columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of these data.

N. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

O. Reclassifications

Certain 2001 amounts were reclassified to conform to the 2002 presentation.

P. GASB Statement No. 20

In accordance with Governmental Accounting Standards, proprietary and similar trust funds may apply all GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those

(Continued)

CITY OF EDINA, MINNESOTA

pronouncements conflict with or contradict GASB pronouncements; Statements and Interpretations of the Financial Accounting Standards Board (FASB), Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure. The City has elected to apply only FASB, APB, and ARB materials issued on or before November 30, 1989 to the Enterprise Funds.

Q. 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 revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

R. Joint Venture

The City's investment in joint venture is reported in the general fixed asset account group equal to the City's interest in the net assets of the joint venture. The City's interest is based on the allocation in the joint powers agreement.

(2) Cash and Investments

Cash

In accordance with Minnesota Statutes, the City maintains deposits at various financial institutions. Deposits are carried at cost plus accrued interest. Minnesota Statutes require that all City deposits be protected by an insurance surety bond or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged). At December 31, 2002 the City had no deposits that were uninsured or uncollateralized. The deposits were insured or collateralized by securities held by the City's agent in the City's name.

Investments

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

- (a) Direct obligations or obligations guaranteed by the United States or its agencies;
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above;
- (c) General obligations in the State of Minnesota or any of its municipalities;
- (d) Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System;

(Continued)

CITY OF EDINA, MINNESOTA

- (e) Commercial paper issued by United States corporations or their Canadian Subsidiaries, of the highest quality, and maturing in 270 days or less;
- (f) Guaranteed investment contracts issued or guaranteed by United States commercial banks or domestic branches of foreign banks or United States insurance companies or their subsidiaries;
- (g) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers; and
- (h) Futures contracts sold under authority of Minnesota Statutes 471.56, subdivision 5.

The City's investments are categorized in the following manner:

Category 1--Includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name.

Category 2--Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name.

The investment balances at December 31, 2002 were as follows:

	Credit Risk Category		Fair Value
	Category 1	Category 2	
Certificates of deposit	\$ 1,478,485	0	1,478,485
Commercial paper	6,783,004	15,960,092	22,743,096
Banker's acceptance	0	1,563,887	1,563,887
Money Market investments	36,860	14,215,468	14,252,328
Government securities:			
United States Treasury Notes	260,077	1,611,615	1,871,692
Federal National Mortgage Association	1,386,777	3,392,600	4,779,377
Government National Mortgage Association	0	478,121	478,121
Federal Home Loan Mortgage Corporation	1,792,107	4,409,339	6,201,446
Federal Home Loan Bank	1,572,916	2,171,104	3,744,020
SBA Pool	233,044	484,210	731,411
Municipal Bonds	0	1,400,000	1,400,000
	<u>\$ 13,543,270</u>	<u>45,700,593</u>	<u>59,243,863</u>
Cash and investments with fiscal agents			2,538
Cash and investments with plan administrators			<u>3,687,756</u>
Total investments			<u>\$ 62,934,157</u>

(Continued)

CITY OF EDINA, MINNESOTA

In accordance with Minnesota Statutes, the City invests in various mortgage-backed securities, such as collateralized mortgage obligations. Included in the Federal Home Loan Mortgage Corporation investments are approximately \$494,375 of collateralized mortgage obligations, debt instruments issued by special purpose entities which are secured by pools of mortgage loans or other mortgage-backed securities. Payments of interest and principal on underlying collateral provide the funds to pay debt service on the collateralized mortgage obligation. The Federal Home Loan Mortgage Corporation is a federally chartered corporation and guarantees timely payment and principal to security holders. The cash flows and yields on collateralized mortgage obligations are sensitive to the rate of principal payments (including prepayments) on the underlying collateral. For example, a rapid or slow rate of principal payments on the underlying collateral may have a material adverse effect on the yield to maturity of the collateralized mortgage obligations.

Deposits at December 31, 2002 were as follows:

	Carrying Amount	Bank balance
Checking accounts	\$ 626,849	1,071,314
Cash on hand	15,065	0
Cash with trustee	248,700	0
	\$ 890,614	1,071,314

(3) Property Taxes

The City Council annually adopts a tax levy and certifies it to the County for collection in October of each year. The County is responsible for billing and collecting all property taxes for itself, the City, the local school district and other taxing authorities. Such taxes become a lien on January 1 of the following year and are recorded as receivables by the City at that date. Real property taxes are payable by property owners on May 15 and October 15 of each calendar year. These taxes are collected by the County and remitted to the City on or before July 5 and December 4 of the same year. Additionally, delinquent collections in November and December are remitted to the City each January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes received by the City in July and December are recognized as revenue for the current year. Taxes not collected by the County by December 31 (remitted to the City by the following January) are classified as delinquent and unremitted taxes receivable.

(Continued)

CITY OF EDINA, MINNESOTA

(4) Fixed Assets

A summary of changes in general fixed assets during 2002 is as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Land	\$23,215,827	453,815	11,820,169	11,849,474
Land improvements	16,105,642	15,200,642	2,100,471	29,205,813
Buildings	20,697,983	4,695,504	6,384,789	19,008,698
Furniture & fixtures	913,716	41,214	366,497	588,433
Vehicles	5,441,453	703,998	348,698	5,796,753
Sidewalks	310,995	0	271,597	39,398
Leasehold improvements	188,545	0	188,545	0
Miscellaneous equipment	200,599	47,900	40,343	208,156
Park & playground equipment	503,672	141,576	30,179	615,069
Highway equipment	2,290,373	0	235,384	2,054,989
Police equipment	337,084	199,218	43,754	492,548
Fire equipment	396,847	14,990	26,423	385,414
Election equipment	0	0	0	0
Engineering Equipment	40,080	0	0	40,080
Traffic signals	165,790	0	0	165,790
Tools	5,812	0	0	5,812
Parks	19,892,698	0	4,041	19,888,656
Construction in progress	5,328,383	15,328,824	2,957,306	17,699,901
Investment in joint venture	0	979,658	0	979,658
Total	<u>\$96,035,499</u>	<u>37,807,340</u>	<u>24,818,197</u>	<u>109,024,642</u>

A summary of proprietary fund fixed assets at December 31, 2002 is as follows:

	Enterprise Fund
Land	\$1,088,965
Golf course	4,602,724
Land improvements	885,928
Water distribution system	12,487,895
Sewer collection system	13,879,198
Major recreation facilities	14,655,091
Major water facilities	19,319,071
Buildings—liquor stores	1,531,548
Furniture, fixtures and equipment	3,495,708
Vehicles	847,392
Lease property - capital lease	468,580
Construction in progress	1,464,742
	<u>74,726,842</u>
Less accumulated depreciation	<u>(31,514,346)</u>
Net book value	<u>\$43,212,496</u>

(Continued)

CITY OF EDINA, MINNESOTA

(5) Long-term Debt**Bonded Debt**

The City has four types of bonded debt outstanding at December 31, 2002: tax increment bonds, general obligation bonds, public project revenue bonds and G.O. revenue bonds.

The first type of bond is payable solely from tax increment monies with any deficiency to be provided for by general property taxes. The second type is payable solely from general property taxes. The third type is payable solely from annual appropriation lease payments received from the City of Edina pursuant to a lease between the Edina Housing and Redevelopment Authority and the City. The fourth type is payable primarily from enterprise revenue with any deficiency to be provided for by general property taxes.

The bonded debt outstanding is summarized as follows:

	Maturities	Interest rates	Balance December 31, 2002
Tax Increment Bonds	2006 – 2013	3.00 - 6.25	\$40,855,000
General Obligation Bonds	2017 – 2017	4.25 - 5.75	6,950,000
Public Proj. Rev. Bonds	2021 – 2021	4.25 - 5.75	12,410,000
GO Revenue Bonds	2009 – 2017	2.25 - 6.05	10,520,000
Total			<u>\$70,735,000</u>

Changes in long-term debt during the year were as follows:

	Balance January 1, 2002	Issued/ Increases	Redeemed/ decreases	Balance December 31, 2002
Tax Increment Bonds	\$47,590,000	1,400,000	8,135,000	40,855,000
General Obligation Bonds	7,250,000	0	300,000	6,950,000
Public Project Rev. Bonds	0	12,410,000	0	12,410,000
G.O. Revenue Bonds	17,625,000	0	7,105,000	10,520,000
Total bonds	72,465,000	13,810,000	15,540,000	70,735,000
Compensated absences payable	2,354,817	272,852	0	2,627,669
Obligation under capital lease	\$363,913	0	68,911	295,002

The City had the following G.O. revenue bonds outstanding at December 31, 2002:

Utility Revenue Bonds, Series 1999A	2,630,000
Recreation Refunding Bonds, Series 1999B	3,270,000
Recreation Facility Bonds, Series 2001A	4,620,000
	<u>\$10,520,000</u>

(Continued)

CITY OF EDINA, MINNESOTA

The Recreation Refunding Bonds (Golf Course Bonds) are general obligation revenue bond issues payable from the Golf Course Enterprise Fund with any deficiency to be provided first from Liquor Fund revenue and then from general property taxes. The Recreation Facility Bonds are general obligation revenue bond issues payable from the Golf Course, Ice Arena and Swimming Pool Funds with any deficiency to be provided first from Liquor Fund revenue and then from general property taxes. The Utility Bonds are general obligation revenue bond issues payable from the Utility Fund and then from general property taxes.

The annual requirements to amortize all debt outstanding as of December 31, 2002, including interest payments of \$13,950,379 are as follows:

Year ending December 31	Tax Increment	General Obligation	Public Project Revenue	G.O. Revenue	Total
2003	\$ 6,889,328	695,388	390,000	1,453,492	9,428,208
2004	6,682,761	679,625	457,600	1,503,573	9,323,559
2005	6,822,300	687,912	480,700	1,509,393	9,500,305
2006	6,161,010	694,600	501,600	1,511,605	8,868,815
2007	5,514,483	675,287	527,725	1,505,204	8,222,699
2008-2021	16,856,715	6,803,369	10,653,811	5,027,898	39,341,793
	<u>\$ 48,926,597</u>	<u>10,236,181</u>	<u>13,011,436</u>	<u>12,511,165</u>	<u>84,685,379</u>

During 2001, the City issued \$4,620,000 in General Obligation Recreational Facility Bonds, Series 2001A. Of the total proceeds, \$3,066,438 was deposited into a sinking fund to finance a crossover debt refunding of G.O. Recreational Facility Refunding Bonds, Series 1992C. The sinking funds remained in place until the crossover date, at which time they paid off the outstanding debt. Both issues were reported on the City's financial statements until the call date of January 1, 2002 for the G.O. Recreational Facility Refunding Bonds, Series 1992C. The cumulative savings on this refunding will be \$280,300, and the net present value of savings is \$245,169. The remaining proceeds of \$1,491,965 will finance improvements in the swimming pool and municipal golf facilities.

During 2002, the City issued \$12,410,000 in Edina Housing and Redevelopment Authority Public Project Revenue Bonds, Series 2002 to finance the cost of constructing and furnishing a City Hall and Public Safety Facility.

During 2002, the City issued \$1,400,000 in G.O. Tax Increment Bonds, Series 2002. These bonds were issued to reimburse costs of the hazardous substances removal at the Grandview area.

Subsequent Event

Subsequent to December 31, 2002, the City issued \$1,540,000 G.O. Equipment Certificates of Indebtedness, Series 2003A to fund equipment purchases; \$6,570,000 G.O. Tax Increment Refunding Bonds, Series 2003B to refund G.O. Tax Increment Series 1993; and \$3,200,000 G.O. Water and Sewer Revenue Bonds, Series 2003C to fund capital improvements to the water and sewer system.

(Continued)

CITY OF EDINA, MINNESOTA

Legal Debt Margin

Minnesota Statutes, Chapter 475, as amended, provide that the city shall not incur or be subject to a net debt in excess of 2% of the market value of taxable property. At December 31, 2002, the legal debt margin was \$131,328,840 calculated as follows:

Market value		\$	<u>6,913,942,000</u>
Debt limit - 2% of market value			138,278,840
Amount of general obligation debt		\$	70,735,000
Less: Tax increment bonds	\$	40,855,000	
Public project revenue bonds		12,410,000	
Revenue bonds		<u>10,520,000</u>	
Total deductions			<u>63,785,000</u>
Total amount of debt applicable to debt limit			<u>6,950,000</u>
Legal debt margin		\$	<u><u>131,328,840</u></u>

(Continued)

CITY OF EDINA, MINNESOTA

Long-term Debt - Other

The City is the administering authority for the following tax increment finance districts. Tax capacity values are for taxes payable in 2002.

50th and France-No. 1200, a redevelopment district established in 1974 pursuant to Minnesota Statutes with a termination date of 2009.

Original tax capacity value	\$ 112,845
Current tax capacity value	926,987
Captured tax capacity value:	
Retained by authority	814,142
Shared with other taxing districts	0
General obligation tax increment bonds issued	5,350,000
Total loans incurred	0
Amounts redeemed	<u>2,900,000</u>
Outstanding bonds and loans at December 31, 2002	<u>\$ 2,450,000</u>

Southeast Edina Redevelopment District-No. 1201, a redevelopment district established in 1977 pursuant to Minnesota Statutes with a termination date of 2009.

Original tax capacity value	\$ 114,831
Current tax capacity value	2,582,253
Captured tax capacity value:	
Retained by authority	2,467,422
Shared with other taxing districts	0
General obligation tax increment bonds issued	22,410,000
Total loans incurred	0
Amounts redeemed	<u>16,080,000</u>
Outstanding bonds and loans at December 31, 2002	<u>\$ 6,330,000</u>

Grandview Area Redevelopment District-No. 1202, a redevelopment district established in 1984 pursuant to Minnesota Statutes with a termination date of 2010.

Original tax capacity value	\$ 165,060
Current tax capacity value	833,100
Captured tax capacity value:	
Retained by authority	668,040
Shared with other taxing districts	0
General obligation tax increment bonds issued	6,070,000
Total loans incurred	0
Amounts redeemed	<u>2,060,000</u>
Outstanding bonds and loans at December 31, 2002	<u>\$ 4,010,000</u>

(Continued)

CITY OF EDINA, MINNESOTA

Southeast Edina Redevelopment District-No. 1203, a redevelopment district established in 1988 pursuant to Minnesota Statutes with a termination date of 2016.

Original tax capacity value	\$ 240,126
Current tax capacity value	2,804,198
Captured tax capacity value:	
Retained by authority	2,564,072
Shared with other taxing districts	0
General obligation tax increment bonds issued	35,744,724
Total loans incurred	0
Amounts redeemed	<u>7,679,724</u>
 Outstanding bonds and loans at December 31, 2002	 <u>\$ 28,065,000</u>

General Obligation tax increment bonds issued amounts were restated to eliminate the effect of doubling the bonds due to crossover refundings.

(6) Retirement Plans

A. Defined Benefit Pension Plans

The City is involved in one pension program as follows:

Defined Benefit Pension Plans - Statewide:

Plan Description

All full-time and certain part-time employees of the City of Edina are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF), 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.

PERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security. All police officers, fire-fighters and peace officers who qualify for membership by statute 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.

(Continued)

CITY OF EDINA, MINNESOTA

Two methods are used to compute benefits for PERF's Coordinated 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 Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 1.7 percent of average salary for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and PERF members 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 and 65 for Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF and PEPFF. That report may be obtained on the web at mnpera.com, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

Minnesota Statute 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. PERF Coordinated Plan members are required to contribute 5.10% of their annual covered salary. PEPFF members are required to contribute 6.20% of their annual covered salary. The City of Edina is required to contribute the following percentages of annual covered payroll: 5.52% for Coordinated Plan PERF members, and 9.30% for PEPFF members.

(Continued)

CITY OF EDINA, MINNESOTA

The City's contributions to PERF and PEPFF for the years ended December 31, 2002, 2001, and 2000 were equal to the required contributions for each year, as follows:

	<u>2002</u>	<u>2001</u>	<u>2000</u>
PERF	\$565,460	516,964	485,277
PEPFF	\$485,138	455,461	439,163

(7) Deferred Compensation Plan

The City offers its employees six deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans are Aetna, International City Manager's Association (ICMA), Great West, T. Rowe Price, Minnesota State Retirement System (MSRS), and Minnesota Mutual. The plans, available to all City employees, permit participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The City is trustee for two of the plans and accordingly, the plan assets (recorded at fair value) and fund balance is recorded in an expendable trust fund.

(Continued)

CITY OF EDINA, MINNESOTA

(8) Segment Information for Enterprise Funds

The City maintains Enterprise Funds for utility (water and sewer) services, liquor facilities, golf course and arena. Individual funds are also maintained for other enterprise operations designated below as "Other Enterprise Funds" which are recreational in nature such as: swimming pool, art center and Edinborough Park/Centennial Lake.

Segment information for the year ended December 31, 2002 is as follows:

	Utility	Liquor	Golf Course	Arena	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues	\$ 8,561,287	9,355,366	3,427,457	1,218,004	2,300,812	24,862,926
Depreciation	917,013	56,170	450,542	325,136	339,054	2,141,915
Operating income (loss)	1,164,473	825,069	258,427	(88,247)	(477,176)	1,682,546
Nonoperating revenues (expenses), net	(27,074)	(23,135)	(363,527)	(14,950)	59,996	(368,690)
Operating transfers in (out)	(290,000)	(739,000)	0	90,157	183,353	(755,490)
Net income	847,399	62,934	(105,100)	(13,040)	(233,827)	558,366
Property additions	1,194,166	1,086,373	583,042	90,157	1,535,409	4,489,147
Property deletions	394,803	230,713	636,717	23,206	908,370	2,193,809
Net working capital	6,583,151	1,212,013	(79,407)	12,627	210,251	7,938,635
Bonds payable	2,630,000	0	4,930,000	1,390,000	1,570,000	10,520,000
Total assets	34,322,949	3,437,958	7,052,621	4,283,089	4,235,793	53,332,410
Total retained earnings (deficit)	31,021,509	2,806,250	1,695,400	(236,729)	376,024	35,662,454

(Continued)

CITY OF EDINA, MINNESOTA

(9) Due From To Other Funds

Interfund receivables and payables as of December 31, 2002 were as follows:

Fund	Interfund Receivables	Interfund Payables
General (including amount due to Edina Housing And Redevelopment Authority of \$40,193)	\$ 607,731	240,193
Special Revenue:		
Community Development Block Grant	0	46,542
Communications	244,767	0
Debt Service:		
General Debt Service	898,476	0
City Hall Debt Service	309,096	0
Capital Project:		
Construction	0	4,221,616
Housing and Redevelopment Authority of Edina	40,193	0
Revolving	674,512	0
Enterprise:		
Utilities	340,068	0
Liquor	666,251	0
Swimming Pool	464,004	0
Golf Course	191,522	0
Arena	34,790	0
Art Center	66	0
Edinborough Park/Centennial Lake	36,875	0
	\$ 4,508,351	4,508,351

(Continued)

CITY OF EDINA, MINNESOTA

(10) Reserved or Designated Fund Equity

The following fund equity balances as of December 31, 2002 have been reserved or designated for the reasons noted below:

General Fund:	
Reserved for prepaid insurance	\$417,093
Designated for Parkland dedication	122,494
Designated for Edinborough trust	4,645,867
Designated for unrealized investment gain	234,500
Designated for equipment replacement	2,120,989
Designated for insurance claims	925,765
Designated for General Fund operations	6,276,357
Debt Service Funds:	
Reserved for debt service	1,551,207
Capital Projects:	
Reserved for encumbrances	2,635,229
Designated for capital improvements	18,737,582
Enterprise Funds:	
Reserved for debt service	1,519,551
Trust and Agency Funds:	
Reserved for deferred compensation plan participants	3,687,756
Total fund equity reservations and designations	<u>\$42,874,390</u>

(11) Fund Deficits

The following funds had deficit fund balances or retained earnings at December 31, 2002:

Capital Project Fund:	
Construction	\$(4,651,997)
Enterprise Fund:	
Arena	\$(236,729)

The Capital Projects construction fund deficit will be covered in future periods by special assessment collections, tax increments, operating revenues, or State and bond proceeds. The enterprise Arena fund deficits will be covered in future periods by operating revenues and operating transfers.

(12) Contingencies

The City Attorney has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance or will not have a material adverse effect on the financial condition of the City.

(Continued)

CITY OF EDINA, MINNESOTA

(13) Capital Lease

The City has recorded a capital lease for equipment installed in the Arena, Golf Course and Edinborough Park Enterprise Funds.

The assets acquired through capital leases are as follows:

Asset	<u>Golf Course</u>	<u>Arena</u>	<u>Edinborough Park</u>
Machinery and equipment	\$37,966	341,698	88,916
Less: Accumulated depreciation	<u>(30,373)</u>	<u>(273,358)</u>	<u>(71,133)</u>
Total	<u><u>\$7,593</u></u>	<u><u>68,340</u></u>	<u><u>17,783</u></u>

The following is a schedule by years of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2002:

Year ending December 31:	
2003	64,395
2004	<u>35,971</u>
Total minimum lease payments	100,366
Less: Amount representing interest	<u>(5,366)</u>
Present value of net minimum lease payments	<u><u>\$ 95,000</u></u>

The City has recorded a capital lease for the purchase/construction of the Fire Station at 7335 York Avenue South. The terms of the lease agreement extend to the year 2006 and provide for an ownership transfer to the City at the termination of the lease.

The asset acquired through this capital lease is as follows:

<u>Asset</u>	<u>General Fixed Assets</u>
Building	\$630,749
Less: accumulated depreciation	<u>--</u>
Total	<u><u>\$630,749</u></u>

Year ending December 31:	
2003	\$83,761
2004	83,761
2005	83,761
2006	<u>83,760</u>
Total minimum lease payments	335,043
Less: Amount representing interest	<u>(40,041)</u>
Present value of net minimum lease payments	<u><u>\$295,002</u></u>

(Continued)

CITY OF EDINA, MINNESOTA

(14) Related Party Transactions

During the past fiscal year, one of several depository institutions with which the City maintained cash balances and conducted transactions, was considered a related party since a current elected member of the City Council was employed as an officer of this institution.

(15) Fund Equity -- Contributed Capital

The following is a summary of the changes in contributed capital:

	Enterprise					
	Utilities	Art Center	Swimming Pool	Golf Course	Arena	Edin. Pk. Cent. Lake
Contributed capital:						
Balance January 1, 2002	\$ 20,578	274,725	1,366,044	2,000	3,099,446	521,257
Less:						
Delete Contributed Assets	0	(2,614)	(13,483)	(2,000)	0	(19,716)
Less:						
Transfer of depreciation To contributed capital	<u>(443)</u>	<u>(18,036)</u>	<u>(96,780)</u>	<u>0</u>	<u>(187,352)</u>	<u>(104,980)</u>
Balance December 31, 2002	\$ <u>20,135</u>	<u>254,075</u>	<u>1,255,781</u>	<u>0</u>	<u>2,912,094</u>	<u>396,561</u>

(16) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation, automobile, liability and pollution coverage are provided through an insurance company. The City pays an annual premium for this coverage and all claims are paid from the plan up to the annual maximum of \$600,000 set by the State. The City is not subject to a deductible for workers compensation, automobile, liability and pollution coverage.

Property coverage is also provided by an insurance company. The City pays an annual premium for this coverage, and all claims are paid for by the plan. The City has a \$5,000 deductible per occurrence, with an annual maximum of \$52,053,445.

Police professional insurance coverage is provided by an insurance company. The City pays an annual premium for the coverage, and has a \$10,000 deductible per occurrence, with a \$500,000 annual maximum.

Public official liability insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage, and has a \$15,000 deductible per occurrence, with a \$1,000,000 annual maximum.

(Continued)

CITY OF EDINA, MINNESOTA

Inland Marine contractor's equipment insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage, and has a \$1,000 deductible and \$100,000 maximum per occurrence, with a \$1,904,460 annual maximum.

Boiler and machinery insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage, and has a \$2,500 deductible per occurrence, with a \$1,000,000 annual maximum.

Ambulance professional liability insurance coverage is provided by an insurance company. The City pays an annual premium for this coverage with a \$500,000 annual maximum.

A public employee's blanket bond and a public official bond are provided by an insurance company. The City pays an annual premium for this coverage, and is subject to limits of \$500 to \$50,000 per individual for the public official bond, and a \$50,000 annual maximum for the public employee's blanket bond.

The City covers all losses above the per occurrence and annual deductibles through a reinsurance policy. The City has designated \$925,765 in the general fund to finance potential uninsured loss. Settlement claims have not exceeded insurance coverage for either of the past three years.

(17) Conduit Debt Obligations

As of December 31, 2002, the City of Edina had outstanding 3 series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$24,905,000. The bonds are payable solely from revenues of the respective organizations and do not constitute an indebtedness of the City, and are not a charge against its general credit or taxing power. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

(18) Joint Ventures

The City is a participant with the City of Bloomington, the City of Eden Prairie and the Metropolitan Airport Commission in a joint venture to construct and operate a facility to be used for the training of law enforcement officers and firefighters. The South Metro Public Safety Training Facility Association (PSTF) is governed by a Board consisting of one representative from each Member. On dissolution of the Association, the Facility shall revert to the City of Edina, and all remaining assets shall be divided among the members based on the Cost Sharing Formula. In accordance with the joint venture agreement, each member of the association will share in the cost of the construction and operation based on the Cost Sharing Formula. In accordance with the joint venture agreement, the PSTF remitted \$5,708,000 to the City for 2002. The City's net investment is reported in the City's General Fixed Asset Account Group. The City's equity interest in the PSTF was \$979,658. Complete financial statements for PSTF can be obtained from the City of Edina, 4801 West 50th Street, Edina, MN 55424.

(Continued)

CITY OF EDINA, MINNESOTA

(19) Excess of Expenditures Over Appropriations

For the year ending December 31, 2002, expenditures exceeded appropriations in the following departments:

	Budget	Actual	Variance
General Government:			
Mayor & council	\$ 70,468	70,870	(402)
Finance	512,723	544,959	(32,236)
Election	110,264	189,955	(79,691)
Legal and court services	366,000	436,707	(70,707)
Public Works:			
Administration	142,019	144,309	(2,290)
Unallocated General:			
Share of special assess	25,000	40,380	(15,380)
Human Rights Comm.	87,925	94,909	(6,984)
Central Services:			
General	4,761,540	4,899,955	(138,415)

All unfavorable variances were funded by favorable expenditure variances from other departments or excess revenues.

(20) New Accounting Standards

In June 1999, the Governmental Accounting Standards Board (GASB) issued its statement on financial reporting, GASB 34, "*Basic Financial Statements – and Management Discussion and Analysis – For State and Local Governments.*" The new financial reporting model required by the statement changes the presentation of governments' external financial statements. The effective date of the new pronouncement will require implementation by the City for its year ending December 31, 2003. Management is currently studying the impact of adopting GASB No. 34 and other related pronouncements.

(21) Commitments

At December 31, 2002, the City had outstanding commitments of \$3,008,000 for construction contracts.

(22) Subsequent Event

On March 4, 2003, the City awarded contracts in the amount of \$6,100,000 for the construction of a new City Hall/Police Facility.

Financial Section

Combining and Individual Funds and
Account Group Statements

GENERAL FUND

The General Fund accounts for the revenues and expenditures used to carry out basic governmental activities of the City such as general government, public safety, public works, and parks and recreation. Revenue is recorded by source (e.g., taxes, licenses and permits, intergovernmental revenues, fines and forfeitures, charges for services). General Fund expenditures are made primarily for current day-to-day operations and operating equipment. This fund accounts for all financial transactions not properly accounted for in another fund.

CITY OF EDINA, MINNESOTA

General Fund

Balance Sheet

December 31, 2002
(with comparative amounts for December 31, 2001)

Assets	2002	2001
Petty cash and change funds	\$ 3,300	3,300
Investments	14,678,223	15,549,217
Accounts receivable	223,820	230,770
Accrued interest receivable	990	12,390
Taxes receivable:		
Delinquent	132,443	121,548
Allowance for uncollectible taxes	(132,443)	(121,548)
Due from other funds	607,731	41,678
Due from other governments	202,378	270,914
Prepaid expenses	417,093	15,872
Total assets	<u>\$ 16,133,535</u>	<u>16,124,141</u>
<u>Liabilities and Fund Balance</u>		
Liabilities:		
Accounts payable	416,906	453,635
Salaries payable	576,737	508,397
Due to other funds	240,193	623,727
Due to other governments	109,169	44,735
Compensated absences payable	30,824	107,954
Deposits payable	10,000	10,000
Deferred revenue	6,641	0
Total liabilities	<u>1,390,470</u>	<u>1,748,448</u>
Fund balance:		
Reserved	417,093	15,872
Unreserved:		
Designated	14,325,972	14,359,821
Total fund balance	<u>14,743,065</u>	<u>14,375,693</u>
Total liabilities and fund balance	<u>\$ 16,133,535</u>	<u>16,124,141</u>

CITY OF EDINA, MINNESOTA

General Fund

Statement of Revenue, Expenditures and Changes in Fund Balance --
Budget and ActualYear ended December 31, 2002
(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
Revenues:				
Taxes	\$ 15,845,256	15,943,710	98,454	14,375,991
Licenses and permits	1,839,500	1,939,207	99,707	2,239,611
Intergovernmental	669,900	788,775	118,875	1,657,599
Charges for service	1,730,916	2,049,470	318,554	1,909,666
Fines and forfeitures	810,000	910,407	100,407	976,952
Investment income	113,200	151,388	38,188	157,309
Sale and rental of property	142,500	383,984	241,484	250,352
Other revenues	27,600	30,394	2,794	16,087
Total revenues	<u>21,178,872</u>	<u>22,197,335</u>	<u>1,018,463</u>	<u>21,583,567</u>
Expenditures:				
Current:				
General government	2,978,183	2,984,012	(5,829)	2,633,260
Public safety	9,960,296	9,893,428	66,868	9,409,291
Public works	4,358,789	4,161,373	197,416	4,313,065
Parks	2,700,832	2,602,266	98,566	2,375,565
Unallocated general	563,325	445,929	117,396	506,495
Other	0	48,063	(48,063)	32,024
Capital outlay:				
General government	43,916	32,412	11,504	417,949
Public safety	481,532	313,451	168,081	737,972
Public works	513,333	392,244	121,089	576,727
Parks	103,666	56,785	46,881	116,905
Total expenditures	<u>21,703,872</u>	<u>20,929,963</u>	<u>773,909</u>	<u>21,119,253</u>
Excess (deficiency) of revenues over expenditures	(525,000)	1,267,372	1,792,372	464,314
Other financing sources (uses):				
Operating transfers in (out)				
Liquor fund	525,000	0	(525,000)	0
Capital Project funds	0	(900,000)	(900,000)	0
Edinborough Park/Centennial Lake	0	0	0	(46,000)
Parkland dedication	0	0	0	60,280
Total other financing sources	<u>525,000</u>	<u>(900,000)</u>	<u>(1,425,000)</u>	<u>14,280</u>
Excess of revenues and other financing sources over expenditures and other financing uses	\$ <u>0</u>	367,372	<u>367,372</u>	478,594
Fund balance - January 1		<u>14,375,693</u>		<u>13,897,099</u>
Fund Balance - December 31		\$ <u>14,743,065</u>		\$ <u>14,375,693</u>

CITY OF EDINA, MINNESOTA

General Fund

Schedule of Revenues -- Budget and Actual

Year ended December 31, 2002

(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
Taxes:				
General property tax	\$ 15,840,256	15,929,776	89,520	14,356,984
Penalties and interest	5,000	13,934	8,934	19,007
Total taxes	<u>15,845,256</u>	<u>15,943,710</u>	<u>98,454</u>	<u>14,375,991</u>
Licenses and permits	<u>1,839,500</u>	<u>1,939,207</u>	<u>99,707</u>	<u>2,239,611</u>
Intergovernmental:				
Federal aid	8,400	21,052	12,652	20,230
State grants:				
Homestead credit	0	0	0	979,864
State highway aid	195,000	195,000	0	140,000
Other	0	104,807	104,807	58,809
Police aid	300,000	306,732	6,732	297,122
County grants:				
Health programs	166,500	161,184	(5,316)	161,574
Total intergovernmental	<u>669,900</u>	<u>788,775</u>	<u>118,875</u>	<u>1,657,599</u>
Charges for service:				
Building Department	2,600	4,105	1,505	12,866
City Clerk	2,100	14,610	12,510	17,671
Fire Department	16,000	22,645	6,645	26,289
Ambulance Fees	938,000	1,269,045	331,045	1,224,377
Police Department	160,000	200,065	40,065	79,317
Engineering	104,900	67,219	(37,681)	69,498
Health Department	6,000	4,225	(1,775)	10,878
Planning Department	20,300	22,385	2,085	23,975
Surcharge	0	1,355	1,355	1,554
Housing Foundation Contract	26,100	24,565	(1,535)	22,487
HRA Services	60,000	67,412	7,412	101,454
Assessing Searches	1,000	710	(290)	1,810
Park Registration	130,000	65,616	(64,384)	131,522
Senior Center	72,000	94,517	22,517	0
Other Fees	8,000	6,952	(1,048)	8,942
50th & France Assessment	16,620	16,620	0	11,330
Charges to other Funds	167,296	167,424	128	165,696
Total charges for service	<u>1,730,916</u>	<u>2,049,470</u>	<u>318,554</u>	<u>1,909,666</u>
Fines and forfeitures	<u>810,000</u>	<u>910,407</u>	<u>100,407</u>	<u>976,952</u>
Sale and rental of property	<u>142,500</u>	<u>383,984</u>	<u>241,484</u>	<u>250,352</u>
Other revenues:				
Investment Income	113,200	151,388	38,188	157,309
Donations	1,000	17,507	16,507	0
Other revenue	26,600	12,887	(13,713)	16,087
Total other revenues	<u>140,800</u>	<u>181,782</u>	<u>40,982</u>	<u>173,396</u>
Total revenues	<u>\$ 21,178,872</u>	<u>22,197,335</u>	<u>1,018,463</u>	<u>21,583,567</u>

CITY OF EDINA, MINNESOTA

General Fund

Schedule of Expenditures - Budget and Actual

Year ended December 31, 2002

(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
General government:				
Mayor and council:				
Personal services	\$ 27,500	28,625	(1,125)	26,606
Contractual services	4,000	3,889	111	6,667
Commodities	1,000	388	612	1,242
Central services	37,968	37,968	0	36,540
Total mayor and council	<u>70,468</u>	<u>70,870</u>	<u>(402)</u>	<u>71,055</u>
Administration:				
Personal services	568,562	563,228	5,334	555,122
Contractual services	157,400	105,860	51,540	104,070
Commodities	2,500	3,161	(661)	2,470
Central services	181,428	181,428	0	165,720
Capital outlay	5,679	0	5,679	6,318
Total administration	<u>915,569</u>	<u>853,677</u>	<u>61,892</u>	<u>833,700</u>
Planning:				
Personal services	235,885	230,916	4,969	221,895
Contractual services	25,335	7,728	17,607	6,519
Commodities	1,215	767	448	501
Central services	80,964	80,964	0	73,812
Capital outlay	5,035	0	5,035	214
Total planning	<u>348,434</u>	<u>320,375</u>	<u>28,059</u>	<u>302,941</u>
Finance:				
Personal services	301,109	309,863	(8,754)	291,787
Contractual services	98,500	105,941	(7,441)	110,426
Commodities	1,100	1,411	(311)	1,939
Central services	104,664	104,664	0	95,508
Capital outlay	7,350	23,080	(15,730)	445
Total finance	<u>512,723</u>	<u>544,959</u>	<u>(32,236)</u>	<u>500,105</u>
Election:				
Personal services	67,600	151,556	(83,956)	11,501
Contractual services	10,436	6,337	4,099	1,078
Commodities	5,000	6,422	(1,422)	413
Central services	16,308	16,308	0	14,820
Capital outlay	10,920	9,332	1,588	4,007
Total election	<u>110,264</u>	<u>189,955</u>	<u>(79,691)</u>	<u>31,819</u>
Assessing				
Personal services	418,748	402,028	16,720	390,587
Contractual services	128,294	62,401	65,893	85,715
Commodities	1,871	656	1,215	2,557
Central services	134,796	134,796	0	118,512
Capital outlay	14,932	0	14,932	406,965
Total assessing	<u>698,641</u>	<u>599,881</u>	<u>98,760</u>	<u>1,004,336</u>
Legal and court services:				
Contractual services	366,000	436,707	(70,707)	307,253
Total general government	<u>3,022,099</u>	<u>3,016,424</u>	<u>5,675</u>	<u>3,051,209</u>

CITY OF EDINA, MINNESOTA

General Fund

Schedule of Expenditures - Budget and Actual

Year ended December 31, 2002

(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
Public Safety:				
Police protection:				
Personal services	3,834,132	3,772,895	61,237	3,606,173
Contractual services	258,179	265,338	(7,159)	272,004
Commodities	66,948	69,726	(2,778)	63,593
Central services	1,362,468	1,362,468	0	1,232,484
Capital outlay	268,984	223,090	45,894	126,726
Total police protection	<u>5,790,711</u>	<u>5,693,517</u>	<u>97,194</u>	<u>5,300,980</u>
Fire protection:				
Personal services	2,316,721	2,304,462	12,259	2,112,787
Contractual services	207,955	203,774	4,181	209,790
Commodities	126,909	147,472	(20,563)	158,860
Central services	613,704	613,704	0	617,784
Capital outlay	172,131	69,937	102,194	591,488
Total fire protection	<u>3,437,420</u>	<u>3,339,349</u>	<u>98,071</u>	<u>3,690,709</u>
Civil defense:				
Personal services	25,184	25,939	(755)	24,215
Contractual services	8,562	5,988	2,574	4,664
Commodities	1,277	41	1,236	0
Capital outlay	7,904	1,864	6,040	7,455
Total civil defense	<u>42,927</u>	<u>33,832</u>	<u>9,095</u>	<u>36,334</u>
Animal control:				
Personal services	42,611	43,789	(1,178)	41,584
Contractual services	7,510	14,840	(7,330)	9,463
Commodities	3,654	515	3,139	685
Central services	19,344	19,344	0	17,904
Capital outlay	6,532	0	6,532	2,681
Total animal control	<u>79,651</u>	<u>78,488</u>	<u>1,163</u>	<u>72,317</u>
Public Health:				
Personal services	189,190	183,752	5,438	197,125
Contractual services	211,740	208,338	3,402	195,760
Commodities	2,700	1,038	1,662	851
Central services	66,300	66,300	0	72,504
Capital outlay	11,345	14,204	(2,859)	5,394
Total public health	<u>481,275</u>	<u>473,632</u>	<u>7,643</u>	<u>471,634</u>
Inspections:				
Personal services	398,569	375,353	23,216	387,110
Contractual services	49,736	62,576	(12,840)	58,049
Commodities	5,039	3,912	1,127	3,682
Central services	141,864	141,864	0	122,220
Capital outlay	14,636	4,356	10,280	4,228
Total inspections	<u>609,844</u>	<u>588,061</u>	<u>21,783</u>	<u>575,289</u>
Total public safety	<u>10,441,828</u>	<u>10,206,879</u>	<u>234,950</u>	<u>10,147,263</u>

CITY OF EDINA, MINNESOTA

General Fund

Schedule of Expenditures - Budget and Actual

Year ended December 31, 2002

(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
Public Works:				
Administration:				
Personal services	97,479	102,642	(5,163)	162,616
Contractual services	5,000	1,901	3,099	3,579
Commodities	0	226	(226)	112
Central services	39,540	39,540	0	36,504
Total administration	<u>142,019</u>	<u>144,309</u>	<u>(2,290)</u>	<u>202,811</u>
Engineering:				
Personal services	411,252	372,805	38,447	402,261
Contractual services	35,500	33,982	1,518	135,056
Commodities	12,000	9,126	2,874	14,011
Central services	157,344	157,344	0	143,868
Capital outlay	50,000	20,343	29,657	34,980
Total engineering	<u>666,096</u>	<u>593,600</u>	<u>72,496</u>	<u>730,176</u>
Supervision and overhead:				
Personal services	173,004	176,230	(3,226)	161,728
Contractual services	38,000	35,541	2,459	37,626
Commodities	1,000	0	1,000	1,056
Central services	542,448	542,448	0	470,424
Total supervision and overhead	<u>754,452</u>	<u>754,219</u>	<u>233</u>	<u>670,834</u>
Street Maintenance:				
Personal services	1,076,530	1,056,894	19,636	1,047,275
Contractual services	623,000	503,272	119,728	523,701
Commodities	566,000	548,730	17,270	607,988
Central services	580,692	580,692	0	565,260
Capital outlay	463,333	371,901	91,432	541,747
Total street maintenance	<u>3,309,555</u>	<u>3,061,489</u>	<u>248,066</u>	<u>3,285,971</u>
Total public works	<u>4,872,122</u>	<u>4,553,617</u>	<u>318,505</u>	<u>4,889,792</u>

CITY OF EDINA, MINNESOTA

General Fund

Schedule of Expenditures - Budget and Actual

Year ended December 31, 2002

(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
Parks:				
Administration:				
Personal services	412,175	420,184	(8,009)	384,164
Contractual services	28,763	26,066	2,697	29,394
Commodities	19,791	14,458	5,333	13,313
Central services	135,144	135,144	0	129,156
Capital outlay	4,501	0	4,501	14,811
Total administration	<u>600,374</u>	<u>595,852</u>	<u>4,522</u>	<u>570,838</u>
Recreation:				
Personal services	113,071	110,548	2,523	122,010
Contractual services	116,979	107,772	9,207	23,445
Commodities	38,114	40,626	(2,512)	24,033
Total recreation	<u>268,164</u>	<u>258,946</u>	<u>9,218</u>	<u>169,488</u>
Maintenance:				
Personal services	\$ 930,610	905,024	25,586	850,904
Contractual services	293,242	240,197	53,045	255,102
Commodities	149,359	138,663	10,696	126,228
Central services	463,584	463,584	0	417,816
Capital outlay	99,165	56,785	42,380	102,094
Total supervision and overhead	<u>1,935,960</u>	<u>1,804,253</u>	<u>131,707</u>	<u>1,752,144</u>
Total parks	<u>2,804,498</u>	<u>2,659,051</u>	<u>145,447</u>	<u>2,492,470</u>

CITY OF EDINA, MINNESOTA

General Fund

Schedule of Expenditures - Budget and Actual

Year ended December 31, 2002

(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
Unallocated general expenditures:				
Contingencies				
Personal services	0	0	0	36
Contractual services	80,000	20,696	59,304	130,298
Commodities	0	1,406	(1,406)	2,367
Total contingencies	<u>80,000</u>	<u>22,102</u>	<u>57,898</u>	<u>132,701</u>
Capital plan appropriation	<u>50,000</u>	<u>50,000</u>	<u>0</u>	<u>100,000</u>
City's share of special assessment	<u>25,000</u>	<u>40,380</u>	<u>(15,380)</u>	<u>42,816</u>
Human Rights Commission				
Contractual services	87,925	94,909	(6,984)	67,723
Total Human Rights Commission	<u>87,925</u>	<u>94,909</u>	<u>(6,984)</u>	<u>67,723</u>
Fireworks				
Commodities	12,200	12,200	0	12,000
Total fireworks	<u>12,200</u>	<u>12,200</u>	<u>0</u>	<u>12,000</u>
Suburban Rate Authority				
Contractual services	4,100	4,000	100	4,000
Total Suburban Rate Authority	<u>4,100</u>	<u>4,000</u>	<u>100</u>	<u>4,000</u>
Familink				
Contractual services	31,610	31,610	0	31,144
Total Familink	<u>31,610</u>	<u>31,610</u>	<u>0</u>	<u>31,144</u>
Regional Planning Commission				
Contractual services	21,536	21,536	0	21,217
Total Regional Planning Commission	<u>21,536</u>	<u>21,536</u>	<u>0</u>	<u>21,217</u>
Deer control				
Personal services	0	1,070	(1,070)	707
Contractual services	7,300	6,770	530	10,300
Commodities	600	0	600	127
Total deer control	<u>7,900</u>	<u>7,840</u>	<u>60</u>	<u>11,134</u>
Fire Station debt service	<u>84,000</u>	<u>83,761</u>	<u>239</u>	<u>83,760</u>
Records management				
Contractual services	35,700	8,418	27,282	0
Total Records management	<u>35,700</u>	<u>8,418</u>	<u>27,282</u>	<u>0</u>
Employee programs				
Personal services	112,350	59,529	52,821	0
Contractual services	11,004	9,644	1,360	0
Total Employee programs	<u>123,354</u>	<u>69,173</u>	<u>54,181</u>	<u>0</u>
Total unallocated general expenditures	<u>563,325</u>	<u>445,929</u>	<u>117,396</u>	<u>506,495</u>
Central services	<u>0</u>	<u>48,063</u>	<u>(48,063)</u>	<u>32,024</u>
Total expenditures	\$ <u>21,703,872</u>	<u>20,929,963</u>	<u>773,909</u>	<u>21,119,253</u>

CITY OF EDINA, MINNESOTA

General Fund

Schedule of Central Services Expenditures - Budget and Actual

Year ended December 31, 2002

(with comparative actual amounts for year ended December 31, 2001)

	2002		Variance Favorable (unfavorable)	2001
	Budget	Actual		Actual
General:				
Personal services	\$ 3,634,465	3,575,391	59,074	3,344,997
Contractual services	1,008,500	1,256,588	(248,088)	986,742
Commodities	50,000	39,286	10,714	50,816
Capital outlay	68,575	28,690	39,885	17,489
Total general	<u>4,761,540</u>	<u>4,899,955</u>	<u>(138,415)</u>	<u>4,400,044</u>
City Hall:				
Personal services	72,313	63,534	8,779	61,569
Contractual services	52,412	48,885	3,527	50,790
Commodities	35,595	20,662	14,933	27,725
Fixed charges	20,424	20,424	0	18,828
Total City Hall	<u>180,744</u>	<u>153,505</u>	<u>27,239</u>	<u>158,912</u>
Public Works building:				
Personal services	71,856	70,090	1,766	72,099
Contractual services	113,500	99,574	13,926	130,762
Commodities	64,500	67,454	(2,954)	67,198
Fixed charges	15,960	15,960	0	14,712
Capital outlay	7,496	8,080	(584)	3,236
Total Public Works building	<u>273,312</u>	<u>261,158</u>	<u>12,154</u>	<u>288,007</u>
Equipment operation:				
Personal services	330,924	347,394	(16,470)	330,425
Contractual services	93,000	99,790	(6,790)	82,826
Commodities	554,000	481,338	72,662	524,110
Fixed charges	305,172	305,172	0	277,044
Capital outlay	31,000	24,379	6,621	14,564
Total equipment operation	<u>1,314,096</u>	<u>1,258,073</u>	<u>56,023</u>	<u>1,228,969</u>
Total central services expenditures	6,529,692	6,572,691	(42,999)	6,075,932
Less allocation to other activities	<u>6,529,692</u>	<u>6,524,628</u>	<u>5,064</u>	<u>6,043,908</u>
Net central services	<u>0</u>	<u>48,063</u>	<u>(48,063)</u>	<u>32,024</u>

SPECIAL REVENUE FUNDS

Special revenue funds account for revenues derived from specific taxes or other earmarked revenue sources and are usually required by statute or local ordinance and/or resolution to finance particular functions, or activities of government. The City has the following special revenue funds:

Community Development Block Grant Fund: This fund was established to account for funds received under Title I of the Housing and Community Development Act of 1974.

Communications Fund: This fund was established to account for funds received from the franchise fee of the local cable television service.

CITY OF EDINA, MINNESOTA

Special Revenue Funds

Combining Balance Sheet

December 31, 2002

(with comparative totals for December 31, 2001)

	Community Development Block Grant	Communications	Totals	
			2002	2001
<u>Assets</u>				
Investments	\$ 0	1,246,638	1,246,638	1,126,558
Accounts receivable	0	103,539	103,539	101,619
Accrued interest receivable	0	11,845	11,845	13,143
Due from other funds	0	244,767	244,767	217,594
Due from other governments	157,078	1,202	158,280	17,887
Total assets	\$ 157,078	1,607,991	1,765,069	1,476,801
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	10,500	15,173	25,673	21,755
Salaries payable	36	3,107	3,143	1,341
Due to other funds	46,542	0	46,542	17,722
Due to other governments	100,000	113	100,113	34
Deferred revenue	0	80	80	0
Total liabilities	157,078	18,473	175,551	40,852
Fund balance:				
Unreserved - undesignated	0	1,589,518	1,589,518	1,435,949
Total liabilities and fund balance	\$ 157,078	1,607,991	1,765,069	1,476,801

CITY OF EDINA, MINNESOTA

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended December 31, 2002

(with comparative totals for year ended December 31, 2001)

	Community Development Block Grant	Communications	Totals	
			2002	2001
Revenues:				
Franchise fees	\$ 0	418,153	418,153	473,702
Intergovernmental:				
Federal grants	374,433	0	374,433	106,031
Investment income	0	118,782	118,782	76,844
Other revenue	0	7,899	7,899	3,965
Total revenues	<u>374,433</u>	<u>544,834</u>	<u>919,267</u>	<u>660,542</u>
Expenditures:				
Current:				
Other:				
Personal services	6,612	52,413	59,025	43,973
Contractual services	367,821	269,487	637,308	268,702
Commodities	0	28,086	28,086	22,808
Fixed charges	0	39,024	39,024	35,880
Capital outlay	0	2,255	2,255	1,147
Total expenditures	<u>374,433</u>	<u>391,265</u>	<u>765,698</u>	<u>372,510</u>
Excess of revenues over expenditures	0	153,569	153,569	288,032
Fund balance--January 1	<u>0</u>	<u>1,435,949</u>	<u>1,435,949</u>	<u>1,147,917</u>
Fund balance--December 31	<u>\$ 0</u>	<u>1,589,518</u>	<u>1,589,518</u>	<u>1,435,949</u>

DEBT SERVICE FUNDS

The Debt Service Funds finance and account for the payment of principal and interest on the General Obligation Redevelopment, General Obligation Park Improvements and Tax Increment Bonds. Provisions are made in the City's general property tax levy for money sufficient to meet the general obligation debt. The City Hall Debt Service Fund was established to finance and account for payment of principal and interest on public project revenue bonds issued. Financing of this debt service comes primarily from annual property tax appropriation.

CITY OF EDINA, MINNESOTA

Debt Service Funds

Combining Balance Sheet

December 31, 2002
(with comparative totals for December 31, 2001)

Assets	General Debt Service	City Hall Debt Service	Totals	
			2002	2001
Cash	\$ 0	340,066	340,066	0
Taxes Receivable:				
Delinquent	15,329	0	15,329	14,785
Allowance for uncollectible taxes	(15,329)	0	(15,329)	(14,785)
Due from other funds	898,476	309,096	1,207,572	844,736
Due from other governments	3,569	0	3,569	4,681
Total assets	\$ <u>902,045</u>	<u>649,162</u>	<u>1,551,207</u>	<u>849,417</u>
<hr/>				
Liabilities and Fund Balance				
<hr/>				
Fund balance:				
Reserved for debt service	902,045	649,162	1,551,207	849,417
Total fund balance	<u>902,045</u>	<u>649,162</u>	<u>1,551,207</u>	<u>849,417</u>
Total liabilities and fund balance	\$ <u>902,045</u>	<u>649,162</u>	<u>1,551,207</u>	<u>849,417</u>

CITY OF EDINA, MINNESOTA

Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended December 31, 2002

(with comparative totals for year ended December 31, 2001)

	General Debt Service	City Hall Debt Service	Totals	
			2002	2001
Revenues:				
Taxes	\$ 737,790	1,000,000	1,737,790	724,434
Special assessments	0	0	0	684,660
Interest on funds held with fiscal agent	0	0	0	83,407
	<u>737,790</u>	<u>1,000,000</u>	<u>1,737,790</u>	<u>1,492,501</u>
Expenditures:				
Current:				
Other	0	0	0	2,000
Debt service:				
Bond principal	5,885,000	0	5,885,000	3,740,000
Interest and fiscal charges	2,743,642	350,838	3,094,480	3,148,719
Total expenditures	<u>8,628,642</u>	<u>350,838</u>	<u>8,979,480</u>	<u>6,890,719</u>
Excess (deficiency) of revenue over expenditures	<u>(7,890,852)</u>	<u>649,162</u>	<u>(7,241,690)</u>	<u>(5,398,218)</u>
Other financing sources (uses):				
Operating transfer in (out):				
HRA	10,493,480	0	10,493,480	6,015,411
Payments for refunding bonds	(2,550,000)	0	(2,550,000)	(15,810,000)
Total other financing sources (uses)	<u>7,943,480</u>	<u>0</u>	<u>7,943,480</u>	<u>(9,794,589)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	52,628	649,162	701,790	(15,192,807)
Fund balance - January 1	849,417	0	849,417	16,712,468
Residual equity transfer out	0	0	0	(670,244)
Fund balance - December 31	<u>\$ 902,045</u>	<u>649,162</u>	<u>1,551,207</u>	<u>849,417</u>

CAPITAL PROJECT FUNDS

Capital Project Funds account for the resources expended to acquire assets of a relatively permanent nature other than those financed by Enterprise Funds.

Construction Fund: This fund is used to account for the various special assessment and state aid projects throughout the City.

Housing and Redevelopment Authority of Edina Fund: This fund is used to account for revenues from several sources (property taxes, bond proceeds, investment earnings, etc.) that are designated for housing and redevelopment.

Revolving Fund: This fund was established to provide financing for capital improvements as designated in the City's capital improvement budget.

CITY OF EDINA, MINNESOTA

Capital Project Funds

Combining Balance Sheet

December 31, 2002
(with comparative totals for December 31, 2001)

Assets	Construction	Housing and Redevelopment Authority of Edina	Revolving	Totals	
				2002	2001
Cash	\$ 0	39,827	0	39,827	41,109
Investments	0	13,990,510	19,748,621	33,739,131	27,743,004
Accounts receivable	0	110,943	2,340	113,283	7,731
Accrued interest receivable	0	68,553	30,641	99,194	171,811
Special assessments receivable:					
Current	0	0	1,993	1,993	11,278
Delinquent	0	0	4,121	4,121	5,614
Deferred	0	0	3,018,748	3,018,748	3,009,928
Bloomington	0	0	72,400	72,400	84,467
Due from other funds	0	40,193	674,512	714,705	62,294
Due from other governments	0	31,600	2,748	34,348	890,082
Total assets	\$ 0	14,281,626	23,556,124	37,837,750	32,027,318
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	261,659	16,123	584,124	861,906	1,616,409
Salaries payable	0	0	2,382	2,382	3,080
Contracts payable	146,203	49,691	31,015	226,909	439,279
Due to other funds	4,221,616	0	0	4,221,616	1,848,227
Due to other governments	2,230	0	19,576	21,806	100,309
Deposits payable	20,289	0	0	20,289	3,107
Taxes Payable	0	0	72,400	72,400	41,196
Deferred revenue	0	0	3,024,862	3,024,862	3,635,711
Total liabilities	4,651,997	65,814	3,734,359	8,452,170	7,687,318
Fund balance(deficit):					
Reserved for encumbrances	1,551,046	0	826,711	2,377,757	1,392,080
Reserved for special projects	0	0	257,472	257,472	78,342
Unreserved:					
Designated	0	0	18,737,582	18,737,582	8,197,305
Unreserved--undesignated	(6,203,043)	14,215,812	0	8,012,769	14,672,273
Total fund balance (deficit)	(4,651,997)	14,215,812	19,821,765	29,385,580	24,340,000
Total liabilities and fund balance	\$ 0	14,281,626	23,556,124	37,837,750	32,027,318

CITY OF EDINA, MINNESOTA

Capital Project Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)

Year ended December 31, 2002
(with comparative totals for year ended December 31, 2001)

	Construction	Housing and Redevelopment Authority of Edina	Revolving	Totals	
				2002	2001
Revenues:					
Tax increments	\$ 0	7,053,836	0	7,053,836	9,309,360
Special assessments	0	0	998,908	998,908	401,433
Intergovernmental	984,436	0	107,324	1,091,760	3,322,351
Charges for services	0	0	47,336	47,336	52,506
Investment income	0	490,030	418,011	908,041	1,040,141
Sale and rental of property	0	1,396,650	1,429	1,398,079	4,012,632
Other revenues	0	236	141,552	141,788	164,414
Total revenues	<u>984,436</u>	<u>8,940,752</u>	<u>1,714,560</u>	<u>11,639,748</u>	<u>18,302,837</u>
Expenditures:					
Current:					
Other:					
Personal services	0	67,412	107,006	174,418	188,678
Professional fees	0	109,090	152,818	261,908	218,768
Other	4,270	614,715	75,673	694,658	1,400,414
Construction costs	<u>5,023,274</u>	<u>1,513,485</u>	<u>3,725,851</u>	<u>10,262,610</u>	<u>9,342,455</u>
Total expenditures	<u>5,027,544</u>	<u>2,304,702</u>	<u>4,061,348</u>	<u>11,393,594</u>	<u>11,150,315</u>
Excess (deficiency) of revenues over expenditures	<u>(4,043,108)</u>	<u>6,636,050</u>	<u>(2,346,788)</u>	<u>246,154</u>	<u>7,152,522</u>
Other financing sources (uses):					
Operating transfers in (out):					
General fund	0	0	900,000	900,000	0
General debt service fund	0	(10,493,480)	0	(10,493,480)	(6,015,411)
Liquor fund	0	0	625,000	625,000	100,000
Utility fund	0	0	290,000	290,000	100,000
Art Center fund	0	0	(15,010)	(15,010)	(8,252)
Edinborough Park fund	0	0	(54,343)	(54,343)	(56,300)
Arena fund	0	0	(90,157)	(90,157)	(75,189)
Proceeds from sale of bonds	0	1,400,000	12,237,416	13,637,416	0
Total other financing sources (uses)	<u>0</u>	<u>(9,093,480)</u>	<u>13,892,906</u>	<u>4,799,426</u>	<u>(5,955,152)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(4,043,108)</u>	<u>(2,457,430)</u>	<u>11,546,118</u>	<u>5,045,580</u>	<u>1,197,370</u>
Fund balance (deficit) --January 1	(608,889)	16,673,242	8,275,647	24,340,000	22,472,386
Residual equity transfer in	0	0	0	0	670,244
Fund balance (deficit)--December 31	<u>\$ (4,651,997)</u>	<u>14,215,812</u>	<u>19,821,765</u>	<u>29,385,580</u>	<u>24,340,000</u>

ENTERPRISE FUNDS

Enterprise Funds account for the financing of self supporting activities of governmental units which render services to the general public on a user charge basis. Records are maintained on the accrual basis of accounting. The reports of Enterprise Funds are similar to private enterprise and self-contained. Creditors, legislators or the general public can evaluate the performance of the municipal enterprise on the same basis as investor-owned enterprises.

The following Enterprise Funds were established to account for the operation of City-owned facilities:

- Utilities Fund
- Liquor Fund
- Swimming Pool Fund
- Golf Course Fund
- Arena Fund
- Art Center Fund
- Edinborough Park/Centennial Lake Fund

All activities necessary to provide such services are accounted for in these funds, including, but not limited to, administration, operations, maintenance, financing, debt service, billing and collection.

CITY OF EDINA, MINNESOTA

Enterprise Funds

Combining Balance Sheet

December 31, 2002

(with comparative totals for December 31, 2001)

Assets	Utilities	Liquor	Swimming Pool
Current assets:			
Cash	168,595	75,661	0
Petty cash and change funds	0	4,440	0
Investments	4,510,032	0	0
Cash with fiscal agents	0	0	0
Receivables:			
Accounts	0	6,599	0
Customers	1,927,594	0	0
Interest	12,094	0	0
Special Assessments	114,374	0	0
Due from other funds	340,068	666,251	464,004
Due from other governments	2,177	0	173
Inventory	72,712	1,090,130	0
Prepaid expenses	0	0	0
Total current assets	<u>7,147,646</u>	<u>1,843,081</u>	<u>464,177</u>
Property and equipment, net	27,157,305	1,594,877	2,746,003
Discounts on bonds	17,998	0	14,262
Total assets	<u>\$ 34,322,949</u>	<u>3,437,958</u>	<u>3,224,442</u>
Liabilities and Fund Equity			
Current liabilities:			
Accounts payable	244,805	363,883	119,676
Salaries payable	43,188	48,739	0
Contracts payable	57,015	0	0
Accrued interest payable	43,247	0	30,518
Due to other funds	0	0	0
Due to other governments	22,356	105,676	5
Compensated absences payable	153,884	112,770	0
Total current liabilities	<u>564,495</u>	<u>631,068</u>	<u>150,199</u>
Long-term liabilities:			
Deposits payable	86,810	0	0
Deferred revenue	0	640	0
Obligation under capital lease	0	0	0
Bonds payable	2,630,000	0	1,570,000
Total long-term liabilities	<u>2,716,810</u>	<u>640</u>	<u>1,570,000</u>
Total liabilities	<u>3,281,305</u>	<u>631,708</u>	<u>1,720,199</u>
Fund equity:			
Contributed capital	20,135	0	1,255,781
Retained earnings (deficit):			
Reserved for debt service	438,708	0	155,223
Unreserved-undesignated	30,582,801	2,806,250	93,239
Total retained earnings (deficit)	<u>31,021,509</u>	<u>2,806,250</u>	<u>248,462</u>
Total liabilities and fund equity	<u>\$ 34,322,949</u>	<u>3,437,958</u>	<u>3,224,442</u>

Golf Course	Arena	Art Center	Edinborough Park Centennial Lake	Totals	
				2002	2001
0	0	0	0	244,256	0
4,400	700	725	1,500	11,765	11,765
79,306	0	0	0	4,589,338	10,407,669
203	1,827	0	508	2,538	3,287,331
7,089	124,634	0	6,522	144,844	132,472
0	0	0	0	1,927,594	1,934,726
0	0	0	50,681	62,775	67,734
0	0	0	0	114,374	115,171
191,522	34,790	66	36,875	1,733,576	2,148,220
0	0	0	0	2,350	2,213
27,481	0	13,549	0	1,203,872	1,103,909
0	0	0	0	0	4,191
<u>310,001</u>	<u>161,951</u>	<u>14,340</u>	<u>96,086</u>	<u>10,037,282</u>	<u>19,215,401</u>
6,705,722	4,107,664	358,375	542,550	43,212,496	41,345,383
36,898	13,474	0	0	82,632	94,433
<u>7,052,621</u>	<u>4,283,089</u>	<u>372,715</u>	<u>638,636</u>	<u>53,332,410</u>	<u>60,655,217</u>
40,642	26,679	19,470	20,199	835,354	842,906
41,190	21,196	8,972	32,303	195,588	126,377
2,000	0	0	0	59,015	27,019
92,419	18,363	0	0	184,547	310,891
0	0	0	0	0	783,168
5,210	489	960	2,403	137,099	127,476
207,947	82,597	39,183	90,663	687,044	622,784
<u>389,408</u>	<u>149,324</u>	<u>68,585</u>	<u>145,568</u>	<u>2,098,647</u>	<u>2,840,621</u>
11,311	0	0	0	98,121	86,823
18,902	0	0	0	19,542	5,040
7,600	68,400	0	19,000	95,000	155,000
4,930,000	1,390,000	0	0	10,520,000	17,625,000
<u>4,967,813</u>	<u>1,458,400</u>	<u>0</u>	<u>19,000</u>	<u>10,732,663</u>	<u>17,871,863</u>
<u>5,357,221</u>	<u>1,607,724</u>	<u>68,585</u>	<u>164,568</u>	<u>12,831,310</u>	<u>20,712,484</u>
0	2,912,094	254,075	396,561	4,838,646	5,284,049
703,430	222,190	0	0	1,519,551	1,607,120
991,970	(458,919)	50,055	77,507	34,142,903	33,051,564
<u>1,695,400</u>	<u>(236,729)</u>	<u>50,055</u>	<u>77,507</u>	<u>35,662,454</u>	<u>34,658,684</u>
<u>7,052,621</u>	<u>4,283,089</u>	<u>372,715</u>	<u>638,636</u>	<u>53,332,410</u>	<u>60,655,217</u>

CITY OF EDINA, MINNESOTA

Enterprise Funds

Combining Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

December 31, 2002

(with comparative totals for December 31, 2001)

	Utilities	Liquor	Swimming Pool
Operating revenues:			
Charges for sales and services:			
Sales - Liquor	\$ 0	9,355,366	0
Sales - Retail	0	0	2,534
Sales - Utility	8,436,856	0	0
Sales - Concessions	0	0	110,732
Memberships	0	0	421,339
Admissions	0	0	207,880
Building rental	0	0	13,843
Rental of equipment	0	0	0
Greens fees	0	0	0
Other fees	124,431	0	22,633
Total operating revenues	8,561,287	9,355,366	778,961
Operating expenses:			
Cost of sales and services	11,149	6,965,838	27,515
Personal services	933,676	846,319	206,599
Contractual services	4,376,011	268,147	55,672
Commodities	578,237	102,739	52,605
Central services	526,728	291,084	37,200
Depreciation	971,013	56,170	168,125
Total operating expenses	7,396,814	8,530,297	547,716
Operating income (loss)	1,164,473	825,069	231,245
Nonoperating revenues (expenses):			
Intergovernmental	127,160	0	0
Investment income	90,357	0	7,821
Interest from fiscal agents	0	0	0
Donations	0	0	0
Miscellaneous revenue (expense)	2,779	0	6,490
Interest and fiscal charges	(105,205)	0	(68,199)
Interest on capital lease	0	0	0
Gain (loss) on disposal of capital assets	(139,206)	(23,135)	(248,352)
Amortization of bond discount	(2,959)	0	(1,105)
Total nonoperating revenues (expenses)	(27,074)	(23,135)	(303,345)
Income (loss) before operating transfers	1,137,399	801,934	(72,100)
Operating transfers in (out):			
General fund	0	0	0
Art center fund	0	(114,000)	0
Liquor store fund	0	0	0
Arena fund	0	0	0
Revolving fund	(290,000)	(625,000)	0
Total operating transfers, net	(290,000)	(739,000)	0
Net income (loss)	847,399	62,934	(72,100)
Add depreciation on contributed assets	443	0	110,263
Increase (decrease) in retained earnings	847,842	62,934	38,163
Retained earnings (deficit) - January 1	30,173,667	2,743,316	210,299
Retained earnings (deficit) - December 31	\$ 31,021,509	2,806,250	248,462

Golf Course	Arena	Art Center	Edinborough Park Centennial Lake	Totals	
				2002	2001
0	0	0	0	9,355,366	9,074,112
228,462	27,910	57,057	0	315,963	355,413
0	0	0	0	8,436,856	8,293,547
259,132	0	0	23,391	393,255	373,534
132,188	3,352	31,088	26,405	614,372	566,502
341,776	59,043	0	71,001	679,700	644,705
60,028	1,014,189	0	231,773	1,319,833	1,257,001
325,770	3,717	0	60,356	389,843	384,163
1,702,060	0	0	152,911	1,854,971	1,970,280
378,041	109,793	382,246	485,623	1,502,767	1,515,604
<u>3,427,457</u>	<u>1,218,004</u>	<u>470,391</u>	<u>1,051,460</u>	<u>24,862,926</u>	<u>24,434,861</u>
282,488	1,286	34,131	10,947	7,333,354	7,241,612
1,359,467	428,667	215,113	676,884	4,666,725	4,472,574
400,165	390,984	232,864	359,176	6,083,019	6,142,852
328,164	43,202	60,407	173,097	1,338,451	1,153,468
348,204	116,976	70,752	225,972	1,616,916	1,521,300
450,542	325,136	33,911	137,018	2,141,915	2,142,943
<u>3,169,030</u>	<u>1,306,251</u>	<u>647,178</u>	<u>1,583,094</u>	<u>23,180,380</u>	<u>22,674,749</u>
258,427	(88,247)	(176,787)	(531,634)	1,682,546	1,760,112
0	0	0	0	127,160	128,069
3,141	141	0	395,875	497,335	490,708
0	0	0	0	0	137,040
0	0	21,723	0	21,723	24,729
43,133	35,946	0	14,361	102,709	190
(205,923)	(37,387)	0	0	(416,714)	(647,970)
(610)	(5,486)	0	(1,524)	(7,620)	(10,483)
(197,777)	(5,918)	(18,922)	(48,172)	(681,482)	(155,229)
<u>(5,491)</u>	<u>(2,246)</u>	<u>0</u>	<u>0</u>	<u>(11,801)</u>	<u>(39,118)</u>
<u>(363,527)</u>	<u>(14,950)</u>	<u>2,801</u>	<u>360,540</u>	<u>(368,690)</u>	<u>(72,064)</u>
(105,100)	(103,197)	(173,986)	(171,094)	1,313,856	1,688,048
0	0	0	0	0	46,000
0	0	0	0	(114,000)	(104,000)
0	0	114,000	0	114,000	239,000
0	0	0	0	0	(135,000)
0	90,157	15,010	54,343	(755,490)	(60,259)
<u>0</u>	<u>90,157</u>	<u>129,010</u>	<u>54,343</u>	<u>(755,490)</u>	<u>(14,259)</u>
(105,100)	(13,040)	(44,976)	(116,751)	558,366	1,673,789
2,000	187,352	20,650	124,696	445,404	440,951
<u>(103,100)</u>	<u>174,312</u>	<u>(24,326)</u>	<u>7,945</u>	<u>1,003,770</u>	<u>2,114,740</u>
1,798,500	(411,041)	74,381	69,562	34,658,684	32,543,944
<u>1,695,400</u>	<u>(236,729)</u>	<u>50,055</u>	<u>77,507</u>	<u>35,662,454</u>	<u>34,658,684</u>

CITY OF EDINA, MINNESOTA

Enterprise Funds

Combining Statement of Cash Flows

December 31, 2002

(with comparative totals for year ended December 31, 2001)

	Utilities	Liquor	Swimming Pool
Cash flows from operating activities:			
Operating income	\$ 1,164,473	825,069	231,245
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation expense	971,013	56,170	168,125
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	0	(5,099)	0
(Increase) decrease in customer accounts receivable	7,132	0	0
(Increase) decrease in special assessments receivable	797	0	0
(Increase) decrease in due from other funds	(340,068)	944,725	(39,589)
(Increase) decrease in due from other governments	36	0	(173)
(Increase) decrease in prepaid expense	0	0	0
(Increase) decrease in inventory	64,577	(166,023)	0
Increase (decrease) in accounts payable	99,453	112,302	(129,122)
Increase (decrease) in salaries payable	16,734	14,025	0
Increase (decrease) in contracts payable	50,692	0	(10,125)
Increase (decrease) in accrued interest payable	(4,855)	0	3,652
Increase (decrease) in due to other funds	(783,168)	0	0
Increase (decrease) in due to other governments	9,950	(235)	(278)
Increase (decrease) in compensated absences payable	15,344	16,483	0
Increase (decrease) in deposits payable	18,280	0	0
Increase (decrease) in deferred revenue	0	640	0
Intergovernmental grants	127,160	0	0
Miscellaneous revenue	2,779	0	6,490
Total adjustments	255,856	972,988	(1,020)
Net cash provided by (used in) operating activities	1,420,329	1,798,057	230,225
Cash flows from noncapital financing activities:			
Donations	0	0	0
Operating transfer in--General Fund	0	0	0
Operating transfer (out)--Art Center	0	(114,000)	0
Operating transfer in--Liquor Store Fund	0	0	0
Operating transfer (out)--Arena	0	0	0
Operating transfer in (out)--Revolving fund	(290,000)	(625,000)	0
Net cash provided provided by (used in) noncapital financing activities	(290,000)	(739,000)	0
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	(1,965,178)	(960,261)	(905,754)
Loss on disposal of capital assets	(139,206)	(23,135)	(248,352)
Proceeds from revenue bonds	0	0	0
Principal paid on revenue bonds	(325,000)	0	(545,000)
Increase on bond discount	0	0	0
Principal paid on capital lease	0	0	0
Interest received from fiscal agent	0	0	0
Interest paid on capital lease	0	0	0
Interest paid on bonds	(105,205)	0	(68,199)
Net cash provided by (used in) capital and related financing activities	(2,534,589)	(983,396)	(1,767,305)
Cash flows from investing activities:			
Proceeds from sale of investments	1,487,517	0	997,064
Purchase of investments	0	0	0
Decrease in interest receivable	(5,019)	0	0
Investment income	90,357	0	7,821
Net cash provided by (used in) investing activities	1,572,855	0	1,004,885
Net increase (decrease) in cash and cash equivalents	168,595	75,661	(532,195)
Cash and equivalents, beginning of year	0	4,440	532,195
Cash and equivalents, end of year	168,595	80,101	0

Golf Course	Arena	Art Center	Edinborough Park Centennial Lake	Totals	
				2002	2001
<u>258,427</u>	<u>(88,247)</u>	<u>(176,787)</u>	<u>(531,634)</u>	<u>1,682,546</u>	<u>1,760,112</u>
450,542	325,136	33,911	137,018	2,141,915	2,142,943
(6,104)	(9,533)	100	8,264	(12,372)	(17,957)
0	0	0	0	7,132	235,499
0	0	0	0	797	(38,714)
(87,728)	(33,837)	904	(29,763)	414,644	(587,830)
0	0	0	0	(137)	2,314
(2,010)	2,137	0	1,006	1,133	53,497
1,048	0	3,493	0	(96,905)	3,937
(80,221)	2,247	(7,071)	(5,140)	(7,552)	117,078
13,166	8,585	3,349	13,352	69,211	5,496
(8,571)	0	0	0	31,996	(67,544)
(100,444)	(24,697)	0	0	(126,344)	(16,472)
0	0	0	0	(783,168)	783,168
122	(30)	(281)	375	9,623	(228,205)
23,560	7,617	1,861	(605)	64,260	56,690
(3,482)	(3,500)	0	0	11,298	36,230
18,902	(5,040)	0	0	14,502	0
0	0	0	0	127,160	128,069
<u>43,133</u>	<u>35,946</u>	<u>0</u>	<u>14,361</u>	<u>102,709</u>	<u>190</u>
<u>261,913</u>	<u>305,031</u>	<u>36,266</u>	<u>138,868</u>	<u>1,969,902</u>	<u>2,608,389</u>
<u>520,340</u>	<u>216,784</u>	<u>(140,521)</u>	<u>(392,766)</u>	<u>3,652,448</u>	<u>4,368,501</u>
0	0	21,723	0	21,723	24,729
0	0	0	0	0	46,000
0	0	0	0	(114,000)	(104,000)
0	0	114,000	0	114,000	239,000
0	0	0	0	0	(135,000)
0	90,157	15,010	54,343	(755,490)	(60,259)
<u>0</u>	<u>90,157</u>	<u>150,733</u>	<u>54,343</u>	<u>(733,767)</u>	<u>10,470</u>
(96,203)	(84,238)	8,710	(6,103)	(4,009,027)	(2,134,388)
(197,777)	(5,918)	(18,922)	(48,172)	(681,482)	(155,229)
0	0	0	0	0	4,620,000
(4,695,000)	(1,540,000)	0	0	(7,105,000)	(780,000)
0	0	0	0	0	(54,097)
(4,800)	(43,200)	0	(12,000)	(60,000)	(55,000)
0	0	0	0	0	137,040
(610)	(5,486)	0	(1,524)	(7,620)	(10,483)
(205,923)	(37,387)	0	0	(416,714)	(647,970)
<u>(5,200,313)</u>	<u>(1,716,229)</u>	<u>(10,212)</u>	<u>(67,799)</u>	<u>(12,279,843)</u>	<u>919,873</u>
1,925,934	1,407,816	0	0	5,818,331	0
0	0	0	0	0	(5,827,521)
0	0	0	9,978	4,959	39,252
<u>3,141</u>	<u>141</u>	<u>0</u>	<u>395,875</u>	<u>497,335</u>	<u>490,708</u>
<u>1,929,075</u>	<u>1,407,957</u>	<u>0</u>	<u>405,853</u>	<u>6,320,625</u>	<u>(5,297,561)</u>
(2,750,898)	(1,331)	0	(369)	(3,040,537)	1,283
<u>2,755,501</u>	<u>3,858</u>	<u>725</u>	<u>2,377</u>	<u>3,299,096</u>	<u>3,297,813</u>
<u>4,603</u>	<u>2,527</u>	<u>725</u>	<u>2,008</u>	<u>258,559</u>	<u>3,299,096</u>

CITY OF EDINA, MINNESOTA

Utilities Fund

Balance Sheet

December 31, 2002
(with comparative amounts for December 31, 2001)

Assets	2002	2001
Current assets:		
Cash	\$ 168,595	0
Investments	4,510,032	5,997,549
Receivables:		0
Customers	1,927,594	1,934,726
Interest	12,094	7,075
Assessments	114,374	115,171
Due from other funds	340,068	0
Due from other governments	2,177	2,213
Inventory	72,712	137,289
Total current assets	<u>7,147,646</u>	<u>8,194,023</u>
Property and equipment, net	27,157,305	26,163,139
Discount on bonds	17,998	20,957
Total assets	<u>\$ 34,322,949</u>	<u>34,378,119</u>
<u>Liabilities and Retained Earnings</u>		
Current liabilities:		
Accounts payable	244,805	145,352
Salaries payable	43,188	26,454
Contracts payable	57,015	6,323
Accrued interest payable	43,247	48,102
Due to other funds	0	783,168
Due to other governments	22,356	12,406
Compensated absences payable	153,884	138,540
Total current liabilities	<u>564,495</u>	<u>1,160,345</u>
Long-term liabilities:		
Deposits payable	86,810	68,530
Bonds payable	2,630,000	2,955,000
Total liabilities	<u>3,281,305</u>	<u>4,183,875</u>
Fund equity:		
Contributed capital	20,135	20,577
Retained earnings:		
Reserved for debt service	438,708	274,998
Unreserved--undesignated	30,582,801	29,898,669
Total retained earnings	<u>31,021,509</u>	<u>30,173,667</u>
Total liabilities and retained earnings	<u>\$ 34,322,949</u>	<u>34,378,119</u>

CITY OF EDINA, MINNESOTA

Utilities Fund

Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Storm sewer charges	\$ 694,628	585,378
Water charges	2,745,348	2,909,324
Sewer charges	4,704,140	4,496,238
Recycling	281,591	277,988
Sale of meters	11,149	24,619
Other		
Penalties	51,454	62,475
State Health	72,977	72,719
Total operating revenues	<u>8,561,287</u>	<u>8,428,741</u>
Operating expenses:		
Cost of sales and services	11,149	37,816
Personal services	933,676	862,200
Contractual services		
General costs	1,097,409	1,068,006
Recycling charges	365,023	355,695
Disposal charges	2,913,579	2,834,639
Commodities		
General costs	423,660	341,010
Water purchased	154,577	152,089
Central services	526,728	498,192
Depreciation	971,013	912,983
Total operating expenses	<u>7,396,814</u>	<u>7,062,630</u>
Operating income	<u>1,164,473</u>	<u>1,366,111</u>
Nonoperating revenues (expenses):		
Intergovernmental	127,160	128,069
Investment income	90,357	127,339
Miscellaneous revenue (expense)	2,779	0
Interest and fiscal charges	(105,205)	(116,794)
Loss on disposal of capital assets	(139,206)	(67,606)
Amortization of bond discount	(2,959)	(2,959)
Total nonoperating expenses	<u>(27,074)</u>	<u>68,049</u>
Net income before operating transfers	1,137,399	1,434,160
Operating transfers out:		
Revolving fund	<u>(290,000)</u>	<u>(100,000)</u>
Total operating transfers	<u>(290,000)</u>	<u>(100,000)</u>
Net income	847,399	1,334,160
Add depreciation on contributed assets	443	443
Increase in retained earnings	<u>847,842</u>	<u>1,334,603</u>
Retained earnings--January 1	<u>30,173,667</u>	<u>28,839,064</u>
Retained earnings--December 31	<u>\$ 31,021,509</u>	<u>30,173,667</u>

CITY OF EDINA, MINNESOTA

Utilities Fund

Statement of Cash Flows

Year ended December 31, 2002

(with comparative amounts for year ended year ended December 31,2001)

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$ 1,164,473	1,366,111
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	971,013	912,983
Changes in assets and liabilities:		
(Increase) decrease in customer accounts receivable	7,132	235,499
(Increase) decrease in assessments receivable	797	(38,714)
(Increase) decrease in due from other funds	(340,068)	179,441
(Increase) decrease in due from other governments	36	2,314
(Increase) decrease in inventory	64,577	(49,085)
Increase (decrease) in accounts payable	99,453	(192,785)
Increase in salaries payable	16,734	1,942
Increase (decrease) in contracts payable	50,692	(88,240)
Increase (decrease) in accrued interest payable	(4,855)	(4,542)
Increase (decrease) in due to other funds	(783,168)	783,168
Increase (decrease) in due to other governments	9,950	(229,095)
Increase (decrease) in compensated absences payable	15,344	(7,517)
Increase in deposits payable	18,280	32,430
Intergovernmental grants	127,160	128,069
Miscellaneous revenue	2,779	0
Total adjustments	<u>255,856</u>	<u>1,665,868</u>
Net cash provided by operating activities	<u>1,420,329</u>	<u>3,031,979</u>
Cash flows from noncapital financing activities:		
Operating transfer out	<u>(290,000)</u>	<u>(100,000)</u>
Net cash used in noncapital financing activities	<u>(290,000)</u>	<u>(100,000)</u>
Cash flows from capital and related financing activities:		
Net acquisition of capital assets	(1,965,178)	(1,184,114)
Loss on disposal of capital assets	(139,206)	(67,606)
Principal paid on revenue bonds	(325,000)	(310,000)
Interest paid on bonds	<u>(105,205)</u>	<u>(116,794)</u>
Net cash used in capital financing activities	<u>(2,534,589)</u>	<u>(1,678,514)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,487,517	0
Purchase of investments	0	(1,417,401)
Increase of interest receivable	(5,019)	36,597
Investment income	90,357	127,339
Net cash provided by (used in) investing activities	<u>1,572,855</u>	<u>(1,253,465)</u>
Net increase in cash and cash equivalents	168,595	0
Cash and cash equivalents, beginning of year	<u>0</u>	<u>0</u>
Cash and cash equivalents, end of year	<u><u>168,595</u></u>	<u><u>0</u></u>

CITY OF EDINA, MINNESOTA

Liquor Fund

Balance Sheet

December 31, 2002
(with comparative amounts for December 31, 2001)

Assets	2002	2001
Current assets:		
Cash	\$ 75,661	0
Petty cash and change funds	4,440	4,440
Accounts receivable	6,599	1,500
Due from other funds	666,251	1,610,976
Inventory	1,090,130	924,107
Total current assets	<u>1,843,081</u>	<u>2,541,023</u>
Property and equipment, net	<u>1,594,877</u>	<u>690,786</u>
Total assets	<u>\$ 3,437,958</u>	<u>3,231,809</u>
<u>Liabilities and Retained Earnings</u>		
Current liabilities:		
Accounts payable	363,883	251,581
Salaries payable	48,739	34,714
Due to other governments	105,676	105,911
Compensated absences payable	112,770	96,287
Total current liabilities	<u>631,068</u>	<u>488,493</u>
Long-term liabilities:		
Deferred revenue	640	0
Total liabilities	<u>631,708</u>	<u>488,493</u>
Retained earnings:		
Unreserved--undesignated	<u>2,806,250</u>	<u>2,743,316</u>
Total liabilities and retained earnings	<u>\$ 3,437,958</u>	<u>3,231,809</u>

CITY OF EDINA, MINNESOTA

Liquor Fund

Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended December 31, 2002

(with comparative totals for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Sales - Liquor		
Deposits/refunds	\$ 49	258
Liquor	2,627,021	2,580,511
Wine	3,799,343	3,663,315
Beer	2,627,722	2,515,077
Miscellaneous	301,231	314,951
Total operating revenues	<u>9,355,366</u>	<u>9,074,112</u>
Operating expenses:		
Cost of sales and services	6,965,838	6,760,040
Personal services	846,319	784,414
Contractual services	268,147	250,005
Commodities	102,739	56,556
Central services	291,084	271,428
Depreciation	56,170	48,571
Total operating expenses	<u>8,530,297</u>	<u>8,171,014</u>
Operating income	<u>825,069</u>	<u>903,098</u>
Nonoperating revenues (expenses):		
Miscellaneous revenue (expense)	0	20
Loss on disposal of capital assets	(23,135)	(17,750)
Total nonoperating revenues (expenses)	<u>(23,135)</u>	<u>(17,730)</u>
Income before operating transfer out	801,934	885,368
Operating transfer out: Art Center	(114,000)	(104,000)
Operating transfer out: Arena	0	(135,000)
Operating transfer out: Revolving fund	(625,000)	(100,000)
	<u>(739,000)</u>	<u>(339,000)</u>
Net income (loss)	62,934	546,368
Retained earnings--January 1	<u>2,743,316</u>	<u>2,196,948</u>
Retained earnings--December 31	<u>\$ 2,806,250</u>	<u>2,743,316</u>

CITY OF EDINA, MINNESOTA

Liquor Fund

Statement of Cash Flows

Year ended December 31, 2001

(with comparative amounts for year ended December 31, 2000)

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:	\$	
Operating income	<u>825,069</u>	<u>984,077</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	56,170	57,609
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(5,099)	(2,993)
(Increase) decrease in due from other funds	944,725	94,144
Increase in inventory	(166,023)	(98,963)
Increase (decrease) in accounts payable	112,302	(104,557)
Increase in salaries payable	14,025	3,447
Increase (decrease) in due to other governments	(235)	(1,091)
Increase in compensated absences payable	16,483	62,072
Increase in deferred revenue	640	0
Miscellaneous revenue (expense)	0	243
Total adjustments	<u>972,988</u>	<u>9,911</u>
Net cash provided by operating activities	<u>1,798,057</u>	<u>993,988</u>
Cash flows from noncapital financing activities:		
Decrease in advance to other funds	0	145,012
Operating transfer (out)--Art Center	(114,000)	(139,000)
Operating transfer (out)--Arena	0	(81,000)
Operating transfer (out)--Revolving fund	(625,000)	(919,000)
Net cash used in noncapital financing activities	<u>(739,000)</u>	<u>(993,988)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(960,261)	23,187
Loss on disposal of capital assets	(23,135)	(23,187)
Net cash used in capital financing activities	<u>(983,396)</u>	<u>0</u>
Net increase in cash and cash equivalents	75,661	0
Cash and cash equivalents, beginning of year	<u>4,440</u>	<u>4,440</u>
Cash and cash equivalents, end of year	<u>\$ 80,101</u>	<u>4,440</u>

CITY OF EDINA, MINNESOTA

Liquor Fund

Schedule of Revenue and Operating Expenses by Location

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	50th Street	Yorkdale	Vernon	Totals	
				2002	2001
Operating revenues:					
Sales - Liquor					
Deposits/refunds	\$ 159	(286)	176	49	258
Liquor	471,931	1,329,089	826,001	2,627,021	2,580,511
Wine	891,626	1,750,556	1,157,161	3,799,343	3,663,315
Beer	490,115	1,388,208	749,399	2,627,722	2,515,077
Miscellaneous	62,785	136,609	101,837	301,231	314,951
Total operating revenues	<u>1,916,616</u>	<u>4,604,176</u>	<u>2,834,574</u>	<u>9,355,366</u>	<u>9,074,112</u>
Operating expenses:					
Selling:					
Cost of sales and services	1,409,056	3,437,482	2,119,300	6,965,838	6,760,040
Personal services	128,286	230,101	170,294	528,681	498,618
Contractual services	12,663	12,464	14,814	39,941	38,484
Commodities	9,990	19,021	11,500	40,511	41,988
Total selling	<u>1,559,995</u>	<u>3,699,068</u>	<u>2,315,908</u>	<u>7,574,971</u>	<u>7,339,130</u>
Occupancy:					
Personal services	352	1,881	2,356	4,589	7,967
Contractual services	18,767	31,095	37,354	87,216	76,913
Commodities	2,787	3,777	45,532	52,096	5,936
Depreciation	14,369	16,579	25,222	56,170	48,571
Total occupancy	<u>36,275</u>	<u>53,332</u>	<u>110,464</u>	<u>200,071</u>	<u>139,387</u>
Administrative:					
Personal services	97,071	115,303	100,675	313,049	277,829
Contractual services	32,718	64,927	43,345	140,990	134,608
Commodities	1,086	5,011	4,035	10,132	8,632
Central services	73,020	115,632	102,432	291,084	271,428
Total administrative	<u>203,895</u>	<u>300,873</u>	<u>250,487</u>	<u>755,255</u>	<u>692,497</u>
Total operating expenses	<u>1,800,165</u>	<u>4,053,273</u>	<u>2,676,859</u>	<u>8,530,297</u>	<u>8,171,014</u>
Operating income	\$ <u>116,451</u>	<u>550,903</u>	<u>157,715</u>	<u>825,069</u>	<u>903,098</u>

CITY OF EDINA, MINNESOTA

Swimming Pool Fund

Balance Sheet

December 31, 2002

(with comparative amounts for December 31, 2001)

Assets	2002	2001
Current assets:		
Investments	\$ 0	997,064
Cash with fiscal agents	0	532,195
Accounts receivable	0	0
Due from other funds	464,004	424,415
Due from other governments	173	0
Total current assets	<u>464,177</u>	<u>1,953,674</u>
Property and equipment, net	2,746,003	2,008,374
Discount on bonds	14,262	15,367
Total assets	<u>\$ 3,224,442</u>	<u>3,977,415</u>
<u>Liabilities and Retained Earnings</u>		
Current liabilities:		
Accounts payable	119,676	248,798
Contracts payable	0	10,125
Accrued interest payable	30,518	26,866
Due to other governments	5	283
Total current liabilities	<u>150,199</u>	<u>286,072</u>
Long-term liabilities		
Bonds payable	<u>1,570,000</u>	<u>2,115,000</u>
Total liabilities	<u>1,720,199</u>	<u>2,401,072</u>
Fund equity:		
Contributed capital	1,255,781	1,366,044
Retained earnings:		
Reserved for debt service	155,223	32,500
Unreserved--undesignated	93,239	177,799
Total retained earnings	<u>248,462</u>	<u>210,299</u>
Total liabilities and fund equity	<u>\$ 3,224,442</u>	<u>3,977,415</u>

CITY OF EDINA, MINNESOTA

Swimming Pool Fund

Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

Year ended December 31, 2002
(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Sales - retail	\$ 2,534	3,682
Sales - concessions	110,732	85,538
Memberships	421,339	355,164
Admissions	207,880	153,233
Building rental	13,843	16,013
Other fees		
Lessons	22,633	17,280
Total operating revenues	<u>778,961</u>	<u>630,910</u>
Operating expenses:		
Cost of sales and services	27,515	25,494
Personal services	206,599	179,115
Contractual services	55,672	89,178
Commodities	52,605	37,522
Central services	37,200	33,972
Depreciation	168,125	143,610
Total operating expenses	<u>547,716</u>	<u>508,891</u>
Operating income	231,245	122,019
Nonoperating revenue (expenses):		
Investment income	7,821	2,421
Interest from fiscal agent	0	22,200
Miscellaneous revenue	6,490	0
Interest and fiscal charges	(68,199)	(54,307)
Loss on disposal of capital assets	(248,352)	(25,176)
Amortization of bond discount	(1,105)	(2,096)
Total nonoperating expenses	<u>(303,345)</u>	<u>(56,958)</u>
Net income (loss)	(72,100)	65,061
Add depreciation on contributed assets	110,263	102,220
Increase in retained earnings	<u>38,163</u>	<u>167,281</u>
Retained earnings --January 1	<u>210,299</u>	<u>43,018</u>
Retained earnings --December 31	<u>\$ 248,462</u>	<u>210,299</u>

CITY OF EDINA, MINNESOTA

Swimming Pool Fund

Statement of Cash Flows

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income	\$ 231,245	122,019
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	168,125	143,610
Changes in assets and liabilities:		
Increase in accounts receivable	0	53
Increase (decrease) in due from other funds	(39,589)	(181,415)
Increase (decrease) in due from other governments	(173)	0
Increase (decrease) in accounts payable	(129,122)	246,781
Increase (decrease) in contracts payable	(10,125)	10,125
Increase (decrease) in accrued interest payable	3,652	(618)
Increase (decrease) in due to other governments	(278)	252
Miscellaneous revenue	6,490	0
Total adjustments	<u>(1,020)</u>	<u>218,788</u>
Net cash provided by operating activities	<u>230,225</u>	<u>340,807</u>
Cash flows from capital and related financing activities:		
Net acquisition of capital assets	(905,754)	(291,640)
Loss on disposal of capital assets	(248,352)	(25,176)
Proceeds from revenue bonds	0	1,040,000
Principal paid on revenue bonds	(545,000)	(25,000)
Increase on bond discount	0	(12,172)
Interest received from fiscal agent	0	22,200
Interest paid on bonds	(68,199)	(54,307)
Net cash provided by (used in) capital and related financing activities	<u>(1,767,305)</u>	<u>653,905</u>
Cash flows from investing activities:		
Proceeds from sale of investments	997,064	0
Purchase of investments	0	(997,064)
Investment income	7,821	2,421
Net cash provided by (used in) investing activities	<u>1,004,885</u>	<u>(994,643)</u>
Net increase (decrease) in cash and cash equivalents	(532,195)	69
Cash and cash equivalents, beginning of year	<u>532,195</u>	<u>532,126</u>
Cash and cash equivalents, end of year	<u>\$ 0</u>	<u>532,195</u>

CITY OF EDINA, MINNESOTA

Golf Course Fund

Balance Sheet

December 31, 2002
(with comparative amounts for December 31, 2001)

Assets	2002	2001
Current assets:		
Petty cash and change funds	\$ 4,400	4,400
Investments	79,306	2,005,240
Cash with fiscal agents	203	2,751,101
Accounts receivable	7,089	985
Due from other funds	191,522	103,794
Inventory	27,481	25,471
Prepaid expenses	0	1,048
Total current assets	<u>310,001</u>	<u>4,892,039</u>
Property and equipment, net	6,705,722	7,060,061
Discount on bonds	<u>36,898</u>	<u>42,389</u>
Total assets	<u>\$ 7,052,621</u>	<u>11,994,489</u>
<u>Liabilities and Retained Earnings</u>		
Current liabilities:		
Accounts payable	40,642	120,863
Salaries payable	41,190	28,024
Contracts payable	2,000	10,571
Accrued interest payable	92,419	192,863
Due to other governments	5,210	5,088
Compensated absences payable	<u>207,947</u>	<u>184,387</u>
Total current liabilities	389,408	541,796
Long-term liabilities:		
Deposits payable	11,311	14,793
Deferred revenue	18,902	0
Obligation under capital lease	7,600	12,400
Bonds payable	<u>4,930,000</u>	<u>9,625,000</u>
Total liabilities	<u>5,357,221</u>	<u>10,193,989</u>
Fund Equity:		
Contributed capital	0	2,000
Retained earnings:		
Reserved for debt service	703,430	1,115,031
Unreserved--undesignated	<u>991,970</u>	<u>683,469</u>
Total retained earnings	<u>1,695,400</u>	<u>1,798,500</u>
Total liabilities and retained earnings	<u>\$ 7,052,621</u>	<u>11,994,489</u>

CITY OF EDINA, MINNESOTA

Golf Course Fund

Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Sales - retail		
Pro shop	\$ 222,024	260,948
Miscellaneous	6,438	3,817
Sales - concessions	259,132	266,438
Memberships	132,188	147,406
Admissions	341,776	363,992
Building rental	60,028	67,412
Rental of equipment		
Golf cars	297,560	297,880
Golf carts/clubs	26,778	25,813
Miscellaneous equipment	1,432	878
Green fees	1,702,060	1,809,966
Other fees		
Driving range	328,845	342,477
Lessons	48,176	63,598
Miscellaneous	1,020	900
Total operating revenues	<u>3,427,457</u>	<u>3,651,525</u>
Operating expenses:		
Cost of sales and services	282,488	368,721
Personal services	1,359,467	1,378,623
Contractual services	400,165	518,200
Commodities	328,164	278,340
Central services	348,204	322,380
Depreciation	450,542	512,198
Total operating expenses	<u>3,169,030</u>	<u>3,378,462</u>
Operating income	<u>258,427</u>	<u>273,063</u>
Nonoperating revenues (expenses):		
Investment income	3,141	5,274
Interest from fiscal agent	0	114,840
Miscellaneous revenue	43,133	170
Interest and fiscal charges	(205,923)	(389,805)
Interest on capital lease	(610)	(839)
Gain (loss) on disposal of capital assets	(197,777)	(12,035)
Amortization of bond discount	(5,491)	(24,485)
Total nonoperating expenses	<u>(363,527)</u>	<u>(306,880)</u>
Net loss	(105,100)	(33,817)
Add depreciation on contributed assets	<u>2,000</u>	<u>800</u>
Decrease in retained earnings	(103,100)	(33,017)
Retained earnings--January 1	<u>1,798,500</u>	<u>1,831,517</u>
Retained earnings--December 31	\$ <u><u>1,695,400</u></u>	<u><u>1,798,500</u></u>

CITY OF EDINA, MINNESOTA

Golf Course Fund

Statement of Cash Flows

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:	\$	
Operating income	<u>258,427</u>	<u>273,063</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	450,542	512,198
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(6,104)	1,474
Increase in due from other funds	(87,728)	(48,821)
(Increase) decrease in prepaid expense	(2,010)	56,640
(Increase) decrease in inventory	1,048	(1,048)
Increase (decrease) in accounts payable	(80,221)	59,147
Increase in salaries payable	13,166	1,480
Increase (decrease) in contracts payable	(8,571)	10,571
Increase (decrease) in accrued interest payable	(100,444)	(8,267)
Increase (decrease) in due to other governments	122	(523)
Increase in compensated absences payable	23,560	20,216
Increase (decrease) in deposits payable	(3,482)	3,800
Increase in deferred revenue	18,902	0
Miscellaneous revenue	43,133	170
Total adjustments	<u>261,913</u>	<u>607,037</u>
Net cash provided by operating activities	<u>520,340</u>	<u>880,100</u>
Cash flow from capital and related financing activities:		
Net acquisition of capital assets	(96,203)	(426,563)
Gain (loss) on disposal of capital assets	(197,777)	(12,035)
Proceeds from revenue bonds	0	2,190,000
Principal paid on revenue bonds	(4,695,000)	(325,000)
Increase on bond discount	0	(25,831)
Principal paid on capital lease	(4,800)	(4,400)
Interest received from fiscal agent	0	114,840
Interest paid on capital lease	(610)	(839)
Interest paid on bonds	(205,923)	(389,805)
Net cash provided by (used in) capital and related financing activities	<u>(5,200,313)</u>	<u>1,120,367</u>
Cash flow from investing activities:		
Proceeds from sale of investments	1,925,934	0
Purchase of investments	0	(2,005,240)
Investment income	3,141	5,274
Net cash provided by (used in) investing activities	<u>1,929,075</u>	<u>(1,999,966)</u>
Net increase (decrease) in cash and cash equivalents	(2,750,898)	501
Cash and cash equivalents, beginning of year	<u>2,755,501</u>	<u>2,755,000</u>
Cash and cash equivalents, end of year	<u><u>4,603</u></u>	<u><u>2,755,501</u></u>

CITY OF EDINA, MINNESOTA

Golf Course Fund

Schedule of Operating Expenses

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Administration		
Personal services	\$ 794,630	842,944
Contractual services	181,546	239,077
Commodities	145,604	166,010
Central services	326,088	301,824
Total administration	<u>1,447,868</u>	<u>1,549,855</u>
Clubhouse		
Personal services	52,415	36,994
Contractual services	88,178	97,020
Commodities	45,865	35,157
Total clubhouse	<u>186,458</u>	<u>169,171</u>
Grill:		
Cost of sales and services	97,160	101,795
Personal services	105,998	95,221
Contractual services	15,904	16,747
Commodities	22,090	26,001
Total grill	<u>241,152</u>	<u>239,764</u>
Golf Cars:		
Personal services	44,488	34,098
Contractual services	3,940	5,989
Commodities	67,882	9,694
Total range and grill	<u>116,310</u>	<u>49,781</u>
Range:		
Personal services	108,952	119,019
Contractual services	2,128	1,982
Commodities	15,425	15,246
Total range and grill	<u>126,505</u>	<u>136,247</u>
Richards:		
Cost of sales and services	8,940	8,887
Personal services	105,957	108,814
Contractual services	11,091	17,174
Commodities	13,882	19,012
Total Richards	<u>139,870</u>	<u>153,887</u>
Pro Shop		
Cost of sales and services	175,223	256,778
Personal services	54,829	54,291
Contractual services	2,491	6,129
Commodities	2,291	2,660
Total pro shop	<u>234,834</u>	<u>319,858</u>
Golf dome:		
Cost of sales and services	1,165	1,261
Personal services	92,198	87,242
Contractual services	94,887	134,082
Commodities	15,125	4,560
Central services	22,116	20,556
Total golf dome	<u>225,491</u>	<u>247,701</u>
Depreciation	<u>450,542</u>	<u>512,198</u>
Total operating expenses	\$ <u>3,169,030</u>	<u>3,378,462</u>

CITY OF EDINA, MINNESOTA

Arena Fund

Balance Sheet

December 31, 2002
(with comparative amounts for December 31, 2001)

Assets	2002	2001
Current assets:		
Petty cash and change funds	\$ 700	700
Investments	0	1,407,816
Cash with fiscal agents	1,827	3,158
Accounts receivable	124,634	115,101
Due from other funds	34,790	953
Prepaid expenses	0	2,137
Total current assets	<u>161,951</u>	<u>1,529,865</u>
Property and equipment, net	4,107,664	4,348,562
Discount on bonds	13,474	15,720
Total assets	<u>\$ 4,283,089</u>	<u>5,894,147</u>
<u>Liabilities and Retained Earnings</u>		
Current liabilities:		
Accounts payable	26,679	24,432
Salaries payable	21,196	12,611
Accrued interest payable	18,363	43,060
Due to other governments	489	519
Compensated absences payable	82,597	74,980
Total current liabilities	<u>149,324</u>	<u>155,602</u>
Long-term liabilities:		
Deposits payable	0	3,500
Deferred revenue	0	5,040
Obligation under capital lease	68,400	111,600
Bonds payable	1,390,000	2,930,000
Total liabilities	<u>1,607,724</u>	<u>3,205,742</u>
Fund equity:		
Contributed capital	2,912,094	3,099,446
Retained earnings:		
Reserved for debt service	222,190	184,591
Unreserved--undesignated	(458,919)	(595,632)
Total retained earnings (deficit)	<u>(236,729)</u>	<u>(411,041)</u>
Total liabilities and retained earnings	<u>\$ 4,283,089</u>	<u>5,894,147</u>

CITY OF EDINA, MINNESOTA

Arena Fund

Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)

Year ended December 31, 2002
(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Sales - retail	\$ 27,910	34,410
Memberships	3,352	4,069
Admissions	59,043	66,372
Building rental	1,014,189	939,704
Rental of equipment	3,717	3,716
Other fees		
Lessons	88,223	81,948
Skate sharpening	21,570	17,853
Total operating revenues	<u>1,218,004</u>	<u>1,148,072</u>
Operating expenses:		
Cost of sales and services	1,286	933
Personal services	428,667	415,488
Contractual services	390,984	403,947
Commodities	43,202	44,460
Central services	116,976	110,316
Depreciation	325,136	324,101
Total operating expenses	<u>1,306,251</u>	<u>1,299,245</u>
Operating loss	(88,247)	(151,173)
Nonoperating revenues (expenses):		
Investment income	141	3,418
Miscellaneous revenue	35,946	0
Interest and fiscal charges	(37,387)	(87,064)
Interest on capital lease	(5,486)	(7,547)
Loss on disposal of capital assets	(5,918)	(5,086)
Amortization of bond discount	(2,246)	(9,578)
Total nonoperating expenses	<u>(14,950)</u>	<u>(105,857)</u>
Net loss before operating transfer in	(103,197)	(257,030)
Operating transfer in:		
Liquor store fund	0	135,000
Revolving fund	90,157	75,189
Total operating transfers	<u>90,157</u>	<u>210,189</u>
Net Income (loss)	(13,040)	(46,841)
Add depreciation on contributed assets	187,352	187,352
Increase (decrease) in retained earnings	<u>174,312</u>	<u>140,511</u>
Retained earnings (deficit)--January 1	<u>(411,041)</u>	<u>(551,552)</u>
Retained earnings (deficit)--December 31	<u>\$ (236,729)</u>	<u>(411,041)</u>

CITY OF EDINA, MINNESOTA

Arena Fund

Statement of Cash Flows

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating income (loss)	\$ (88,247)	(151,173)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	325,136	324,101
Changes in assets and liabilities:		
Increase in accounts receivable	(9,533)	(6,465)
(Increase) decrease in due from other funds	(33,837)	(385)
(Increase) decrease in prepaid expenses	2,137	(2,137)
Increase (decrease) in accounts payable	2,247	(15,251)
Increase (decrease) in salaries payable	8,585	(2,291)
Decrease in accrued interest payable	(24,697)	(3,045)
Increase (decrease) in due to other governments	(30)	169
Increase(decrease) in compensated absences payable	7,617	6,540
Increase(decrease) in deposits payable	(3,500)	0
Increase(decrease) in deferred revenue	(5,040)	0
Miscellaneous revenue	35,946	0
Total adjustments	<u>305,031</u>	<u>301,236</u>
Net cash provided by (used in) operating activities	<u>216,784</u>	<u>150,063</u>
Cash flows from noncapital financing activities:		
Operating transfer in--Liquor Fund	0	135,000
Operating transfer in--Revolving Fund	90,157	75,189
Net cash provided by noncapital financing activities	<u>90,157</u>	<u>210,189</u>
Cash flows from capital and related financing activities:		
Net acquisition of capital assets	(84,238)	(70,257)
Loss on disposal of capital assets	(5,918)	(5,086)
Proceeds from revenue bonds	0	1,390,000
Principal paid on revenue bonds	(1,540,000)	(120,000)
Increase on bond discount	0	(16,094)
Principal paid on capital lease	(43,200)	(39,600)
Interest paid on capital lease	(5,486)	(7,547)
Interest paid on bonds	(37,387)	(87,064)
Net cash provided by (used in) capital and related financing activities	<u>(1,716,229)</u>	<u>1,044,352</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,407,816	0
Purchase of investments	0	(1,407,816)
Investment income	141	3,418
Net cash provided by (used in) investing activities	<u>1,407,957</u>	<u>(1,404,398)</u>
Net increase (decrease) in cash and cash equivalents	(1,331)	206
Cash and cash equivalents, beginning of year	<u>3,858</u>	<u>3,652</u>
Cash and cash equivalents, end of year	<u>\$ 2,527</u>	<u>3,858</u>

CITY OF EDINA, MINNESOTA

Art Center Fund

Balance Sheet

December 31, 2002

(with comparative amounts for December 31, 2001)

Assets	2002	2001
Current assets:		
Petty cash and change funds	\$ 725	725
Accounts receivable	0	100
Due from other funds	66	970
Inventory	13,549	17,042
Total current assets	<u>14,340</u>	<u>18,837</u>
Property and equipment, net	<u>358,375</u>	<u>400,996</u>
Total assets	<u>\$ 372,715</u>	<u>419,833</u>
<hr/> Liabilities and Retained Earnings <hr/>		
Current liabilities:		
Accounts payable	19,470	26,541
Salaries payable	8,972	5,623
Due to other governments	960	1,241
Compensated absences payable	39,183	37,322
Total liabilities	<u>68,585</u>	<u>70,727</u>
Fund equity:		
Contributed capital	254,075	274,725
Retained earnings:		
Unreserved--undesignated	50,055	74,381
Total retained earnings	<u>50,055</u>	<u>74,381</u>
Total liabilities and retained earnings	<u>\$ 372,715</u>	<u>419,833</u>

CITY OF EDINA, MINNESOTA

Art Center Fund

Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Sales - retail	\$ 57,057	52,556
Memberships	31,088	32,768
Other fees		
Class fees	299,588	298,617
Firing fees	16,783	13,284
Media studio fees	65,705	65,972
Misc fees	170	373
Total operating revenues	<u>470,391</u>	<u>463,570</u>
Operating expenses:		
Cost of goods and services	34,131	35,966
Personal services	215,113	205,249
Contractual services	232,864	244,171
Commodities	60,407	66,216
Central services	70,752	64,248
Depreciation	33,911	46,026
Total operating expenses	<u>647,178</u>	<u>661,876</u>
Operating loss	<u>(176,787)</u>	<u>(198,306)</u>
Nonoperating revenues (expenses):		
Donations	21,723	24,729
Loss on disposal of capital assets	(18,922)	(6,726)
Total nonoperating revenues (expenses)	<u>2,801</u>	<u>18,003</u>
Net loss before operating transfer in	(173,986)	(180,303)
Operating transfer in		
Liquor store fund	114,000	104,000
Revolving fund	15,010	8,252
Total operating transfers	<u>129,010</u>	<u>112,252</u>
Net loss	(44,976)	(68,051)
Add depreciation on contributed assets	20,650	17,201
Decrease in retained earnings	(24,326)	(50,850)
Retained earnings--January 1	<u>74,381</u>	<u>125,231</u>
Retained earnings-- December 31	<u>\$ 50,055</u>	<u>74,381</u>

CITY OF EDINA, MINNESOTA

Art Center Fund

Statement of Cash Flows

Year ended December 31, 2002
(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Operating loss	\$ (176,787)	(198,306)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	33,911	46,026
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	100	(100)
(Increase) decrease in due from other funds	904	7,648
(Increase) decrease in inventory	3,493	(1,549)
Increase (decrease) in accounts payable	(7,071)	9,798
Increase in salaries payable	3,349	780
Increase (decrease) in due to other governments	(281)	506
Increase in compensated absences payable	1,861	6,917
Total adjustments	<u>36,266</u>	<u>70,026</u>
Net cash used in operating activities	<u>(140,521)</u>	<u>(128,280)</u>
Cash flows from noncapital financing activities:		
Donations	21,723	24,729
Operating transfer in--Liquor Store	114,000	104,000
Operating transfer in--Revolving fund	<u>15,010</u>	<u>8,252</u>
Net cash provided by noncapital financing activities	<u>150,733</u>	<u>136,981</u>
Cash flow from capital and related financing activities:		
Net acquisition of capital assets	8,710	(1,525)
Loss on disposal of capital assets	<u>(18,922)</u>	<u>(6,726)</u>
Net cash used in capital and related financing activities	<u>(10,212)</u>	<u>(8,251)</u>
Net increase in cash and cash equivalents	0	450
Cash and cash equivalents, beginning of year	<u>725</u>	<u>275</u>
Cash and cash equivalents, end of year	<u><u>725</u></u>	<u><u>725</u></u>

CITY OF EDINA, MINNESOTA

Edinborough Park/Centennial Lake Fund

Balance Sheet

December 31, 2002
(with comparative amounts for December 31, 2001)

Assets	2002	2001
Current assets:		
Petty cash and change funds	\$ 1,500	1,500
Cash with fiscal agents	508	877
Accounts receivable	6,522	14,786
Accrued interest receivable	50,681	60,659
Due from other funds	36,875	7,112
Prepaid expenses	0	1,006
Total current assets	<u>96,086</u>	<u>85,940</u>
Property and equipment, net	<u>542,550</u>	<u>673,465</u>
Total assets	<u>\$ 638,636</u>	<u>759,405</u>
<hr/> Liabilities and Retained Earnings <hr/>		
Current liabilities:		
Accounts payable	20,199	25,339
Salaries payable	32,303	18,951
Due to other governments	2,403	2,028
Compensated absences payable	90,663	91,268
Total current liabilities	<u>145,568</u>	<u>137,586</u>
Long-term liabilities:		
Obligation under capital lease	<u>19,000</u>	<u>31,000</u>
Total liabilities	<u>164,568</u>	<u>168,586</u>
Fund equity:		
Contributed capital	396,561	521,257
Retained earnings:		
Unreserved--undesignated	<u>77,507</u>	<u>69,562</u>
Total retained earnings	<u>77,507</u>	<u>69,562</u>
Total liabilities and retained earnings	<u>\$ 638,636</u>	<u>759,405</u>

CITY OF EDINA, MINNESOTA

Edinborough Park/Centennial Lake Fund

Statement of Revenues, Expenses and Changes in Retained Earnings

Year ended December 31, 2002

(with comparative amounts for year ended December 31, 2001)

	<u>2002</u>	<u>2001</u>
Operating revenues:		
Sales - concessions	\$ 23,391	21,558
Memberships	26,405	27,095
Admissions	71,001	61,108
Building rental	231,773	233,872
Rental of equipment	60,356	55,876
Green fees	152,911	160,314
Other fees		
Programs	21,280	22,611
Association fees	461,746	453,969
Miscellaneous	2,597	1,528
Total operating revenues	<u>1,051,460</u>	<u>1,037,931</u>
Operating expenses:		
Cost of sales and services	10,947	12,642
Personal services	676,884	647,485
Contractual services	359,176	379,011
Commodities	173,097	177,275
Central services	225,972	220,764
Depreciation	137,018	155,454
Total operating expenses	<u>1,583,094</u>	<u>1,592,631</u>
Operating loss	<u>(531,634)</u>	<u>(554,700)</u>
Nonoperating revenues (expenses):		
Investment income	395,875	352,256
Miscellaneous revenue	14,361	0
Interest on capital lease	(1,524)	(2,097)
Loss on disposal of capital assets	(48,172)	(20,850)
Total nonoperating revenues	<u>360,540</u>	<u>329,309</u>
Net loss before operating transfers	(171,094)	(225,391)
Operating transfer in:		
General fund	0	46,000
Revolving fund	54,343	56,300
Total operating transfers	<u>54,343</u>	<u>102,300</u>
Net loss	(116,751)	(123,091)
Add depreciation on contributed assets	124,696	132,935
Increase in retained earnings	<u>7,945</u>	<u>9,844</u>
Retained earnings--January 1	<u>69,562</u>	<u>59,718</u>
Retained earnings--December 31	<u>\$ 77,507</u>	<u>69,562</u>

CITY OF EDINA, MINNESOTA

Edinborough Park/Centennial Lake Fund

Statement of Cash Flows

Year ended December 31, 2002
(with comparative amounts for year ended December 31, 2001)

	2002	2001
Cash flows from operating activities:		
Operating loss	\$ (531,634)	(554,700)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	137,018	155,454
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	8,264	(14,412)
(Increase) decrease in due from other funds	(29,763)	15,320
(Increase) decrease in prepaid expense	1,006	(1,006)
(Increase) decrease in accounts payable	(5,140)	(1,135)
Increase in salaries payable	13,352	1,127
(Increase) decrease in due to other government	375	(1,931)
Increase (decrease) in compensated absences payable	(605)	13,169
Miscellaneous revenue	14,361	0
Total adjustments	<u>138,868</u>	<u>166,586</u>
Net cash used in operating activities	<u>(392,766)</u>	<u>(388,114)</u>
Cash flows from noncapital financing activities:		
Operating transfer in - General Fund	0	46,000
Operating transfer in - Revolving Fund	<u>54,343</u>	<u>56,300</u>
Net cash provided by noncapital financing activities	<u>54,343</u>	<u>102,300</u>
Cash flow from capital financing activities:		
Net acquisition of capital assets	(6,103)	(35,093)
Loss on disposal of capital assets	(48,172)	(20,850)
Principal paid on capital lease	(12,000)	(11,000)
Interest paid on capital lease	<u>(1,524)</u>	<u>(2,097)</u>
Net cash used in capital financing activities	<u>(67,799)</u>	<u>(69,040)</u>
Cash flows from investing activities:		
Decrease in interest receivable	9,978	2,655
Investment income	<u>395,875</u>	<u>352,256</u>
Net cash provided by investing activities	<u>405,853</u>	<u>354,911</u>
Net increase (decrease) in cash and cash equivalents	(369)	57
Cash and cash equivalents, beginning of year	<u>2,377</u>	<u>2,320</u>
Cash and cash equivalents, end of year	<u>\$ 2,008</u>	<u>2,377</u>

TRUST AND AGENCY FUNDS

Trust funds account for assets held by a governmental unit in a trustee capacity for individual organizations, other governmental units, and other funds. The city has one expendable trust fund.

Deferred Compensation Expendable Trust Fund: Accounts for assets that are held in a trustee capacity by the City for employees in accordance with the provisions of Internal Revenue Code Section 457.

Agency funds account for assets held by a governmental unit as an agent for individuals, private organizations, other governmental units and other funds. The city has the following Agency funds.

Police Seizure Fund: Accounts for funds obtained by the police department which will be remitted to the proper governments.

Public Safety Training Facility Fund: This fund is used to account for various deposits made by the members of the Joint Powers Organization which includes Bloomington, Eden Prairie, and the Metropolitan Airports Commission and payments made to various organizations for constructing and operating a Public Safety Training Facility.

CITY OF EDINA, MINNESOTA

Trust and Agency Funds

Combining Balance Sheet

Year ended December 31, 2002
(with comparative totals for December 31, 2001)

	Expendable		Public Safety Training Facility	Totals	
	Trust	Agency		2002	2001
	Deferred Compensation	Police Seizure			
Assets:					
Cash	\$ 0	248,700	2,700	251,400	143,888
Investments	0	0	4,990,533	4,990,533	119,159
Cash and investments with plan administrators	3,687,756	0	0	3,687,756	2,510,513
Accrued interest receivable	0	0	408	408	0
Due from other governments	0	0	0	0	6,420
Total assets	\$ <u>3,687,756</u>	<u>248,700</u>	<u>4,993,641</u>	<u>8,930,097</u>	<u>2,779,980</u>
Liabilities:					
Accounts payable	\$ 0	0	95,352	95,352	7,981
Due to other funds	0	0	0	0	13,478
Due to other governments	0	248,700	4,898,289	5,146,989	248,008
Total liabilities	<u>0</u>	<u>248,700</u>	<u>4,993,641</u>	<u>5,242,341</u>	<u>269,467</u>
Fund equity:					
Reserved for deferred compensation plan participants	<u>3,687,756</u>	<u>0</u>	<u>0</u>	<u>3,687,756</u>	<u>2,510,513</u>
Total liabilities and fund balances	\$ <u>3,687,756</u>	<u>248,700</u>	<u>4,993,641</u>	<u>8,930,097</u>	<u>2,779,980</u>

CITY OF EDINA, MINNESOTA

Deferred Compensation Expendable Trust Fund

Balance Sheet

Year ended December 31, 2002
(with comparative totals for December 31, 2001)

	<u>2002</u>	<u>2001</u>
Assets:		
Cash and cash equivalents	\$ <u>3,687,756</u>	<u>3,980,984</u>
Liabilities and fund balances:		
Fund balance:		
Reserved for deferred compensation plan participants	\$ <u>3,687,756</u>	<u>3,980,984</u>

CITY OF EDINA, MINNESOTA

Agency Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended December 31, 2002
(with comparative totals for December 31, 2001)

	<u>2002</u>	<u>2001</u>
Revenues:		
Net depreciation		
in fair value of investments	\$ (513,243)	(250,750)
Employee contributions	<u>372,015</u>	<u>316,813</u>
Total revenues	<u>(141,228)</u>	<u>66,063</u>
Expenditures:		
Distributions to plan participants	145,613	78,826
Administrative expense	<u>6,387</u>	<u>6,031</u>
Total expenditures	<u>152,000</u>	<u>84,857</u>
Excess of revenues over expenditures	<u>(293,228)</u>	<u>(18,794)</u>
Fund balance - January 1	3,980,984	3,999,778
Fund balance - December 31	<u>\$ 3,687,756</u>	<u>3,980,984</u>

CITY OF EDINA, MINNESOTA

Agency Funds

Statement of Changes in Assets and Liabilities

Year ended December 31, 2002

	Balance 1/1/02	Additions	Deductions	Balance 12/31/02
Police Seizure Fund				
Assets:				
Cash	\$ 209,198	39,502	0	248,700
Liabilities:				
Due to other funds	41,678	0	41,678	0
Due to other governments	167,520	81,180	0	248,700
	\$ 209,198	81,180	41,678	248,700
Public Safety Training Facility Fund				
Assets:				
Cash	0	2,700	0	2,700
Investments	0	4,990,533	0	4,990,533
Accrued interest receivable	0	408	0	408
Total assets	0	4,993,641	0	4,993,641
Liabilities:				
Accounts payable	0	95,352	0	95,352
Due to other governments	0	4,898,289	0	4,898,289
Total liabilities	0	4,993,641	0	4,993,641
Totals--All Agency Funds				
Assets:				
Cash	\$ 209,198	42,202	0	251,400
Investments	0	4,990,533	0	4,990,533
Accrued interest receivable	0	408	0	408
Total assets	\$ 209,198	5,033,143	0	5,242,341
Liabilities:				
Accounts payable	\$ 0	95,352	0	95,352
Due to other funds	41,678	0	41,678	0
Due to other governments	167,520	4,979,469	0	5,146,989
Total liabilities	209,198	5,074,821	41,678	5,242,341

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group provides for the accounting of fixed assets other than those accounted for in the Enterprise Funds.

CITY OF EDINA, MINNESOTA

General Fixed Assets Account Group

Schedule of General Fixed Assets

December 31, 2002

(with comparative amounts for December 31, 2001)

	<u>2002</u>	<u>2001</u>
General fixed assets:		
Land and land improvements	\$ 41,055,287	39,321,470
Buildings	19,008,698	20,697,983
Furniture and fixtures	588,433	913,716
Vehicles and equipment	9,804,009	9,881,250
Parks	19,888,656	19,892,698
Construction-in-progress	17,699,901	5,328,382
	<u>108,044,984</u>	<u>96,035,499</u>
Total general fixed assets		
Investment in joint venture	979,658	0
	<u>979,658</u>	<u>0</u>
Total general fixed asset account group	<u>\$ 109,024,642</u>	<u>96,035,499</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

The General Long-term Debt Account Group is used to account for the long-term debt of the City other than debt recorded in the Enterprise Funds. Primarily, these are general obligations and other forms of long-term debt supported by general revenues and special assessments, and are obligations of a governmental unit as a whole and not its individual constituent funds.

CITY OF EDINA, MINNESOTA

General Long-term Debt Account Group

Schedule of General Long-term Debt

December 31, 2002

(with comparative amounts for December 31, 2001)

	<u>2002</u>	<u>2001</u>
Amount available and to be provided for the retirement of long-term debt:		
General Obligation Bonds:		
Amount to be provided by tax increment financing	\$ 40,855,000	47,590,000
Amount to be provided by property taxes	19,655,002	7,613,913
Compensated absences:		
Amount to be provided by revenue sources	2,627,669	2,354,817
Total available and to be provided	\$ <u>63,137,671</u>	<u>57,558,730</u>
General long-term debt payable:		
Accrued compensated absences	2,627,669	2,354,817
Obligation under capital lease payable	295,002	363,913
Revenue bonds payable	12,410,000	0
General obligation bonds payable	<u>47,805,000</u>	<u>54,840,000</u>
Total general long-term debt payable	\$ <u>63,137,671</u>	<u>57,558,730</u>

Financial Section

Supplementary Schedules

CITY OF EDINA, MINNESOTA

Combined Schedule of Bonded Indebtedness

December 31, 2002

	<u>Interest rate</u>	<u>Issue date</u>	<u>Final maturity date</u>
Bonded indebtedness:			
Tax Increment Bonds:			
Tax Increment Refunding Bonds, Series 1993A	4.25 - 5.10	04/13/93	02/01/06
Tax Increment Refunding Taxable Bonds, Series 1996A	5.85 - 6.25	03/01/96	02/01/09
Tax Increment Bonds, Series 1997B	4.50 - 5.50	04/01/97	02/01/13
Tax Increment Bonds, Series 2000A	4.30 - 4.80	09/06/00	02/01/11
Taxable Tax Increment Bonds, Series 2000B	6.45	09/06/00	02/01/03
Tax Increment Refunding Bonds, Series 2000C	4.50 - 4.65	11/06/00	02/01/09
Tax Increment Bonds, Series 2002B	3.00	08/05/02	02/01/12
General Obligation Bonds:			
General Obligation Park & Rec Bonds, Series 1996B	4.25 - 5.75	08/01/96	02/01/17
Public Project Revenue Bonds:			
Public Project Revenue, Series 2002	4.25 - 5.75	01/01/02	02/01/21
Revenue Bonds:			
Recreation Bonds, Series 1992A	4.00 - 6.05	11/01/92	01/01/13
Recreation Refunding Bonds, Series 1992C	4.40 - 6.00	11/01/92	01/01/09
Utility Revenue Bonds, 1999A	3.20 - 4.20	05/03/99	02/01/09
Recreational Facility Bonds, 1999B	3.70 - 4.45	05/03/99	01/01/13
Recreational Facility Bonds, 2001A	2.25 - 4.65	11/01/01	01/01/17
Total bonded indebtedness			

Exhibit 1

2002 Percent paid by tax levies	Indebtedness			Due in 2003	
	Authorized and issued	Redeemed	Outstanding	Principal	Interest
None	19,580,000	10,600,000	8,980,000	2,455,000	394,150
None	11,250,000	2,475,000	8,775,000	800,000	514,363
None	5,090,000	550,000	4,540,000	200,000	233,518
None	2,620,000	210,000	2,410,000	220,000	105,418
None	3,565,000	3,565,000	0	0	0
None	15,820,000	1,070,000	14,750,000	1,325,000	641,880
None	1,400,000	0	1,400,000	0	0
	<u>59,325,000</u>	<u>18,470,000</u>	<u>40,855,000</u>	<u>5,000,000</u>	<u>1,889,329</u>
None	8,090,000	1,140,000	6,950,000	325,000	370,388
	<u>8,090,000</u>	<u>1,140,000</u>	<u>6,950,000</u>	<u>325,000</u>	<u>370,388</u>
None	12,410,000	0	12,410,000	375,000	15,000
	<u>12,410,000</u>	<u>0</u>	<u>12,410,000</u>	<u>375,000</u>	<u>15,000</u>
None	3,975,000	3,975,000	0	0	0
None	4,650,000	4,650,000	0	0	0
None	3,600,000	970,000	2,630,000	335,000	98,013
None	3,270,000	0	3,270,000	220,000	132,420
None	4,620,000	0	4,620,000	525,000	143,059
	<u>20,115,000</u>	<u>9,595,000</u>	<u>10,520,000</u>	<u>1,080,000</u>	<u>373,492</u>
\$	<u><u>99,940,000</u></u>	<u><u>29,205,000</u></u>	<u><u>70,735,000</u></u>	<u><u>6,780,000</u></u>	<u><u>2,648,209</u></u>

CITY OF EDINA, MINNESOTA

Schedule of Changes in Bonded Indebtedness

Year ended December 31, 2002

	Balance January 1	Issued	Redeemed	Balance December 31
Tax Increment Bonds	\$ 47,590,000	1,400,000	8,135,000	40,855,000
General Obligation Bonds	7,250,000	0	300,000	6,950,000
Public Project Revenue Bonds	0	12,410,000	0	12,410,000
Revenue Bonds	17,625,000	0	7,105,000	10,520,000
	<u>\$ 72,465,000</u>	<u>13,810,000</u>	<u>15,540,000</u>	<u>70,735,000</u>

Exhibit 3

CITY OF EDINA, MINNESOTA

Schedule of Bonds Payable

December 31, 2002

	Issue date	Interest rate	Maturity date	Principal amount
Tax Increment Bonds:				
\$19,580,000 Tax Increment				
Refunding Bond, Series 1993A				
	5/1/93			
\$2,455,000.		5.00	2/1/03	2,455,000
\$2,230,000.		5.10	2/1/04	2,230,000
\$2,555,000.		5.10	2/1/05	2,555,000
\$1,740,000.		5.10	2/1/06	1,740,000
				<u>8,980,000</u>
\$11,250,000 Tax Increment				
Taxable Refunding Bond, Series 1996A				
	3/1/96			
\$800,000		5.85	2/1/03	800,000
\$900,000		6.00	2/1/04	900,000
\$900,000		6.10	2/1/05	900,000
\$1,000,000		6.10	2/1/06	1,000,000
\$1,475,000		6.15	2/1/07	1,475,000
\$1,800,000		6.20	2/1/08	1,800,000
\$1,900,000		6.25	2/1/09	1,900,000
				<u>8,775,000</u>
\$5,090,000 Tax Increment				
Temporary Bond, Series 1997B				
	4/7/97			
\$200,000		4.85	2/1/03	200,000
\$225,000		4.95	2/1/04	225,000
\$250,000		5.05	2/1/05	250,000
\$405,000		5.10	2/1/06	405,000
\$425,000		5.15	2/1/07	425,000
\$445,000		5.20	2/1/08	445,000
\$465,000		5.30	2/1/09	465,000
\$490,000		5.30	2/1/10	490,000
\$515,000		5.35	2/1/11	515,000
\$545,000		5.40	2/1/12	545,000
\$575,000		5.50	2/1/13	575,000
				<u>4,540,000</u>
\$2,620,000 Tax Increment				
Bond, Series 2000A				
	9/6/00			
\$220,000		4.35	2/1/03	220,000
\$230,000		4.40	2/1/04	230,000
\$240,000		4.45	2/1/05	240,000
\$255,000		4.50	2/1/06	255,000
\$265,000		4.55	2/1/07	265,000
\$280,000		4.60	2/1/08	280,000
\$290,000		4.65	2/1/09	290,000
\$305,000		4.70	2/1/10	305,000
\$325,000		4.80	2/1/11	325,000
				<u>2,410,000</u>

(Continued)

Exhibit 3, Cont.

CITY OF EDINA, MINNESOTA

Schedule of Bonds Payable, Continued

	Issue date	Interest rate	Maturity date	Principal amount
\$1,400,000 Tax Increment Bond, Series 2002B	8/5/02	3.00		
\$0			2/1/03	0
\$0			2/1/04	0
\$0			2/1/05	0
\$0			2/1/06	0
\$0			2/1/07	0
\$0			2/1/08	0
\$0			2/1/09	0
\$0			2/1/10	0
\$0			2/1/11	0
\$1,400,000			2/1/12	1,400,000
				<u>1,400,000</u>
\$15,820,000 Tax Increment Refunding Bond, Series 2000C	11/6/00	4.50 - 4.65		
\$1,325,000			2/1/03	1,325,000
\$1,460,000			2/1/04	1,460,000
\$1,505,000			2/1/05	1,505,000
\$1,655,000			2/1/06	1,655,000
\$2,490,000			2/1/07	2,490,000
\$3,060,000			2/1/08	3,060,000
\$3,255,000			2/1/09	3,255,000
				<u>14,750,000</u>
Total tax increment bonds				<u>40,855,000</u>
General Obligation Bonds:				
\$8,090,000 General Obligation Park & Rec Bond, Series 1996B	8/1/96			
\$325,000		4.80	2/1/03	325,000
\$325,000		4.90	2/1/04	325,000
\$350,000		5.00	2/1/05	350,000
\$375,000		5.10	2/1/06	375,000
\$375,000		5.20	2/1/07	375,000
\$400,000		5.30	2/1/08	400,000
\$425,000		5.40	2/1/09	425,000
\$450,000		5.45	2/1/10	450,000
\$475,000		5.50	2/1/11	475,000
\$500,000		5.55	2/1/12	500,000
\$525,000		5.60	2/1/13	525,000
\$550,000		5.65	2/1/14	550,000
\$600,000		5.70	2/1/15	600,000
\$625,000		5.75	2/1/16	625,000
\$650,000		5.75	2/1/17	650,000
Total General Obligation Bonds				<u>6,950,000</u>

(Continued)

Exhibit 3, Cont.

CITY OF EDINA, MINNESOTA

Schedule of Bonds Payable, Continued

	Issue date	Interest rate	Maturity date	Principal amount
\$12,410,000 Public Project				
Revenue Bonds, Series 2002A				
	1/1/02			
\$375,000		4.25 - 5.75	2/1/03	375,000
\$440,000			2/1/04	440,000
\$460,000			2/1/05	460,000
\$480,000			2/1/06	480,000
\$505,000			2/1/07	505,000
\$525,000			2/1/08	525,000
\$550,000			2/1/09	550,000
\$575,000			2/1/10	575,000
\$600,000			2/1/11	600,000
\$630,000			2/1/12	630,000
\$660,000			2/1/13	660,000
\$690,000			2/1/14	690,000
\$725,000			2/1/15	725,000
\$760,000			2/1/16	760,000
\$800,000			2/1/17	800,000
\$840,000			2/1/18	840,000
\$885,000			2/1/19	885,000
\$930,000			2/1/20	930,000
\$980,000			2/1/21	980,000
Total Public Project Bonds				<u>12,410,000</u>
Revenue Bonds:				
\$3,600,000 Utility Revenue				
Revenue Bond, Series 1999A				
	5/3/99			
\$335,000		3.70	2/1/03	335,000
\$345,000		3.80	2/1/04	345,000
\$360,000		3.85	2/1/05	360,000
\$375,000		4.00	2/1/06	375,000
\$390,000		4.00	2/1/07	390,000
\$405,000		4.10	2/1/08	405,000
\$420,000		4.20	2/1/09	420,000
				<u>2,630,000</u>
\$3,270,000 Recreational Facility				
Revenue Bonds, Series 1999B				
	5/3/99			
\$220,000		3.70	1/1/03	220,000
\$265,000		3.80	1/1/04	255,000
\$270,000		3.90	1/1/05	265,000
\$290,000		4.00	1/1/06	270,000
\$295,000		4.10	1/1/07	290,000
\$310,000		4.20	1/1/08	295,000
\$320,000		4.30	1/1/09	310,000
\$320,000		4.35	1/1/10	320,000
\$335,000		4.35	1/1/11	335,000
\$345,000		4.40	1/1/12	345,000
\$365,000		4.45	1/1/13	365,000
				<u>3,270,000</u>

(Continued)

Exhibit 3, Cont.

CITY OF EDINA, MINNESOTA

Schedule of Bonds Payable, Continued

	Issue date	Interest rate	Maturity date	Principal amount
\$15,820,000 Recreational Facility Revenue Bonds, Series 2001A	11/1/01			
\$525,000		2.25	1/1/03	525,000
\$565,000		2.60	1/1/04	565,000
\$585,000		2.85	1/1/05	585,000
\$610,000		3.10	1/1/06	610,000
\$615,000		3.35	1/1/07	615,000
\$550,000		3.55	1/1/08	550,000
\$550,000		3.70	1/1/09	550,000
\$65,000		3.80	1/1/10	65,000
\$70,000		3.90	1/1/11	70,000
\$75,000		4.05	1/1/12	75,000
\$75,000		4.15	1/1/13	75,000
\$80,000		4.30	1/1/14	80,000
\$80,000		4.45	1/1/15	80,000
\$85,000		4.55	1/1/16	85,000
\$90,000		4.65	1/1/17	90,000
				<u>4,620,000</u>
Total revenue bonds				<u>10,520,000</u>
Total bonds payable				<u><u>70,735,000</u></u>

CITY OF EDINA, MINNESOTA

Schedule of Debt Service Requirements

December 31, 2002

Year Ended	Tax Increment Bonds		General Obligation Bonds		Public Project Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	5,000,000	1,889,328	325,000	370,388	375,000	15,000	1,080,000	373,492
2004	5,045,000	1,637,761	325,000	354,625	440,000	17,600	1,165,000	338,573
2005	5,450,000	1,372,300	350,000	337,913	460,000	20,700	1,210,000	299,393
2006	5,055,000	1,106,010	375,000	319,600	480,000	21,600	1,255,000	256,605
2007	4,655,000	859,483	375,000	300,288	505,000	22,725	1,295,000	210,204
2008	5,585,000	596,940	400,000	279,938	525,000	23,625	1,250,000	161,898
2009	5,910,000	298,631	425,000	257,863	550,000	24,750	1,280,000	111,978
2010	795,000	124,360	450,000	234,125	575,000	25,875	385,000	78,123
2011	840,000	82,631	475,000	208,800	600,000	27,600	405,000	61,277
2012	1,945,000	88,340	500,000	181,863	630,000	30,240	420,000	43,516
2013	575,000	15,813	525,000	153,288	660,000	32,340	440,000	24,730
2014	0	0	550,000	123,050	690,000	34,500	80,000	13,333
2015	0	0	600,000	90,413	725,000	36,250	80,000	9,833
2016	0	0	625,000	55,344	760,000	38,950	85,000	6,119
2017	0	0	650,000	18,688	800,000	41,000	90,000	2,093
2018	0	0	0	0	840,000	43,050	0	0
2019	0	0	0	0	885,000	45,356	0	0
2020	0	0	0	0	930,000	48,825	0	0
2021	0	0	0	0	980,000	51,450	0	0
2022	0	0	0	0	0	0	0	0
	<u>\$ 40,855,000</u>	<u>8,071,597</u>	<u>6,950,000</u>	<u>3,286,181</u>	<u>12,410,000</u>	<u>601,436</u>	<u>10,520,000</u>	<u>1,991,165</u>

CITY OF EDINA, MINNESOTA

Assessed Valuation, Tax Levies and Mill Rates
(shown by year of tax collectibility)

	1999	2000	2001	2002	2003
Assessed valuation/tax capacity	\$ 85,963,836	90,806,947	99,650,358	72,583,694	77,665,879
Increment valuation	(6,230,928)	(7,087,107)	(8,559,204)	(6,513,676)	(6,909,331)
Contribution to fiscal disparities pool	(7,511,473)	(9,014,784)	(10,127,351)	(6,893,865)	(7,587,409)
Received from fiscal disparities pool	2,199,224	2,460,913	2,752,149	1,830,348	1,975,365
Taxable valuation	\$ 74,420,659	77,165,969	83,715,952	61,006,501	65,144,504
Tax levies:					
General Fund	\$ 13,284,962	13,650,158	14,438,346	15,990,256	16,171,875
Public Project Revenue	0	0	0	1,000,000	1,026,437
Certificates of Indebtedness	0	0	0	0	586,163
Total tax levies	13,284,962	13,650,158	14,438,346	16,990,256	17,784,475
Tax Capacity Rate:					
General Fund	\$ 17.810	17.669	17.233	27.806	27.139

Statistical Section

CITY OF EDINA, MINNESOTA

General Governmental Expenditures by Function (a)

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Fiscal year	General government	Public safety	Public works	Parks	Unallocated			Capital outlay	Debt service	Total
					general expenditures	Other	Other			
1993	1,999,863	6,544,220	2,990,247	1,744,807	117,451	1,877,110	496,334	6,647,360	22,417,392	
1994	2,097,521	6,774,592	2,985,893	1,725,641	180,589	3,273,848	700,451	7,333,466	25,072,001	
1995	2,069,527	7,251,129	3,160,831	1,850,610	309,152	5,389,205	804,587	7,873,815	28,708,856	
1996	2,201,312	7,440,601	3,290,742	1,919,759	251,215	5,847,706	970,882	6,281,475	28,203,692	
1997	2,247,040	7,717,334	3,537,441	2,031,261	340,510	1,597,747	16,796,824	6,622,948	40,891,105	
1998	2,528,560	8,131,293	4,084,651	1,960,111	333,793	1,104,738	7,530,051	6,324,533	31,997,730	
1999	2,527,547	8,516,673	3,744,124	2,240,730	366,332	1,005,781	5,599,636	6,537,266	30,538,089	
2000	2,635,357	8,846,360	3,672,057	2,150,588	346,099	1,576,968	8,352,494	6,658,601	34,238,524	
2001	2,633,260	9,409,291	4,313,065	2,375,565	506,495	2,213,247	11,193,155	6,888,719	39,532,797	
2002	2,984,012	9,893,428	4,161,373	2,602,266	445,929	1,942,490	11,059,757	8,979,480	42,068,735	

Note: (a) Includes General, Special Revenue, Debt Service and Capital Project Funds.

Table 2

CITY OF EDINA, MINNESOTA

General Governmental Revenues by Source (a)

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Fiscal year	Taxes	Special assessments	Franchise Fee	Licenses and permits	Inter-governmental	Charges for services	Fines and forfeitures	Interest on investments	Interest on funds held with fiscal agent	Sales and rental of property	Miscellaneous	Totals
1993	17,505,272	991,394	260,039	1,037,783	1,749,631	1,167,446	350,582	431,976	1,443,530	100,765	205,432	25,243,850
1994	17,637,458	1,087,831	206,261	947,122	1,807,826	1,251,603	322,992	591,985	1,727,103	174,970	1,016,605	26,771,756
1995	15,534,902	858,897	209,519	1,070,352	5,693,802	1,510,470	545,996	411,345	1,742,621	68,871	591,318	28,238,093
1996	16,089,705	969,468	224,489	1,382,427	3,928,352	1,621,635	456,589	950,129	1,175,976	108,111	292,018	27,198,899
1997	17,653,621	955,206	331,527	1,388,968	1,996,744	2,842,923	562,910	1,199,251	1,038,850	152,398	194,679	28,317,077
1998	20,567,867	844,070	296,427	2,091,365	2,551,452	1,833,148	691,355	1,353,521	43,331	86,639	604,099	30,963,274
1999	21,995,230	990,330	297,866	2,135,541	3,185,008	2,070,476	794,710	415,114	0	284,085	478,788	32,647,148
2000	22,904,512	1,159,876	336,678	1,835,828	1,880,680	2,902,666	967,421	2,287,349	88,788	1,156,526	96,932	35,617,256
2001	24,409,785	1,086,093	473,702	2,239,611	5,085,981	1,962,172	976,952	1,274,294	83,407	4,262,984	184,466	42,039,447
2002	24,735,336	998,908	418,153	1,939,207	2,254,968	2,096,806	910,407	1,178,211	0	1,782,063	180,081	36,494,140

Note: (a) Includes General, Special Revenue, Debt Service and Capital Project Funds.

Table 3

CITY OF EDINA, MINNESOTA

Property Tax Levies and Collections

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Fiscal year	Total tax levy	Current tax collections	Percent of total tax levy collected	Adjustments/ Delinquent tax collections	Total tax collections	Percent of total tax collections to total tax levy	Outstanding delinquent taxes	Percent of outstanding delinquent taxes to total tax levy
1993	10,485,115	9,989,612	95.27%	(2,977)	9,986,635	95.25%	204,153	1.95%
1994	10,927,551	10,691,572	97.84%	5,819	10,697,391	97.89%	154,482	1.41%
1995	11,390,898	11,198,647	98.31%	(67,047)	11,131,600	97.72%	88,399	0.78%
1996	12,178,440	12,026,177	98.75%	(262,279)	11,763,898	96.60%	36,198	0.30%
1997	12,531,244	12,381,729	98.81%	(244,913)	12,136,816	96.85%	39,107	0.31%
1998	13,099,140	13,003,882	99.27%	48,985	13,052,867	99.65%	54,226	0.41%
1999	13,284,962	13,147,288	98.96%	36,293	13,183,581	99.24%	99,202	0.75%
2000	13,650,158	13,554,044	99.30%	15,355	13,569,399	99.41%	116,362	0.85%
2001	14,438,346	14,331,078	99.26%	25,907	14,356,985	99.44%	121,548	0.84%
2002	16,990,256	16,874,198	99.32%	55,578	16,929,776	99.64%	132,443	0.78%

Table 4**CITY OF EDINA, MINNESOTA**Assessed Value or Tax Capacity and
Estimated Market Value of Taxable Property

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Assessment year	Real property		Ratio of total assessed value/ tax capacity to total estimated market value
	Assessed value/ tax capacity	Estimated market value	
1993	81,413,953	3,607,576,600	2.26%
1994	82,244,215	3,733,888,400	2.20%
1995	84,055,819	3,849,796,600	2.18%
1996	85,775,887	4,071,654,134	2.11%
1997	91,586,990	4,074,713,634	2.25%
1998	87,726,810	4,267,758,501	2.06%
1999	85,963,836	4,535,761,900	1.90%
2000	90,055,752	4,861,730,000	1.85%
2001	72,133,594	5,821,566,500	1.24%
2002	77,665,879	6,913,942,400	1.12%

Table 5**CITY OF EDINA, MINNESOTA**

Property Tax Rates--All Overlapping Governments
(per \$100 of assessed value)

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Fiscal year	City of Edina			School District	County	Other	Total
	General Fund	Special Revenue Funds	Total				
1993	15.092	-	15.092	63.743	35.839	7.629	122.303
1994	16.032	-	16.032	61.417	37.441	7.515	122.405
1995	15.577	-	15.577	57.975	37.454	6.851	117.857
1996	16.331	-	16.331	62.268	37.270	7.494	123.363
1997	15.626	-	15.626	57.213	35.515	6.659	115.013
1998	16.813	-	16.813	47.499	38.388	7.538	110.682
1999	17.810	-	17.810	50.766	40.994	8.553	118.123
2000	17.669	-	17.669	51.678	39.655	8.426	117.428
2001	17.233	-	17.233	46.839	37.624	8.126	109.822
2002	27.806	-	27.806	18.504	50.409	7.707	104.426

Table 6

CITY OF EDINA, MINNESOTA

Special Assessment Collections

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Year	Total levy	Collection of current year's levy	Percentage of levy collected	Collection of prior year's levy	Total collections	Percentage of total collections to total levy	Total outstanding assessments
1993	834,099	826,178	99.05%	12,890	839,068	100.60%	22,259
1994	807,324	800,456	99.15%	5,622	806,078	99.85%	27,523
1995	786,480	779,517	99.11%	7,508	787,025	100.07%	26,223
1996	768,800	764,997	99.51%	16,636	781,633	101.67%	13,389
1997	590,048	576,513	97.71%	9,036	585,549	99.24%	17,889
1998	654,442	635,476	97.10%	3,798	639,274	97.68%	33,057
1999	773,251	753,251	97.41%	14,273	767,524	99.26%	38,784
2000	960,562	930,484	96.87%	5,586	936,070	97.45%	63,275
2001	1,003,856	975,921	97.22%	51,173	1,027,094	102.31%	40,038
2002	974,141	950,417	97.56%	23,756	974,173	100.00%	40,006

Table 7

CITY OF EDINA, MINNESOTA

Ratio of Net General Bonded Debt to Assessed
Value/Tax Capacity and Net Bonded Debt Per Capita

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Fiscal year	*Population	Net assessed value/tax capacity (in thousands)	Gross bonded debt (b)	Debt service monies available	Net bonded debt	Ratio of net bonded debt to assessed value/tax capacity	Net bonded debt per capita
1993	46,916	68,259	108,165,000	45,994,060	62,170,940	91.08%	1,325
1994	46,984	73,066	104,615,000	44,810,021	59,804,979	81.85%	1,273
1995	46,841	74,787	101,775,000	43,265,984	58,509,016	78.23%	1,249
1996	46,845	80,087	92,680,000	25,429,215	67,250,785	83.97%	1,436
1997	47,029	77,762	94,385,000	17,929,523	76,455,477	98.32%	1,626
1998	47,113	85,259	70,260,000	589,371	69,670,629	81.72%	1,479
1999	47,235	77,191	73,005,000	4,384,419	68,620,581	88.90%	1,453
2000	47,425 (a)	83,716	88,175,000	21,251,947	66,923,053	79.94%	1,411
2001	47,465	61,007	72,465,000	8,321,645	64,143,355	105.14%	1,351
2002	47,465	65,486	70,735,000	3,070,758	67,664,242	103.33%	1,426

* Source: Metropolitan Council estimate

Notes: (a) Official population per 2000 census.

(b) Includes all long-term general obligation debt.

Table 8

CITY OF EDINA, MINNESOTA

Computation of Overlapping Debt

December 31, 2002

(Unaudited - see accompanying auditors' report)

Jurisdiction	Net debt outstanding	Percentage applicable to City of Edina	Amount applicable to City of Edina
City of Edina	\$ 46,457,361	100.00%	\$ 46,457,361
Hennepin County	320,455,627	7.07%	22,656,213
ISD #273 (Edina)	26,258,119	97.64%	25,638,427
ISD #270 (Hopkins)	84,660,367	8.25%	6,984,480
ISD #271 (Bloomington)	139,427,882	0.01%	13,943
ISD #272 (Eden Prairie)	93,875,183	1.01%	948,139
ISD #280 (Richfield)	54,569,194	17.89%	9,762,429
ISD #283 (St. Louis Park)	51,267,601	0.01%	5,127
Metro Council	155,050,000	5.28%	8,186,640
Hennepin Regional RR Authority	48,803,803	7.59%	3,704,209
Hennepin County Regional Parks	25,281,217	10.08%	2,548,347
			\$ 126,905,315

Table 9**CITY OF EDINA, MINNESOTA**Ratio of Annual Debt Service Expenditures for
General Bonded Debt to Total General Expenditures

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total general expenditures (a)</u>	<u>Ratio of total debt service to total general expenditures</u>
1993	1,800,000	4,847,360	6,647,360	21,384,897	31.08%
1994	1,185,000	6,148,466	7,333,466	22,035,991	33.28%
1995	2,495,000	5,378,815	7,873,815	23,630,853	33.32%
1996	1,400,000	4,881,475	6,281,475	23,128,537	27.16%
1997	2,120,000	4,502,948	6,622,948	24,000,082	27.60%
1998	2,224,724	4,099,809	6,324,533	25,390,000	24.91%
1999	3,275,000	3,262,266	6,537,266	25,131,088	26.01%
2000	6,050,000	3,108,601	9,158,601	25,814,880	35.48%
2001	3,740,000	3,148,719	6,888,719	28,382,482	24.27%
2002	5,885,000	3,094,480	8,979,480	30,675,141	29.27%

Notes: (a) Includes General, Special Revenue, and Debt Service Funds.

Table 10

CITY OF EDINA, MINNESOTA

Revenue Bond Coverage

Last Ten Fiscal Years

(Unaudited - see accompanying auditors' report)

Fiscal year	Gross revenue	Direct* operating expenses	Net revenue available for debt service	Debt service requirements		Coverage	
				Principal	Interest		
Utility Bond							
1993	7,122,636	6,238,142	884,494	300,000	214,791	514,791	172
1994	7,011,288	6,602,736	408,552	2,165,000	155,573	2,320,573	18
1995	7,591,331	6,766,288	825,043	345,000	78,182	423,182	195
1996	7,753,016	7,007,293	745,723	370,000	52,019	422,019	177
1997	8,110,744	7,526,033	584,711	390,000	40,744	430,744	136
1998	8,108,612	7,226,648	881,964	400,000	22,184	422,184	209
1999	8,502,423	6,713,673	1,788,750	420,000	83,429	503,429	355
2000	8,793,386	7,205,934	1,587,452	335,000	127,525	462,525	343
2001	8,556,810	7,065,589	1,491,221	310,000	116,794	426,794	349
2002	8,561,287	7,399,773	1,161,514	325,000	105,205	430,205	270
Recreational Facility Bonds							
1993	2,987,774	2,600,826	386,948	195,000	707,454	902,454	43
1994	3,446,755	3,086,401	360,354	200,000	854,920	1,054,920	34
1995	3,824,627	3,262,948	561,679	0	839,244	839,244	67
1996	4,311,141	3,545,291	765,850	250,000	774,800	1,024,800	75
1997	4,440,202	3,945,975	494,227	295,000	762,411	1,057,411	47
1998	5,042,394	4,270,042	772,352	4,240,000	372,390	4,612,390	17
1999	5,141,606	4,332,932	808,674	430,000	522,050	952,050	85
2000	5,727,930	5,209,610	518,320	450,000	553,962	1,003,962	52
2001	5,430,507	5,231,143	199,364	470,000	531,176	1,001,176	20
2002	5,424,422	5,037,935	386,487	6,780,000	611,509	7,391,509	5

*Before interest costs.

Table 11

CITY OF EDINA, MINNESOTA

Property and Construction Values

Last Ten Fiscal years

(Unaudited - see accompanying auditors' report)

Fiscal year	Commercial construction		Residential construction		Property value*	
	Number of permits	Value	Number of permits	Value	Commercial/Industrial	Residential/Apartments
1993	396	35,014,704	673	27,505,219	711,471,100	2,896,105,500
1994	267	14,695,441	689	29,985,727	691,570,800	3,042,317,600
1995	274	14,349,143	564	28,064,106	668,098,800	3,181,697,800
1996	279	35,789,432	1,318	31,334,870	745,200,700	3,326,107,834
1997	407	37,074,290	1,780	32,387,315	824,767,100	3,438,309,200
1998	462	38,495,806	1,830	35,625,118	904,869,800	3,623,187,200
1999	323	36,708,942	3,478	27,637,742	980,837,900	3,924,031,400
2000	1,418	66,980,499	4,013	48,278,737	1,069,928,100	4,387,874,100
2001	838	86,488,859	4,975	57,658,783	1,173,397,300	5,056,797,500
2002	302	44,300,120	1,890	69,612,658	1,217,214,600	5,834,821,900

*Assessor's estimated market value

Table 12

CITY OF EDINA, MINNESOTA

Principal Taxpayers

December 31, 2002

(Unaudited - see accompanying auditors' report)

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2002 tax capacity</u>
Southdale	Shopping center	\$ 1,950,996
Southdale Office Park	Office building	848,094
Galleria	Shopping center	784,882
Centennial Lakes Phase IV	Office building	568,808
Centennial Lakes Phase V	Office building	553,106
United Health Care Corporation	Office building	539,116
7700 France	Office building	473,950
Southdale Medical Building	Office building	451,904
Centennial Lakes Retail	Retail	344,974
Centennial Lakes Phase II	Office building	344,974

Table 13**CITY OF EDINA, MINNESOTA**

Major Employers in the City

December 31, 2001

(Unaudited - see accompanying auditors' report)

Employer	Product/Service	Approximate Number of Employees
Fairview Southdale Hospital	General Medical & Surgical Hospitals	2,400
Jerry's Enterprises Inc.	Grocery Stores	2,000
Golden Valley Microwave Foods	Grocery Stores	650
Health Risk Management Inc.	Insurance Carrier	552
Marshall Fields	Department Store	500
J.C. Penney	Department Store	400
Norwest Funding	Mortgage Bankers & Correspondents	358
Nash Finch Co.	Grocery Stores	350
International Dairy Queen Inc.	Full-Service Restaurants	300
Roach Organization Inc.	Electronics & Appliance Stores	140
Techpower Inc.	Employment Services	120

Source: *City of Edina "Community Profile", Minnesota Department of Trade and Economic Development, 2002*

Table 14**CITY OF EDINA, MINNESOTA**

Labor Force Data

December 31, 2002

(Unaudited - see accompanying auditors' report)

	December 2002		December 2001	
	Civilian Labor Force	Unemployment Rate	Civilian Labor Force	Unemployment Rate
Hennepin County	695,658	3.5%	678,296	3.5%
Mpls.-St. Paul MSA	1,828,866	3.8%	1,776,776	3.5%
State of Minnesota	2,888,066	4.0%	2,887,869	4.0%

Source: *Minnesota Workforce Center.*

Table 15

CITY OF EDINA, MINNESOTA

Miscellaneous Statistics

December 31, 2001

(Unaudited - see accompanying auditors' report)

Date of incorporation	December 17, 1888
Date of adoption of Council-Manager Plan	January 1, 1955
Present form of government	Council-Manager
Fiscal year begins	January 1
Area of City	16 square miles
Percent of City developed with buildings	97%
Miles of streets and sewers:	
Total streets (including state and county)	224 miles
Sanitary sewer	186.22 miles
Sewer connections	13,984
Fire protection:	
Number of stations	2
Number of employees (full time)	31
Police protection:	
Number of stations	1
Number of employees (full time)	63
Park areas:	
Present park acres and open space	1,600
Total improved park acres	1,007
Number of parks	39
Private golf courses	2
Public golf courses	3
Municipal water plant:	
Number of wells	18
Miles of watermain	198.81
Gallons of storage	7 million
Number of consumers	14,025

(Continued)

Table 15, Cont.

CITY OF EDINA, MINNESOTA

Miscellaneous Statistics, Continued

Population:	
1930	3,138
1940	5,855
1950	9,744
1960	28,501
1965 (special census)	35,302
1970	44,046
1975 (estimated April 1)	49,736
1980 (census)	46,073
1981 (estimated April 1)	46,080
1982 (estimated April 1)	45,370
1983 (estimated April 1)	45,340
1984 (estimated April 1)	45,280
1985 (estimated April 1)	44,940
1986 (estimated April 1)	45,523
1987 (estimated April 1)	45,924
1988 (estimated April 1)	46,095
1989 (estimated April 1)	44,943
1990 (census)	46,070
1991 (estimated)	46,070
1992 (estimated May 1992)	46,079
1993 (estimated June 1993)	46,916
1994 (estimated June 1994)	46,984
1995 (estimated June 1995)	46,841
1996 (estimated June 1996)	46,845
1997 (estimated June 1997)	47,029
1998 (estimated June 1998)	47,113
1999 (estimated June 1999)	47,235
2000 (census)	47,425
2001 (estimated June 2001)	47,465
2002 (estimated June 2001)	47,465

Table 16

CITY OF EDINA, MINNESOTA

Schedule of Sources and Uses of Public Funds
for 50th & France-No. 1200, a Tax Increment Financing District
(Districts 1200, 1201, 1203, and 1204 are pooled)
(Unaudited - see accompanying auditors' report)

December 31, 2002

	Original budget	Amended budget	Accounted for in prior years	Current year	Amount remaining
Sources of funds:					
Bond proceeds	\$ 2,200,000	5,280,000	5,251,998	0	28,002
Tax increments received	0	31,748,489	19,093,742	849,756	11,804,991
Real estate sales*	800,000	170,782	170,782	0	0
State aid	0	418,871	418,871	0	0
Special assessments	0	1,321,096	728,505	0	592,591
Parking permits	0	268,524	268,524	0	0
Community develop- ment	0	186,064	186,064	0	0
Interest on invested funds	0	2,000,000	2,413,109	108,760	(521,869)
Other	0	73,881	73,881	0	0
Total sources of funds	<u>3,000,000</u>	<u>41,467,707</u>	<u>28,605,476</u>	<u>958,516</u>	<u>11,903,715</u>
Uses of funds:					
Land acquisition	0	873,061	873,061	0	0
Installation of public utilities and improvements	3,000,000	7,867,034	7,862,032	0	5,002
Bond payments					
Principal	0	5,280,000	2,200,000	700,000	2,380,000
Interest	0	4,738,329	3,888,974	141,300	708,055
Administrative costs	0	1,230,000	1,205,451	0	24,549
Paid to other governments	0	21,000	10,696	0	10,304
Work orders	0	16,257	16,257	0	0
Contingencies	0	11,644	11,644	0	0
Interest	0	463,037	463,037	0	0
Miscellaneous	0	62,095	63,010	0	(915)
Transfer	0	10,000,000	5,973,888	2,183,335	1,842,777
Total uses of funds	<u>3,000,000</u>	<u>30,562,457</u>	<u>22,568,050</u>	<u>3,024,635</u>	<u>4,969,772</u>
Funds remaining (or deficient)	<u>0</u>	<u>10,905,250</u>	<u>6,037,426</u>	<u>(2,066,119)</u>	<u>6,933,943</u>

	<u>Cost to authority</u>	<u>Price paid by developer</u>
*Real estate sales		
Liquor store site	\$ 128,064	105,002
Union oil site	<u>134,506</u>	<u>65,780</u>
	<u>\$ 262,570</u>	<u>170,782</u>

Table 17

CITY OF EDINA, MINNESOTA

Schedule of Sources and Uses of Public Funds
for Southeast Edina Redevelopment District-No. 1201, a Tax Increment Financing District
(Districts 1200, 1201, 1203, and 1204 are pooled)
(Unaudited - see accompanying auditors' report)

December 31, 2002

	Original budget	Amended budget	Accounted for in prior years	Current year	Amount remaining
Sources of funds:					
Bond proceeds	\$ 6,165,177	21,470,000	20,219,852	0	1,250,148
Tax increments received	0	75,000,000	41,579,789	2,704,780	30,715,431
Real estate sales*	598,005	3,000,000	2,642,115	0	357,885
Loan proceeds	0	1,321,096	0	0	1,321,096
Community develop- ment Block Grant	0	189,221	189,221	0	0
Interest on invested funds	0	3,500,000	2,500,537	73,944	925,519
Other	0	50,000	1,357	0	48,643
Total sources of funds	<u>6,763,182</u>	<u>104,530,317</u>	<u>67,132,871</u>	<u>2,778,724</u>	<u>34,618,722</u>
Uses of funds:					
Land acquisition	6,682,998	12,200,000	6,894,303	0	5,305,697
Installation of public utilities and improvements	0	16,000,000	14,278,823	0	1,721,177
Site improvements or preparation costs	2,885,484	2,000,000	468,098	0	1,531,902
Bond payments					
Principal	0	21,470,000	14,565,000	1,515,000	5,390,000
Interest	0	20,100,000	19,038,322	358,492	703,186
Administrative costs	194,700	1,800,000	1,674,344	0	125,656
Paid to other governments	0	110,000	49,177	356	60,467
Transfers out	0	17,000,000	6,606,312	0	10,393,688
Interest reduction	0	1,850,000	0	0	1,850,000
Parkland dedication fees	0	767,852	767,852	0	0
Total uses of funds	<u>9,763,182</u>	<u>93,297,852</u>	<u>64,342,231</u>	<u>1,873,848</u>	<u>27,081,773</u>
Funds remaining (or deficient)	<u>(3,000,000)</u>	<u>11,232,465</u>	<u>2,790,640</u>	<u>904,876</u>	<u>7,536,949</u>
		<u>Cost to authority</u>		<u>Price paid by developer</u>	
*Real estate sales					
Retail site	\$	8,350		11,899	
Hotel site		192,915		192,915	
Elderly site		453,740		346,534	
Office site		1,027,277		784,563	
Coventry Townhouses		<u>1,318,103</u>		<u>1,318,103</u>	
	\$	<u>3,000,385</u>		<u>2,654,014</u>	

Table 18

CITY OF EDINA, MINNESOTA

Schedule of Sources and Uses of Public Funds
for Grandview Area Redevelopment District-No. 1202, a Tax Increment Financing District
(Unaudited - see accompanying auditors' report)

December 31, 2002

	<u>Original budget</u>	<u>Amended budget</u>	<u>Accounted for in prior years</u>	<u>Current year</u>	<u>Amount remaining</u>
Sources of funds:					
Bond proceeds	\$ 4,500,000	9,900,000	8,075,915	1,400,000	424,085
Tax increments received	0	29,737,107	8,383,796	699,785	20,653,526
Real estate sales	0	4,700,000	4,005,694	1,396,650	(702,344)
Interest on invested funds	0	300,000	696,501	109,203	(505,704)
Other	0	0	59,868	0	(59,868)
Total sources of funds	<u>4,500,000</u>	<u>44,637,107</u>	<u>21,221,774</u>	<u>3,605,638</u>	<u>19,809,695</u>
Uses of funds:					
Land acquisition	0	6,500,000	3,418,638	151,909	2,929,453
Installation of public utilities and improvements	4,310,000	17,127,000	8,591,998	1,146,847	7,388,155
Bond payments					
Principal	0	9,900,000	1,650,000	3,977,555	4,272,445
Interest	0	9,190,000	2,042,057	359,560	6,788,383
Loan/note interest	0	0	323,519	462,806	(786,325)
Paid to other governments	0	0	186,479	2,814	(189,293)
Administrative costs	190,000	1,920,107	1,196,004	74,047	650,056
Total uses of funds	<u>4,500,000</u>	<u>44,637,107</u>	<u>17,408,695</u>	<u>6,175,538</u>	<u>21,052,874</u>
Funds remaining (or deficient)	\$ <u>0</u>	<u>0</u>	<u>3,813,079</u>	<u>(2,569,900)</u>	<u>(1,243,179)</u>

	<u>Cost to authority</u>	<u>Price paid by developer</u>
*Real estate sales		
5229 Eden Ave.	\$ 1,822,319	
5220 Eden Circle	995,000	
5244 Eden Circle		
(Condemnation deposit)	309,937	
5201 Eden Circle	443,291	2,070,119
Project area		4,005,694
	<u>\$ 3,570,547</u>	<u>6,075,813</u>

Table 19

CITY OF EDINA, MINNESOTA

Schedule of Sources and Uses of Public Funds
for Southeast Edina Redevelopment District-No. 1203, a Tax Increment Financing District
(Districts 1200, 1201, 1203, and 1204 are pooled)
(Unaudited - see accompanying auditors' report)

December 31, 2002

	Original budget	Amended budget	Accounted for in prior years	Current year	Amount remaining
Sources of funds:					
Bond proceeds	\$ 41,400,000	41,400,000	33,761,677	0	7,638,323
Tax increments received	80,000,000	90,000,000	18,529,880	2,799,514	68,670,606
Real estate sales*	5,000,000	11,637,070	11,637,070	0	0
Special assessment	0	1,321,096	0	0	1,321,096
Interest on invested funds	0	2,500,000	2,253,359	143,613	103,028
Transfer in	0	28,000,000	13,691,423	2,183,335	12,125,242
Sale of material	0	255,710	255,710	0	0
Developer payments	0	297,826	297,826	0	0
Other	0	20,000	17,719	0	2,281
Total sources of funds	<u>126,400,000</u>	<u>175,431,702</u>	<u>80,444,664</u>	<u>5,126,462</u>	<u>89,860,576</u>
Uses of funds:					
Land acquisition	13,900,000	22,981,425	22,981,425	0	0
Installation of public utilities and improvements	26,677,000	25,871,230	16,602,643	(7,890)	9,276,477
Bond payments					
Principal	41,400,000	41,400,000	5,734,724	1,945,000	33,720,276
Interest	38,000,000	38,000,000	27,122,753	806,324	10,070,923
Administrative costs	1,140,800	1,600,000	1,238,979	15,662	345,359
Paid to other governments	0	42,000	14,206	3,345	24,449
Loan/note interest	0	14,684,711	1,500,844	545,021	12,638,846
Parkland dedication	0	2,030,345	2,030,345	0	0
Total uses of funds	<u>121,117,800</u>	<u>146,609,711</u>	<u>77,225,919</u>	<u>3,307,462</u>	<u>66,076,330</u>
Funds remaining (or deficient)	\$ <u>5,282,200</u>	<u>28,821,991</u>	<u>3,218,745</u>	<u>1,819,000</u>	<u>23,784,246</u>

	Cost to authority	Price paid by developer
*Real estate sales		
Retail and theater site	\$ 3,213,720	3,213,720
Medical office site	815,092	815,092
Office site	1,107,160	1,107,160
Office building #1	449,300	449,300
Office building #2	1,280,702	1,280,702
Office building #3	1,341,533	1,341,533
Office building #4	1,625,849	1,625,849
Office building #5	1,803,714	1,803,714
	<u>\$ 11,637,070</u>	<u>11,637,070</u>

Table 20

CITY OF EDINA, MINNESOTA

Schedule of Sources and Uses of Public Funds
for 70th Street and Cahill Road District-No. 1207, a Tax Increment Financing District
(Unaudited - see accompanying auditors' report)

December 31, 2002

	Original budget	Amended budget	Accounted for in prior years	Current year	Amount remaining
Sources of funds:					
Bond proceeds	\$ 1,911,000	1,911,000	0	0	1,911,000
Tax increments received	2,177,855	2,177,855	746,863	0	1,430,992
Interest on invested funds	0	0	126,887	32,954	(159,841)
Other	0	0	0	0	0
Total sources of funds	<u>4,088,855</u>	<u>4,088,855</u>	<u>873,750</u>	<u>32,954</u>	<u>3,182,151</u>
Uses of funds:					
Land acquisition	529,400	529,400	11,215	0	518,185
Installation of public utilities and improvements	325,000	325,000	89,468	450,811	(215,279)
Demolition	150,000	150,000	0	0	150,000
Relocation	160,000	160,000	0	0	160,000
Capitalized Interest	150,000	150,000	0	0	150,000
Debt service	2,178,455	2,178,455	0	0	2,178,455
Paid to other governments	0	0	2,730	0	(2,730)
Administrative costs	596,000	596,000	70,575	3,995	521,430
Total uses of funds	<u>4,088,855</u>	<u>4,088,855</u>	<u>173,988</u>	<u>454,806</u>	<u>3,460,061</u>
Funds remaining (or deficient)	\$ <u>0</u>	<u>0</u>	<u>699,762</u>	<u>(421,852)</u>	<u>(277,910)</u>