



CITY OF EDINA, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended December 31, 2007

CITY OF EDINA, MINNESOTA

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2007

Prepared by:
Department of Finance

John Wallin – Treasurer and Finance Director
Eric Roggeman – Assistant Finance Director
Paula Nelson – Accountant

	<u>Page No.</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal	1
GFOA Certificate of Achievement	4
Organization	5
Organization Chart	6
II. FINANCIAL SECTION	
Independent Auditors' Report	7
Management's Discussion and Analysis	9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Net Assets - Proprietary Funds	28
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30
Statement of Fiduciary Net Assets - Fiduciary Funds	32
Notes to the Financial Statements	33
Required Supplementary Information:	
Budgetary Comparison Information:	
Budgetary Comparison Schedule - General Fund	63
Notes to Required Supplementary Information	69

CITY OF EDINA, MINNESOTA
TABLE OF CONTENTS

	<u>Page No.</u>
Combining and Individual Non Major Fund Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Special Revenue Funds	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	73
Special Revenue Fund - Community Development Block Grant Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	74
Combining Statement of Net Assets - Nonmajor Proprietary Funds	76
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Nonmajor Proprietary Funds	77
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	78
Combining Statement of Changes in Assets and Liabilities - Agency Funds	81
Supplementary Financial Information:	
Combined Schedule of Bonded Indebtedness	84
Tax Capacity, Tax Levies and Tax Capacity Rates	86
Schedule of Sources and Uses of Public Funds for 50th & France - #1200	87
Schedule of Sources and Uses of Public Funds for Southeast Edina Redevelopment District - #1201	88
Schedule of Sources and Uses of Public Funds for Grandview Area Redevelopment District - #1202	89
Schedule of Sources and Uses of Public Funds for Southeast Edina Redevelopment District - #1203	90
Schedule of Sources and Uses of Public Funds for 70th Street and Cahill Road District - #1207	91

III. STATISTICAL SECTION (UNAUDITED)

Financial Trends:

Net Assets by Component	94
Changes in Net Assets	95
Fund Balances of Governmental Funds	96
Changes in Fund Balances of Governmental Funds	98

Revenue Capacity:

Assessed Value, Actual Value and Tax Capacity of Taxable Property	100
Direct and Overlapping Tax Capacity Rates	101
Principal Property Tax Payers	102
Property Tax Levies and Collections	103

Debt Capacity:

Ratios of Outstanding Debt by Type	104
Ratios of General Bonded Debt Outstanding	105
Direct and Overlapping Governmental Activities Debt	106
Legal Debt Margin Information	107
Pledged Revenue Coverage	108

Demographic and Economic Information:

Demographic and Economic Statistics	109
Principal Employers	110

Operating Information:

Full-Time Equivalent City Government Employees by Function	111
Operating Indicators by Function	112
Capital Asset Statistics by Function	113

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June 19, 2008

To the Honorable Mayor, City Council, and Citizens of the City of Edina (City):

Minnesota statutes require that every city publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2007.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement.

Malloy, Montague, Karnowski, Radosevich, & Co. P.A., a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the City's financial statements for the year ended December 31, 2007. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City

The City, incorporated in 1888, is a fully developed first-ring suburb of Minneapolis. The City currently occupies a land area of 16 square miles and serves a population of 47,448. Currently, 98% of the City is developed with 55.5% of the land attributed to residential uses, 13.1% to roadways and 11.8% supporting the park and open spaces. The remainder of the land is used for commercial, industrial and public/semi-public uses. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City has operated under the Council-Manager form of government since 1955. Policy-making and legislative authority are vested in a City Council (Council) consisting of the Mayor and four other members, all elected on a non-partisan basis. The Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the city government, and for appointing the heads of the various departments. Council members serve four-year terms, with two Council members elected every two years. The Mayor also serves a four-year term. The Council and Mayor are elected at large.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water and sewer services and recreational and cultural activities and events.

The Council is required to adopt a final budget by no later than the close of the fiscal year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g. police). Department heads may use resources within a department as they see fit. The City Manager may authorize transfers of budgeted amounts between departments.

Local economy

The City currently enjoys a favorable economic environment and local indicators point to continued stability. The region, while noted for a strong retail sector, enjoyed considerable re-development in recent years. The re-development consisted of varied manufacturing, medical and high-tech base that adds to the relative stability of the unemployment rate. Major industries with headquarters or divisions within the government's boundaries or in close proximity include medical services, retail operations and banking services. Edina is home to over 50,000 jobs that are expected to remain stable over the coming years.

The City has become known for its quality residential housing stock and attractive neighborhoods. To date, approximately 98% of the housing stock is in place. Although the emphasis has changed over the years from exclusively single family housing to a more balanced mix of housing types, the City's concern for overall quality in residential development remains a top priority.

The City enjoys a AAA bond rating and a Aaa bond rating from Standard and Poors and Moody's, respectively.

Long-term financial planning

The City is near the end of the process of updating its Comprehensive Plan, which guides development and redevelopment and addresses changes likely to occur due to various social and market forces. The Metropolitan Council requires all cities in the seven-county metropolitan area to have such a plan and State law requires cities to update their plans every 10 years. Edina's revised Comprehensive Plan is due in 2008.

The City continues to focus on quality of life improvements throughout Edina. These efforts cover a broad array of areas including protecting and improving the environment, revitalization of parks and public areas, expanding recreational opportunities, expanding City services, and increasing communication between City representatives and the public.

The City is working closely with state government, federal government and neighboring communities to improve the area's state and county transportation network, which includes upgraded highways and well-placed pathways. Funding for most of the transportation improvements will need to come from state, county and federal sources, with some minor portion supported by the local taxpayers.

Relevant financial policies

The City recently adopted a set of financial management policies that focus on long-term financial planning. Policies cover areas such as cash and investments, the operating budget, revenue, fund balance, capital outlay, and debt management.

Designations for park dedication, investments, equipment replacement, compensated absences, and cash flow are all within the ranges specified in the policies. In addition, the City has \$899,312 unreserved, undesignated fund balance in the general fund.

Major initiatives

The City is continually working to update our aging infrastructure. Our annually adopted five-year Capital Improvement Plan includes spending and financing projections for these projects.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to City of Edina for its comprehensive annual financial report for the fiscal year ended December 31, 2006. This was the first year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the dedicated services of the Finance Department staff. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unflinching support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Wallin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

John Wallin
Finance Director

A handwritten signature in black ink, appearing to read "Eric Roggeman". The signature is more compact and stylized than the one above, with a horizontal stroke at the end.

Eric Roggeman
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Edina
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

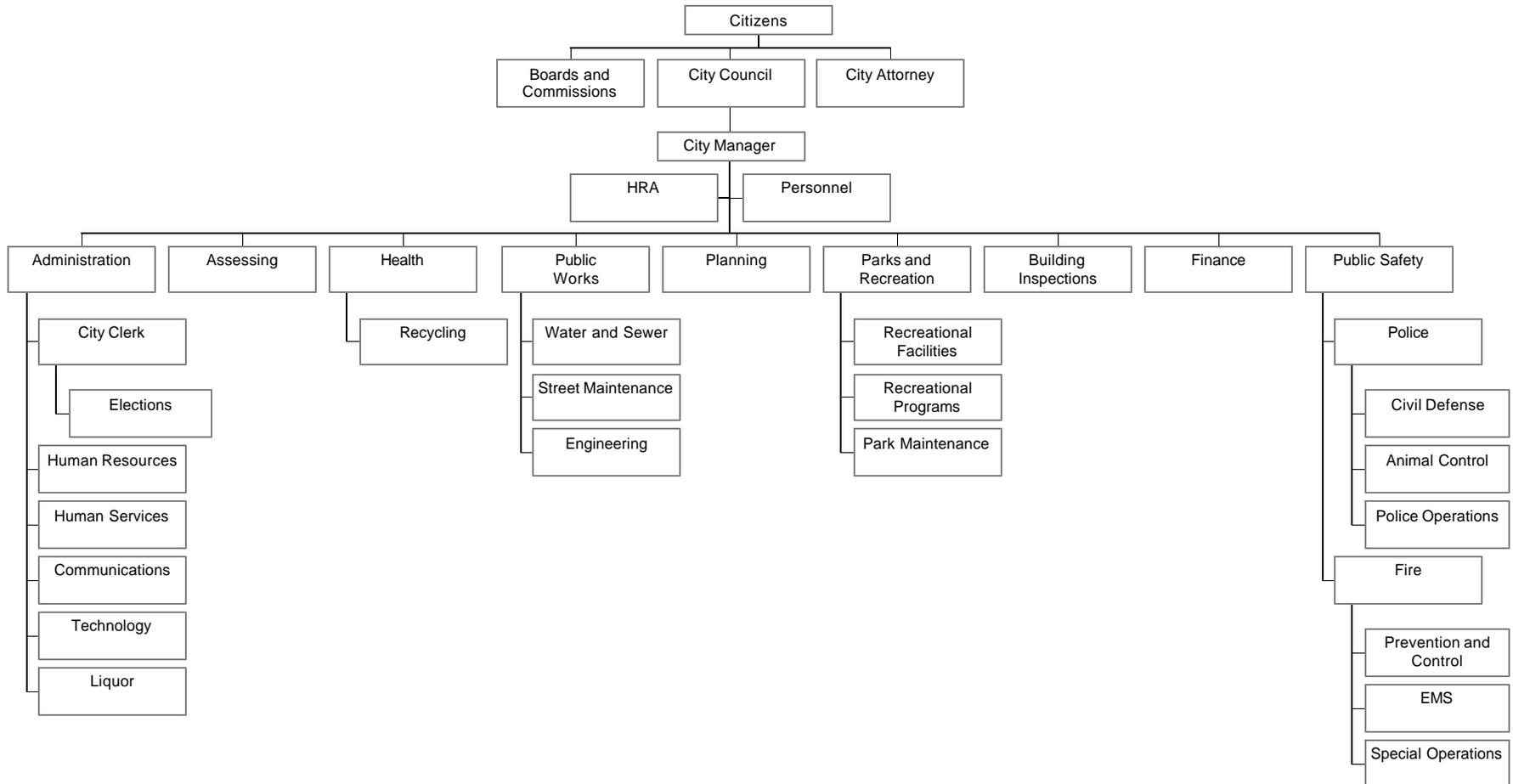
CITY OF EDINA, MINNESOTA

ORGANIZATION

December 31, 2007

	<u>Term Expires</u>
Mayor: James Hovland	December 31, 2008
Council Members: Joni Bennett	December 31, 2010
Scot Housh	December 31, 2010
Linda Masica	December 31, 2008
Ann Swenson	December 31, 2008
City Manager: Gordon Hughes	Appointed
Finance Director/Treasurer: John Wallin	Appointed
City Clerk: Debra Mangen	Appointed

City of Edina





PRINCIPALS

Kenneth W. Malloy, CPA
Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Residents
City of Edina, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Edina (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City at December 31, 2007, as well as the respective changes in financial position and cash flows thereof, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and required supplementary information, as listed in the table of contents, are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, accordingly, we express no opinion on it.

(continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, supplementary financial information, and statistical section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and supplementary financial information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Malloy, Montague, Karnowski, Radosevich, & Co., P.A.

June 19, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Edina (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$149,512,709 (net assets). Of this amount, \$38,785,667 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets increased by \$12,101,854. \$6,319,262 of this increase is due to the City's use of tax increment revenues to pay down tax increment debt.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,958,166, an increase of \$8,101,901 in comparison with the prior year. Of this total amount, \$34,681,990, or 85%, is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$14,078,220, or 51% of total general fund expenditures.
- The City's total bonded debt increased by \$12,160,000 during the current fiscal year, from \$51,815,000 to \$63,975,000. The City issued new debt during the year consisting of \$5,865,000 in general obligation capital improvement plan bonds for the reconstruction of Fire Station #1, \$5,870,000 permanent improvement revolving bonds to finance special assessment projects, and \$8,210,000 of utility revenue bonds to pay for infrastructure improvements.

Overview of the Financial Statements

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

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

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

Management's Discussion and Analysis (Continued)

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and parks. The business-type activities of the City include utilities, liquor, aquatic center, golf course and community activity centers.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 4 individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Housing and Redevelopment Authority fund, debt service fund and the construction fund.

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds are provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund and one of its special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with these budgets.

Proprietary funds. The City maintains four major enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City uses enterprise funds to account for its utility, liquor, aquatic center and golf course operations.

Management's Discussion and Analysis (Continued)

Data from the other proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds are provided in the form of combining statements elsewhere in this report.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with non-major governmental and enterprise funds are presented immediately following the required supplementary information on budgetary comparisons.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$149,512,709 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$110,727,042 or 74%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis (Continued)

City of Edina's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 49,961,109	\$ 41,259,640	\$ 16,432,230	\$ 9,491,418	\$ 66,393,339	\$ 50,751,058
Capital assets	99,739,977	94,526,473	57,854,580	55,071,948	157,594,557	149,598,421
Total assets	<u>\$ 149,701,086</u>	<u>\$ 135,786,113</u>	<u>\$ 74,286,810</u>	<u>\$ 64,563,366</u>	<u>\$ 223,987,896</u>	<u>\$ 200,349,479</u>
Long-term liabilities outstanding	\$ 43,845,870	\$ 39,182,228	\$ 13,071,516	\$ 7,067,320	\$ 56,917,386	\$ 46,249,548
Other liabilities	13,038,022	11,509,815	4,519,779	4,134,776	17,557,801	15,644,591
Total liabilities	<u>\$ 56,883,892</u>	<u>\$ 50,692,043</u>	<u>\$ 17,591,295</u>	<u>\$ 11,202,096</u>	<u>\$ 74,475,187</u>	<u>\$ 61,894,139</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 67,680,882	\$ 69,814,012	\$ 43,046,160	\$ 46,981,755	\$ 110,727,042	\$ 116,795,767
Unrestricted	25,136,312	15,280,058	13,649,355	6,379,515	38,785,667	21,659,573
Total net assets	<u>\$ 92,817,194</u>	<u>\$ 85,094,070</u>	<u>\$ 56,695,515</u>	<u>\$ 53,361,270</u>	<u>\$ 149,512,709</u>	<u>\$ 138,455,340</u>

The remaining balance of unrestricted net assets (\$38,785,667) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all of the categories of net assets reported, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was also an increase of \$17,126,094 in unrestricted net assets, largely due to the issuance of debt for roadway and utility infrastructure projects that were mostly completed in the prior year and paid for by the City using unrestricted assets.

As shown below, the City's net assets increased by \$11,057,369 (including a prior period adjustment) during the current fiscal year. Factors contributing to this change are discussed in the next two sections.

Management's Discussion and Analysis (Continued)

City of Edina's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 7,153,630	\$ 7,671,523	\$ 32,578,430	\$ 30,302,318	\$ 39,732,060	\$ 37,973,841
Operating grants and contributions	1,384,024	1,423,302	127,492	122,358	1,511,516	1,545,660
Capital grants and contributions	4,299,509	4,013,617	-	-	4,299,509	4,013,617
General revenues:						
Property taxes	21,459,001	20,414,298	-	-	21,459,001	20,414,298
Other taxes	8,364,448	7,727,208	-	-	8,364,448	7,727,208
Gain on disposal of assets	58,377	8,418	7,604	25,210	65,981	33,628
Unrestricted investment earnings	1,581,702	1,230,264	510,678	283,771	2,092,380	1,514,035
Total revenues	44,300,691	42,488,630	33,224,204	30,733,657	77,524,895	73,222,287
Expenses:						
General government	7,039,298	6,493,340	-	-	7,039,298	6,493,340
Public safety	13,743,194	13,300,351	-	-	13,743,194	13,300,351
Public works	8,757,022	8,973,031	-	-	8,757,022	8,973,031
Parks	5,025,560	5,341,682	-	-	5,025,560	5,341,682
Interest on long-term debt	1,887,633	1,895,370	-	-	1,887,633	1,895,370
Utilities	-	-	10,036,844	9,234,651	10,036,844	9,234,651
Liquor	-	-	10,361,998	9,968,963	10,361,998	9,968,963
Aquatic center	-	-	780,981	795,614	780,981	795,614
Golf course	-	-	3,621,977	3,652,169	3,621,977	3,652,169
Community activity centers	-	-	4,168,534	4,048,649	4,168,534	4,048,649
Total expenses	36,452,707	36,003,774	28,970,334	27,700,046	65,423,041	63,703,820
Increase in net assets before transfers	7,847,984	6,484,856	4,253,870	3,033,611	12,101,854	9,518,467
Transfers	919,625	838,230	(919,625)	(838,230)	-	-
Increase in net assets	8,767,609	7,323,086	3,334,245	2,195,381	12,101,854	9,518,467
Net assets - January 1, previously reported	85,094,070	71,967,764	53,361,270	51,165,889	138,455,340	123,133,653
Infrastructure change (footnote 1P)	(1,044,485)	5,803,220	-	-	(1,044,485)	5,803,220
Net assets - January 1, as restated	84,049,585	77,770,984	53,361,270	51,165,889	137,410,855	128,936,873
Net assets - December 31	\$ 92,817,194	\$ 85,094,070	\$ 56,695,515	\$ 53,361,270	\$ 149,512,709	\$ 138,455,340

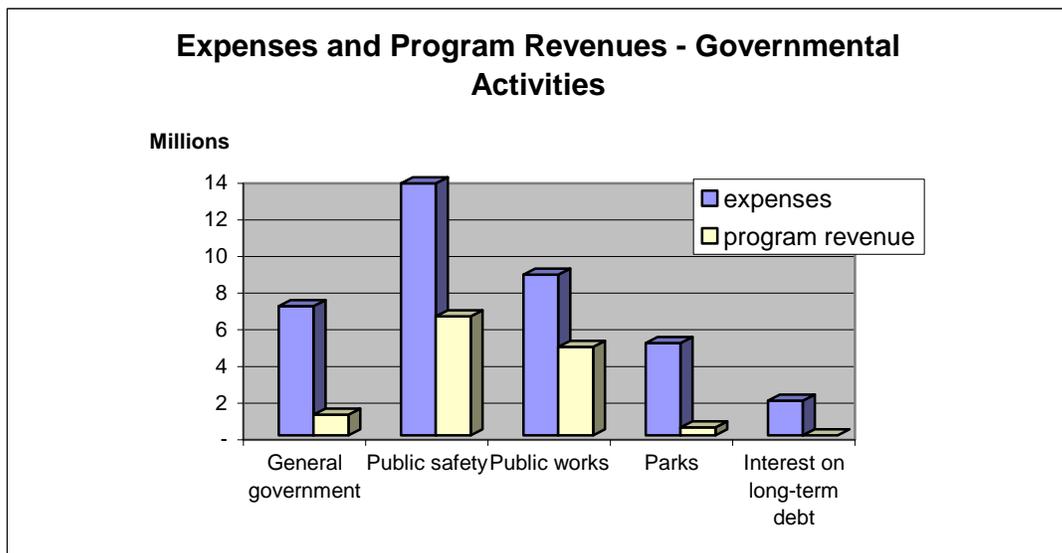
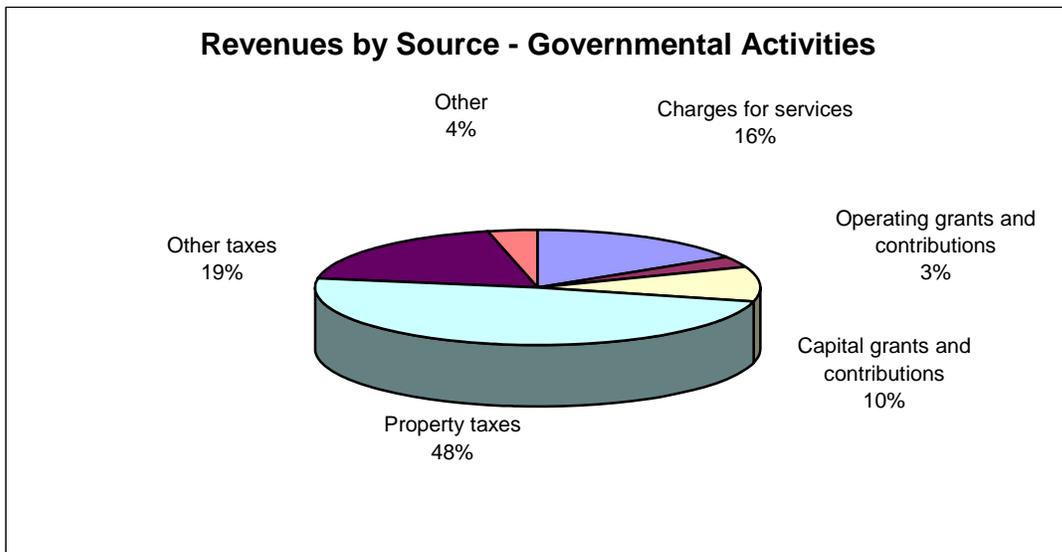
Management's Discussion and Analysis (Continued)

Governmental Activities

Governmental activities increased the City's net assets by \$8,767,609, accounting for 72% of the total growth in net assets. Key elements of this increase are as follows:

- Property tax revenues increased by \$1,044,703 (5.1%) during the year, which is greater than the property tax levy increase of 3.5% outlined in our 2007 budget due to the State Legislature's action to reinstate the Market Value Homestead Credit (MVHC).
- The City also collected \$7,793,577 in tax increments, which were used to pay principal and interest on tax increment debt. This increases net assets because debt principal payments are not expensed on the Statement of Activities.

Below are specific graphs which provide comparisons of the governmental activities revenues and expenses:

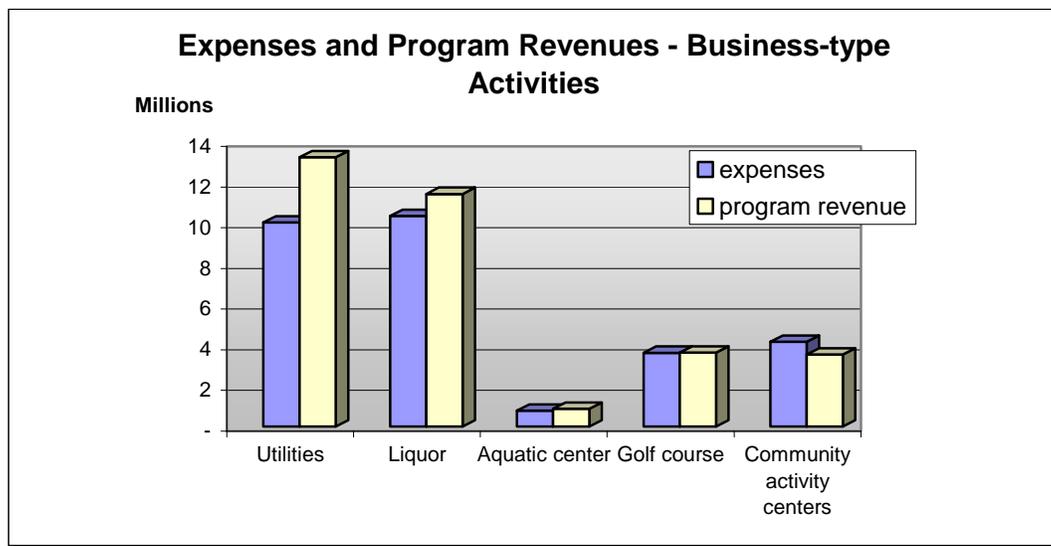
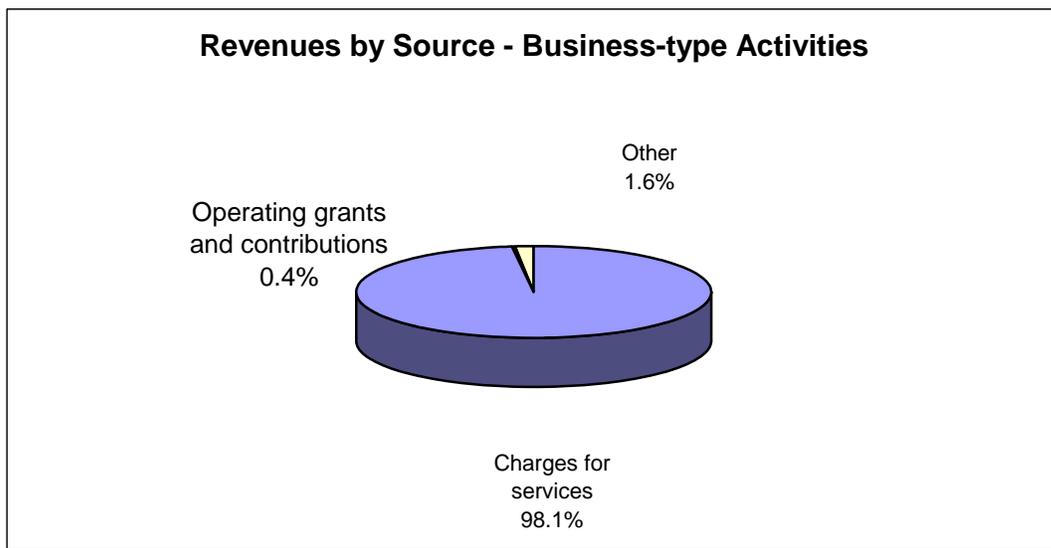


Management's Discussion and Analysis (Continued)

Business-type Activities

Business-type activities increased net assets by \$3,334,245 accounting for 28% of the City's growth in net assets. Key elements of the current year increase are as follows:

- Charges for services for business-type activities increased 7.5% from 2006. The Utilities fund charges for services increased \$1,704,299 (15%) from the previous year due to increased rates. The City commissioned a utility rate study for the 2007 year that called for significant rate increases to pay for current and future infrastructure needs.
- Business-type activities made net transfers of \$919,625 to governmental activities during 2007 to provide cash flow for operational and capital improvement needs.



Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$40,958,166, an increase of \$8,101,901 in comparison with the prior year. Approximately 85% of this total amount (\$34,681,990) constitutes unreserved fund balance. The remainder of the fund balance is reserved because it has already been committed 1) to provide for prepaid items (\$28,637), 2) to pay committed contracts (\$2,180,782), 3) for special projects (\$254,104), 4) for fire station reconstruction (\$922,112) or 5) to pay debt service (\$2,890,541).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$14,078,220. As a measure of the general fund's liquidity, unreserved fund balance represents 51% of total general fund expenditures.

The fund balance of the City's general fund increased by \$272,819 during the current fiscal year. Key factors in this growth are as follows:

- General fund property tax revenues increased by 6.7% in the current fiscal year despite a levy increase of only 4.5%. The difference came from receipt of the Market Value Homestead Credit (MVHC), which the City did not receive in 2006.
- Total general fund expenditures increased 6.3% in the current fiscal year. Current expenditures increased in all four functional areas (general government, public safety, public works, and parks), and were very close to the increase planned for in our 2007 budget, which projected an expenditure increase of 7.3%.
- The liquor fund transferred \$721,200 of profits to the general fund.
- The general fund made transfers totaling \$851,675 to other funds, the majority of which was transferred to the construction fund to finance our Capital Improvement Program, as stipulated in the fund balance section of our financial management policies.

The Housing and Redevelopment Authority fund balance increased by \$1,565,365 in the current fiscal year because tax increment collections exceeded principal and interest payments on tax increment debt.

The debt service fund has a total fund balance of \$2,890,541, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$696,228. Fund balance increased during the year due to the deposit of capitalized interest from bonds issued during the year into the debt service fund for the purpose of making interest payments shortly after year-end.

The construction fund balance increased by \$5,562,310 in 2007 due to several factors, including a significant increase in intergovernmental revenue due to Municipal State Aid (MSA) receipts during the year. Spending also increased to \$11,063,952 during the year as the City is involved in several large projects including the fire station reconstruction and street reconstruction projects. Other financing sources also increased in 2007 due to receipt of a transfer of unreserved undesignated fund balance from the general fund to support our Capital Improvement Program in addition to the issuance of debt to finance special assessments and the fire station reconstruction.

Management's Discussion and Analysis (Continued)

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

Unrestricted net assets of the utility fund at the end of the year amounted to \$8,675,342. The total growth in net assets was \$3,310,163. Operating revenues and expenses in the utilities fund increased by 15% and 7%, respectively, in 2007, due to rate increases that are intended to help replace aging infrastructure. The City invested \$4,968,721 in utility fund capital assets during 2007.

Unrestricted net assets of the liquor fund at the end of the year amounted to \$1,568,460. The total growth in net assets was \$12,977. The liquor fund continues to transfer profits back into other City funds, including the general fund, construction fund, and arena fund. The liquor fund made transfers totaling \$1,061,200 to other funds during 2007. The majority of this amount (\$721,200) was transferred to the general fund according to the budget.

Unrestricted net assets of the aquatic center fund at the end of the year amounted to \$938,907. Aquatic center revenues and expenses decreased slightly from 2006 due to lower attendance figures, but the aquatic center remains profitable.

Unrestricted net assets of the golf course fund at the end of the year amounted to (\$1,528,292), a decrease of \$289,106 from the prior year. Unrestricted net assets have been declining for a number of years in the golf course fund because cash flow is not sufficient to make principal and interest payments on outstanding debt. Total rounds played in 2007 decreased to 112,821, the second lowest total of the last ten fiscal years.

General Fund Budgetary Highlights

During the year there was a \$650,000 increase in appropriations between the original and final amended budget. The main component of the increase was a transfer to the construction fund of unreserved and undesignated general fund balance according to the City's fund balance policy.

During the year, revenues and expenditures exceeded budgetary estimates, and since increased revenues easily covered the increased expenditures, there was no need to draw upon existing fund balance.

Major variances from budget include property tax revenues that exceeded budget by \$340,325 due to action by the State legislature to correct the Market Value Homestead Credit (MVHC) program. The City also exceeded budgeted revenues in several other categories, mostly due to increases in demand for City services, some of which we receive revenue for.

There were no major variances from budgeted expenditures, although there were many smaller variances mostly due to the erratic nature of spending for the replacement of the City's equipment. The employee programs department was \$119,763 over budget due to a high number of severance payments for employees who retired after long tenures with the City.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2007, amounted to \$157,594,557 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, vehicles and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 6 percent (a 7 percent increase for governmental activities and a 5% increase for business-type activities).

Management's Discussion and Analysis (Continued)

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

- The City began reconstruction of Fire Station #1 on Tracy Avenue; construction in progress as of the close of the fiscal year has reached \$3,007,803.
- A variety of street construction, sidewalk and traffic signal projects began in 2007; construction in progress as of the close of the year reached \$6,620,423.
- A variety of parks improvement projects; construction in progress as of the close of the fiscal year reached \$5,101,283.
- A variety of utility infrastructure improvements, including watermain, sanitary and storm sewer; construction in progress as of the close of the fiscal year reached \$4,580,127.
- Three backwash recycling plants were completed during the year at a total cost of \$3,034,056.

City of Edina's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Land and land improvements	\$ 26,795,278	\$ 27,594,770	\$ 5,131,094	\$ 5,437,869	\$ 31,926,372	\$ 33,032,639
Buildings and improvements	29,542,652	29,683,371	6,815,285	7,306,756	36,357,937	36,990,127
Machinery and equipment	8,438,435	8,534,774	2,293,057	2,297,256	10,731,492	10,832,030
Infrastructure	19,582,847	19,640,245	39,035,017	34,203,875	58,617,864	53,844,120
Construction in progress	15,380,765	8,028,828	4,580,127	5,826,192	19,960,892	13,855,020
Total	\$ 99,739,977	\$ 93,481,988	\$ 57,854,580	\$ 55,071,948	\$ 157,594,557	\$ 148,553,936

The City restated infrastructure assets as of January 1, 2007, to correct an error in the previously reported infrastructure inventory and this chart reflects the adjusted balances. Additional information about this change can be found in Note 1P.

Additional information on the City's capital assets can be found in Note 4.

Long-term debt. At the end of the current fiscal year, the City had total bonded long-term debt outstanding of \$63,975,000, an increase of \$12,160,000 from 2006. The key factor in this increase was the issuance of \$5,865,000 of General Obligation Capital Improvement Plan (CIP) bonds, \$8,210,000 of General Obligation Revenue bonds, and \$5,870,000 of General Obligation Permanent Improvement Revolving (PIR) bonds.

\$10,990,000 is for general obligation improvement debt that is supported by property tax levies and special assessments. This amount increased from 2006 due to the fire station CIP bonds.

\$7,170,000 is for permanent improvement revolving (PIR) bonds, which finance the City's special assessment program.

An additional \$15,665,000 of general obligation tax increment debt financed the City's economic development program. This amount decreased in 2007 due to regularly scheduled principal payments on outstanding issues.

Also outstanding is \$15,390,000 public project revenue bonds which financed the City Hall and Police facility as well as two gymnasiums.

There is a total of \$14,760,000 in revenue bonds for improvements to the enterprise funds.

Management's Discussion and Analysis (Continued)

City of Edina's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2007	2006	2007	2006	2007	2006
Tax increment bonds	\$ 15,665,000	\$ 20,460,000	\$ -	\$ -	\$ 15,665,000	\$ 20,460,000
General obligation bonds	10,990,000	5,670,000	-	-	10,990,000	5,670,000
Public improvement bonds	7,170,000	1,460,000	-	-	7,170,000	1,460,000
Public project revenue bonds	15,390,000	16,080,000	-	-	15,390,000	16,080,000
Revenue bonds	-	-	14,760,000	8,145,000	14,760,000	8,145,000
Total	\$ 49,215,000	\$ 43,670,000	\$ 14,760,000	\$ 8,145,000	\$ 63,975,000	\$ 51,815,000

The City maintains an Aaa rating from Moody's and an AAA rating from Standard & Poor's.

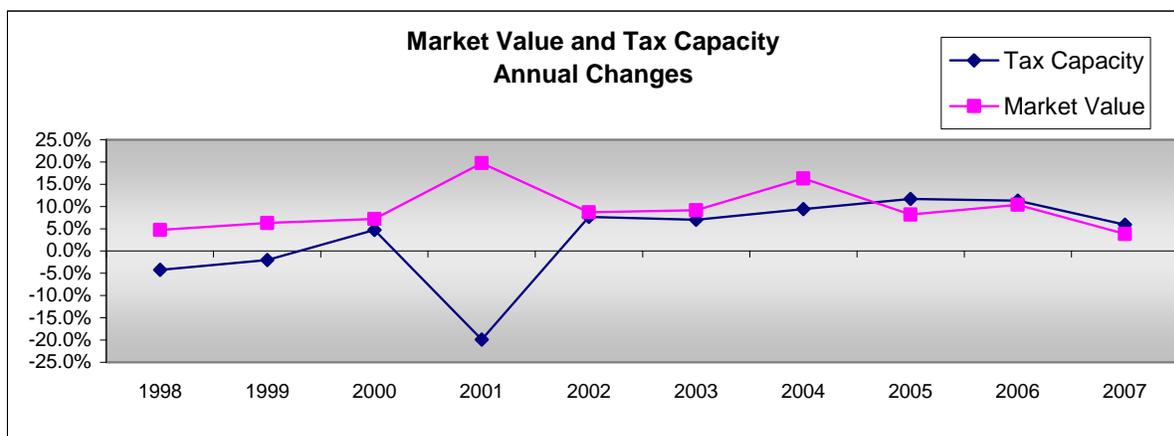
State statutes limit the amount of general obligation debt a Minnesota city may issue to 2% of total Estimated Market Value. The current debt limitation for the City is \$199,774,750. Only \$8,099,459 of the City's outstanding debt is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 5.

Economic Factors and Next Year's Budget

The City strives to provide an uncommonly high quality of life for our residents and businesses and the healthy local economy helps to make this goal a reality. The unemployment rate in Edina for February 2008 was 3.1%, well below the state and national levels. The City is home to Southdale Center, the nation's first fully enclosed climate-controlled regional shopping mall, Fairview Southdale hospital, as well as several corporate headquarters. In addition to its healthy economy, Edina is known for excellent public schools, as the Edina school system has been consistently selected as one of the best in the country. Ninety-seven percent of seniors go to college and eighty-six percent finish in five years.

Property values in Edina have been increasing at a rapid pace for several years. Estimated market value of all real estate increased 3.8% for taxes payable in 2008 after a 10% increase the year before. The City Council is currently reviewing several redevelopment projects that would make this trend likely to continue.



Management's Discussion and Analysis (Continued)

The City collects property taxes based on tax capacity, which roughly equals estimated market value multiplied by class rates for different types of parcels (commercial, residential, etc.). Class rates are set by state statute. Tax capacity for real estate increased 5.9% for taxes payable in 2008, and has been increasing steadily ever since the state revised property tax law in 2001.

Due to the recent increases in market value and tax capacity, property tax rates have been decreasing since the property tax law changes mentioned earlier.

All of these factors above were considered in preparing the City's budget for the 2008 fiscal year. The City's adopted 2008 budget includes a property tax levy of \$20,314,404 for the general fund, an increase of 4.6% from the 2007 general fund levy.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 4801 West 50th Street, Edina, Minnesota 55424. The City's Comprehensive Annual Financial Report can also be found on the internet at www.cityofedina.com.

CITY OF EDINA, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2007

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 534,967	\$ 1,003,598	\$ 1,538,565
Investments	40,210,223	10,201,538	50,411,761
Restricted investments	2,815,517	-	2,815,517
Accrued interest	69,243	52,611	121,854
Accounts receivable, net	424,000	3,482,142	3,906,142
Special assessments receivable	4,936,978	206,800	5,143,778
Due from other governments	660,788	2,593	663,381
Prepaid items	28,637	311,064	339,701
Inventory	-	1,114,729	1,114,729
Total current assets	<u>49,680,353</u>	<u>16,375,075</u>	<u>66,055,428</u>
Noncurrent assets:			
Deferred charges	280,756	57,155	337,911
Nondepreciable capital assets	32,705,594	5,669,092	38,374,686
Depreciable capital assets (net)	<u>67,034,383</u>	<u>52,185,488</u>	<u>119,219,871</u>
Total noncurrent assets	<u>100,020,733</u>	<u>57,911,735</u>	<u>157,932,468</u>
Total assets	<u>149,701,086</u>	<u>74,286,810</u>	<u>223,987,896</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,834,327	964,036	3,798,363
Salaries payable	558,023	150,917	708,940
Accrued interest payable	845,742	313,169	1,158,911
Contracts payable	339,983	3,398	343,381
Due to other governments	30,602	151,571	182,173
Deposits payable	30,425	119,829	150,254
Unearned revenue	3,915	91,461	95,376
Compensated absences payable	1,305,005	395,398	1,700,403
Bonds payable	<u>7,090,000</u>	<u>2,330,000</u>	<u>9,420,000</u>
Total current liabilities	<u>13,038,022</u>	<u>4,519,779</u>	<u>17,557,801</u>
Noncurrent liabilities:			
Compensated absences payable	1,957,507	593,096	2,550,603
Bonds payable, net of unamortized discount	<u>41,888,363</u>	<u>12,478,420</u>	<u>54,366,783</u>
Total noncurrent liabilities	<u>43,845,870</u>	<u>13,071,516</u>	<u>56,917,386</u>
Total liabilities	<u>56,883,892</u>	<u>17,591,295</u>	<u>74,475,187</u>
Net assets:			
Invested in capital assets, net of related debt	67,680,882	43,046,160	110,727,042
Unrestricted	<u>25,136,312</u>	<u>13,649,355</u>	<u>38,785,667</u>
Total net assets	<u>\$ 92,817,194</u>	<u>\$ 56,695,515</u>	<u>\$ 149,512,709</u>

The accompanying notes are an integral part of these financial statements

CITY OF EDINA, MINNESOTA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 7,039,298	\$ 784,659	\$ 332,872	\$ -
Public safety	13,743,194	5,632,642	849,966	-
Public works	8,757,022	322,211	195,000	4,299,509
Parks	5,025,560	414,118	6,186	-
Interest on long-term debt	1,887,633	-	-	-
Total government activities	<u>36,452,707</u>	<u>7,153,630</u>	<u>1,384,024</u>	<u>4,299,509</u>
Business-type activities:				
Utilities	10,036,844	13,125,773	107,575	-
Liquor	10,361,998	11,436,175	-	-
Aquatic center	780,981	868,833	-	-
Golf course	3,621,977	3,630,538	-	-
Community activity centers	4,168,534	3,517,111	19,917	-
Total business-type activities	<u>28,970,334</u>	<u>32,578,430</u>	<u>127,492</u>	<u>-</u>
Total primary government	<u>\$ 65,423,041</u>	<u>\$ 39,732,060</u>	<u>\$ 1,511,516</u>	<u>\$ 4,299,509</u>

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
	\$ (5,921,767)	\$ -	\$ (5,921,767)
	(7,260,586)	-	(7,260,586)
	(3,940,302)	-	(3,940,302)
	(4,605,256)	-	(4,605,256)
	(1,887,633)	-	(1,887,633)
	<u>(23,615,544)</u>	<u>-</u>	<u>(23,615,544)</u>
	-	3,196,504	3,196,504
	-	1,074,177	1,074,177
	-	87,852	87,852
	-	8,561	8,561
	-	(631,506)	(631,506)
	<u>-</u>	<u>3,735,588</u>	<u>3,735,588</u>
	<u>(23,615,544)</u>	<u>3,735,588</u>	<u>(19,879,956)</u>
General revenues:			
Property taxes	21,459,001	-	21,459,001
Tax increment collections	7,793,577	-	7,793,577
Franchise taxes	570,871	-	570,871
Unrestricted investment earnings	1,581,702	510,678	2,092,380
Gain on disposal of capital assets	58,377	7,604	65,981
Transfers	919,625	(919,625)	-
Total general revenues and transfers	<u>32,383,153</u>	<u>(401,343)</u>	<u>31,981,810</u>
Change in net assets	8,767,609	3,334,245	12,101,854
Net assets - beginning, as restated	<u>84,049,585</u>	<u>53,361,270</u>	<u>137,410,855</u>
Net assets - ending	<u>\$ 92,817,194</u>	<u>\$ 56,695,515</u>	<u>\$ 149,512,709</u>

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CITY OF EDINA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 287,479	\$ 8,428	\$ 226,874	\$ 4,542	\$ 7,644	\$ 534,967
Investments - unrestricted	15,427,296	14,181,995	2,102,733	7,863,176	635,023	40,210,223
Investments - restricted	-	-	-	2,815,517	-	2,815,517
Accrued interest	-	46,249	-	18,820	4,174	69,243
Accounts receivable	265,267	-	-	1,967	156,766	424,000
Special assessments receivable	-	-	2,188,685	2,748,293	-	4,936,978
Due from other funds	185,000	29,521	545,000	-	-	759,521
Due from other governments	376,167	32,645	15,934	20,284	215,758	660,788
Prepaid items	28,637	-	-	-	-	28,637
Total assets	\$ 16,569,846	\$ 14,298,838	\$ 5,079,226	\$ 13,472,599	\$ 1,019,365	\$ 50,439,874
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 1,660,545	\$ 221,220	\$ -	\$ 813,828	\$ 138,734	\$ 2,834,327
Salaries payable	551,589	-	-	2,249	4,185	558,023
Contracts payable	-	-	-	339,983	-	339,983
Due to other funds	229,521	-	-	345,000	185,000	759,521
Due to other governments	3,834	14,701	-	12,067	-	30,602
Deposits payable	17,500	-	-	12,925	-	30,425
Unearned revenue	-	-	-	-	3,915	3,915
Deferred revenue	-	-	2,188,685	2,736,227	-	4,924,912
Total liabilities	2,462,989	235,921	2,188,685	4,262,279	331,834	9,481,708
Fund balance:						
Reserved for:						
Prepaid items	28,637	-	-	-	-	28,637
Encumbrances	-	-	-	2,180,782	-	2,180,782
Special projects	-	-	-	254,104	-	254,104
Fire station construction	-	-	-	922,112	-	922,112
Debt service	-	-	2,890,541	-	-	2,890,541
Unreserved:						
Designated, reported in:						
General Fund	13,178,908	-	-	-	-	13,178,908
Capital Project Funds	-	-	-	5,853,322	-	5,853,322
Undesignated, reported in:						
General Fund	899,312	-	-	-	-	899,312
Special Revenue Funds	-	14,062,917	-	-	687,531	14,750,448
Total fund balance	14,106,857	14,062,917	2,890,541	9,210,320	687,531	40,958,166
Total liabilities and fund balances	\$ 16,569,846	\$ 14,298,838	\$ 5,079,226	\$ 13,472,599	\$ 1,019,365	\$ 50,439,874
Fund balance reported above						\$ 40,958,166
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds						99,739,977
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds						4,924,912
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.						(52,805,861)
Net assets of governmental activities						\$ 92,817,194

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 19,379,711	\$ -	\$ 2,079,290	\$ -	\$ -	\$ 21,459,001
Tax increment collections	-	7,793,577	-	-	-	7,793,577
Special assessments	-	-	391,921	1,358,523	-	1,750,444
Franchise fees	-	-	-	-	570,871	570,871
License and permits	2,877,058	-	-	32,463	-	2,909,521
Intergovernmental	930,840	-	-	2,453,815	314,351	3,699,006
Charges for services	2,685,552	-	-	63,157	-	2,748,709
Fines and forfeitures	971,486	-	-	-	-	971,486
Investment income	428,796	522,080	42,696	544,471	43,659	1,581,702
Rental of property	355,143	-	-	591	-	355,734
Other revenues	88,502	-	-	71,264	66,073	225,839
Total revenues	<u>27,717,088</u>	<u>8,315,657</u>	<u>2,513,907</u>	<u>4,524,284</u>	<u>994,954</u>	<u>44,065,890</u>
Expenditures:						
Current:						
General government	4,206,672	1,329,686	-	18,174	989,775	6,544,307
Public safety	12,873,779	-	-	111,436	-	12,985,215
Public works	5,519,530	-	-	268,089	-	5,787,619
Parks	3,394,923	-	-	60,866	-	3,455,789
Capital outlay:						
General government	16,392	-	-	107,109	-	123,501
Public safety	600,948	-	-	2,905,269	-	3,506,217
Public works	662,796	-	-	6,601,466	-	7,264,262
Parks	105,599	-	-	991,543	-	1,097,142
Debt service:						
Bond principal	-	-	6,190,000	-	-	6,190,000
Interest and fiscal charges	-	-	1,677,770	-	-	1,677,770
Total expenditures	<u>27,380,639</u>	<u>1,329,686</u>	<u>7,867,770</u>	<u>11,063,952</u>	<u>989,775</u>	<u>48,631,822</u>
Revenues over (under) expenditures	<u>336,449</u>	<u>6,985,971</u>	<u>(5,353,863)</u>	<u>(6,539,668)</u>	<u>5,179</u>	<u>(4,565,932)</u>
Other financing sources (uses):						
Transfers in	721,200	-	5,644,191	925,000	-	7,290,391
Transfers out	(851,675)	(5,420,606)	-	(98,485)	-	(6,370,766)
Sale of capital assets	66,845	-	-	-	-	66,845
Bonds issued	-	-	405,900	11,329,100	-	11,735,000
Discount on bonds issued	-	-	-	(53,637)	-	(53,637)
Total other financing sources (uses)	<u>(63,630)</u>	<u>(5,420,606)</u>	<u>6,050,091</u>	<u>12,101,978</u>	<u>-</u>	<u>12,667,833</u>
Net increase (decrease) in fund balance	272,819	1,565,365	696,228	5,562,310	5,179	8,101,901
Fund balance - January 1	<u>13,834,038</u>	<u>12,497,552</u>	<u>2,194,313</u>	<u>3,648,010</u>	<u>682,352</u>	<u>32,856,265</u>
Fund balance - December 31	<u>\$ 14,106,857</u>	<u>\$ 14,062,917</u>	<u>\$ 2,890,541</u>	<u>\$ 9,210,320</u>	<u>\$ 687,531</u>	<u>\$ 40,958,166</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2007

Amounts reported for governmental activities in the
statement of activities (page 22-23) are different because:

Net changes in fund balances - total governmental funds (page 27)	\$ 8,101,901
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,367,207
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(109,218)
Revenues in the statement of activities that do not provide current financial resources (property tax and special assessment receivables) are not reported as revenues in the funds.	176,424
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(5,419,143)
Some expenses reported in the statement of activities do not require the use of current financial resources (accrued interest and amortization on debt and compensated absences payable) and, therefore, are not reported as expenditures in governmental funds.	<u>(349,562)</u>
Change in net assets of governmental activities (page 23)	<u>\$ 8,767,609</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2007

	Business-type Activities - Enterprise Funds					Total
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	
Assets:						
Current assets:						
Cash and cash equivalents	3,884	125,589	690,538	1,361	182,226	1,003,598
Investments	6,044,579	-	-	-	4,156,959	10,201,538
Interest receivable	25,289	-	-	-	27,322	52,611
Accounts receivable, net	3,333,601	-	-	565	147,976	3,482,142
Special assessments receivable	206,800	-	-	-	-	206,800
Due from other funds	-	1,000,000	270,000	-	-	1,270,000
Due from other governments	2,593	-	-	-	-	2,593
Prepaid expenses	311,064	-	-	-	-	311,064
Inventory	18,756	1,039,449	-	42,531	13,993	1,114,729
Total current assets	9,946,566	2,165,038	960,538	44,457	4,528,476	17,645,075
Noncurrent assets:						
Deferred charges	50,506	-	2,128	3,130	1,391	57,155
Net capital assets	45,080,073	1,312,159	2,134,681	5,446,309	3,881,358	57,854,580
Total noncurrent assets	45,130,579	1,312,159	2,136,809	5,449,439	3,882,749	57,911,735
Total assets	55,077,145	3,477,197	3,097,347	5,493,896	8,411,225	75,556,810
Liabilities:						
Current liabilities:						
Accounts payable	557,234	225,546	253	51,812	129,191	964,036
Salaries payable	30,637	37,828	376	31,214	50,862	150,917
Accrued interest payable	237,973	-	22,485	45,714	6,997	313,169
Contracts payable	3,398	-	-	-	-	3,398
Due to other funds	140,000	-	-	1,130,000	-	1,270,000
Due to other governments	9,577	129,833	645	4,921	6,595	151,571
Deposits payable	112,216	-	-	7,613	-	119,829
Unearned revenue	-	3,619	-	32,884	54,958	91,461
Compensated absences payable	92,278	79,901	-	108,688	114,531	395,398
Bonds payable - current	1,485,000	-	115,000	510,000	220,000	2,330,000
Total current liabilities	2,668,313	476,727	138,759	1,922,846	583,134	5,789,779
Noncurrent liabilities:						
Compensated absences payable	138,417	119,851	-	163,033	171,795	593,096
Bonds payable, net of unamortized discounts	9,648,350	-	958,392	1,647,533	224,145	12,478,420
Total noncurrent liabilities	9,786,767	119,851	958,392	1,810,566	395,940	13,071,516
Total liabilities	12,455,080	596,578	1,097,151	3,733,412	979,074	18,861,295
Net assets:						
Invested in capital assets, net of related debt	33,946,723	1,312,159	1,061,289	3,288,776	3,437,213	43,046,160
Unrestricted	8,675,342	1,568,460	938,907	(1,528,292)	3,994,938	13,649,355
Total net assets	\$ 42,622,065	\$ 2,880,619	\$ 2,000,196	\$ 1,760,484	\$ 7,432,151	\$ 56,695,515

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds					Total
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	
Operating revenues:						
Sales - liquor	\$ -	\$ 11,436,175	\$ -	\$ 125,220	\$ -	\$ 11,561,395
Sales - retail	-	-	1,812	256,249	53,782	311,843
Sales - utilities	12,956,834	-	-	-	-	12,956,834
Sales - concessions	-	-	118,227	226,858	44,811	389,896
Memberships	-	-	454,709	106,040	81,541	642,290
Admissions	-	-	269,450	285,066	585,113	1,139,629
Building rental	-	-	20,355	79,776	1,382,192	1,482,323
Rental of equipment	-	-	-	389,156	82,201	471,357
Greens fees	-	-	-	1,794,940	171,987	1,966,927
Other fees	168,585	-	54	328,400	1,063,129	1,560,168
Total operating revenues	<u>13,125,419</u>	<u>11,436,175</u>	<u>864,607</u>	<u>3,591,705</u>	<u>3,464,756</u>	<u>32,482,662</u>
Operating expenses:						
Cost of sales and services	32,657	8,415,718	28,702	359,770	72,755	8,909,602
Personal services	1,471,846	1,240,553	256,413	1,735,381	1,858,551	6,562,744
Contractual services	5,528,275	400,792	121,238	551,889	1,286,276	7,888,470
Commodities	767,709	53,838	102,604	351,032	356,015	1,631,198
Central Services	479,058	177,902	27,970	106,407	165,529	956,866
Depreciation	1,456,294	73,195	197,503	420,689	413,003	2,560,684
Total operating expenses	<u>9,735,839</u>	<u>10,361,998</u>	<u>734,430</u>	<u>3,525,168</u>	<u>4,152,129</u>	<u>28,509,564</u>
Operating income (loss)	<u>3,389,580</u>	<u>1,074,177</u>	<u>130,177</u>	<u>66,537</u>	<u>(687,373)</u>	<u>3,973,098</u>
Nonoperating revenues (expenses):						
Intergovernmental	107,575	-	-	-	-	107,575
Investment income	209,106	-	-	-	301,572	510,678
Donations	-	-	-	-	19,917	19,917
Interest and fiscal charges	(296,932)	-	(45,446)	(92,470)	(14,159)	(449,007)
Amortization of bond discount	(4,073)	-	(1,105)	(4,339)	(2,246)	(11,763)
Gain (loss) on sale of capital asset	4,553	-	-	3,051	-	7,604
Miscellaneous	354	-	4,226	38,833	52,355	95,768
Total nonoperating revenues (expenses)	<u>20,583</u>	<u>-</u>	<u>(42,325)</u>	<u>(54,925)</u>	<u>357,439</u>	<u>280,772</u>
Income (loss) before transfers	<u>3,410,163</u>	<u>1,074,177</u>	<u>87,852</u>	<u>11,612</u>	<u>(329,934)</u>	<u>4,253,870</u>
Transfers:						
Transfers in	-	-	-	-	241,575	241,575
Transfers out	(100,000)	(1,061,200)	-	-	-	(1,161,200)
Total transfers	<u>(100,000)</u>	<u>(1,061,200)</u>	<u>-</u>	<u>-</u>	<u>241,575</u>	<u>(919,625)</u>
Change in net assets	3,310,163	12,977	87,852	11,612	(88,359)	3,334,245
Net assets - January 1	<u>39,311,902</u>	<u>2,867,642</u>	<u>1,912,344</u>	<u>1,748,872</u>	<u>7,520,510</u>	<u>53,361,270</u>
Net assets - December 31	<u>\$ 42,622,065</u>	<u>\$ 2,880,619</u>	<u>\$ 2,000,196</u>	<u>\$ 1,760,484</u>	<u>\$ 7,432,151</u>	<u>\$ 56,695,515</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds					Total
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	
Cash flows from operating activities:						
Receipts from customers and users	\$ 12,905,654	\$ 11,435,520	\$ 865,117	\$ 3,604,034	\$ 3,531,797	\$ 32,342,122
Payment to suppliers	(7,125,515)	(9,053,865)	(280,587)	(1,369,654)	(1,932,949)	(19,762,570)
Payment to employees	(1,437,913)	(1,219,689)	(256,356)	(1,697,508)	(1,830,247)	(6,441,713)
Donations	-	-	-	-	19,917	19,917
Miscellaneous revenue	354	-	4,226	38,833	52,355	95,768
Net cash provided by (used in) operating activities	<u>4,342,580</u>	<u>1,161,966</u>	<u>332,400</u>	<u>575,705</u>	<u>(159,127)</u>	<u>6,253,524</u>
Cash flows from noncapital financing activities:						
State grant	107,575	-	-	-	-	107,575
Transfer from other funds	-	-	-	-	241,575	241,575
Transfer to other funds	(100,000)	(1,061,200)	-	-	-	(1,161,200)
Proceeds from interfund borrowing	140,000	1,025,000	800,000	1,130,000	-	3,095,000
Payment of interfund borrowing	(1,425,000)	(1,000,000)	(270,000)	(890,000)	(60,000)	(3,645,000)
Net cash provided by (used in) noncapital financing activities	<u>(1,277,425)</u>	<u>(1,036,200)</u>	<u>530,000</u>	<u>240,000</u>	<u>181,575</u>	<u>(1,362,050)</u>
Cash flows from capital and related financing activities:						
Proceeds from capital debt	8,244,309	-	-	-	-	8,244,309
Acquisition of capital assets	(4,968,721)	(28,599)	(14,950)	(153,225)	(192,170)	(5,357,665)
Proceeds from sale of capital assets	4,553	-	-	17,400	-	21,953
Principal paid on bonds	(690,000)	-	(115,000)	(590,000)	(200,000)	(1,595,000)
Interest paid on bonds	(108,840)	-	(47,538)	(104,135)	(16,486)	(276,999)
Net cash provided by (used in) capital and related financing activities	<u>2,481,301</u>	<u>(28,599)</u>	<u>(177,488)</u>	<u>(829,960)</u>	<u>(408,656)</u>	<u>1,036,598</u>
Cash flows from investing activities:						
Proceeds from sale of investments	(5,743,334)	-	-	-	-	(5,743,334)
Purchase of investments	-	-	-	-	214,443	214,443
Investment income	196,062	-	-	-	305,557	501,619
Net cash flows provided by (used in) investing activities	<u>(5,547,272)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>520,000</u>	<u>(5,027,272)</u>
Net increase (decrease) in cash and cash equivalents	(816)	97,167	684,912	(14,255)	133,792	900,800
Cash and cash equivalents - January 1	<u>4,700</u>	<u>28,422</u>	<u>5,626</u>	<u>15,616</u>	<u>48,434</u>	<u>102,798</u>
Cash and cash equivalents - December 31	<u>\$ 3,884</u>	<u>\$ 125,589</u>	<u>\$ 690,538</u>	<u>\$ 1,361</u>	<u>\$ 182,226</u>	<u>\$ 1,003,598</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds					Total
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 3,389,580	\$ 1,074,177	\$ 130,177	\$ 66,537	\$ (687,373)	\$ 3,973,098
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:						
Depreciation	1,456,294	73,195	197,503	420,689	413,003	2,560,684
Donations	-	-	-	-	19,917	19,917
Miscellaneous revenue	354	-	4,226	38,833	52,355	95,768
Changes in assets and liabilities:						
Decrease (increase) in receivables	(180,333)	-	510	474	66,191	(113,158)
Decrease (increase) in special assessments	(38,526)	-	-	-	-	(38,526)
Decrease (increase) in due from other governments	(906)	-	-	-	-	(906)
Decrease (increase) in inventory	(13,417)	396	-	8,878	1,872	(2,271)
Decrease (increase) in prepaid items	(311,064)	-	-	-	-	(311,064)
Increase (decrease) in accounts payable	45,418	(15,509)	(192)	(12,706)	(55,480)	(38,469)
Increase (decrease) in salaries payable	12,449	7,920	57	11,713	18,913	51,052
Increase (decrease) in contracts payable	(143,251)	-	-	-	-	(143,251)
Increase (decrease) in due to other governments	7,963	9,498	119	(558)	1,234	18,256
Increase (decrease) in deposits	96,535	-	-	3,830	-	100,365
Increase (decrease) in unearned revenue	-	(655)	-	11,855	850	12,050
Increase (decrease) in compensated absences	21,484	12,944	-	26,160	9,391	69,979
Total adjustments	953,000	87,789	202,223	509,168	528,246	2,280,426
Net cash provided by (used in) operating activities	\$ 4,342,580	\$ 1,161,966	\$ 332,400	\$ 575,705	\$ (159,127)	\$ 6,253,524

The accompanying notes are an integral part of these financial statements.

CITY OF EDINA, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
December 31, 2007

	<u>Agency Funds</u>
Assets	
Cash	\$ 462,083
Investments	<u>295,000</u>
Total assets	<u>\$ 757,083</u>
Liabilities	
Accounts payable	\$ 61,042
Salaries payable	1,593
Due to other governmental units	<u>694,448</u>
Total liabilities	<u>\$ 757,083</u>

The accompanying notes are an integral part of these financial statements.

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Edina (the City) was incorporated in 1888 and operates under the State of Minnesota Statutory Plan B form of government. The governing body consists of a five-member City Council elected by voters of the City.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (generally accepted accounting principles) as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies.

A. FINANCIAL REPORTING ENTITY

In accordance with 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 generally accepted accounting principles, the financial statements of the reporting entity include those of the City of Edina (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

COMPONENT UNITS

In conformity with generally accepted accounting principles, the financial statements of the component unit have been included in the financial reporting entity as a blended component unit.

The Housing and Redevelopment Authority (HRA) is an entity legally separate from the City. However, for financial reporting purposes, the HRA is reported as if it were part of the City's operations because the members of the City Council serve as HRA board members and its activity is confined to the City of Edina. The activity of the HRA is reported in the Special Revenue Funds. Separate financial statements are not prepared for the HRA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental and enterprise funds is reported in a single column in the fund financial statements

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. The City's only fiduciary fund type, agency funds, are custodial in nature and do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The special revenue *Housing and Redevelopment Authority fund* is used to account for revenues from several sources (property taxes, bond proceeds, investment earnings, etc.) that are designated for housing and redevelopment.

The *debt service fund* accounts for the payment of principal and interest on the Tax Increment, General Obligation, Permanent Improvement Revolving, and Public Project Revenue Bonds.

The capital projects *construction fund* accounts for the various special assessment and state aid projects throughout the City. This fund also provides financing for capital improvements as designated in the City's capital improvement budget.

The City reports the following major proprietary funds:

The *utility fund* accounts for the provision of water, sewer and recycling services to the City's residents.

The *liquor fund* accounts for the operation of the City's three liquor stores.

The *aquatic center fund* accounts for the operation of the City's aquatic center.

The *golf course fund* accounts for the operation of the City's three golf courses and a golf dome.

Additionally, the City reports the following fund type:

Agency - the *police seizure and Public Safety Training Facility funds* account for fees collected for other government agencies and the *payroll fund* accounts for payroll deductions withheld from employee paychecks but not yet sent to the appropriate party (includes federal and state taxes, health care deductions, etc).

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City of Edina. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities, liquor, aquatic center, golf course, arena, art center and Edinborough Park/Centennial Lake enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. CASH AND INVESTMENTS

The City's cash and cash equivalents are considered to be deposits and cash on hand for purposes of the cash flow statement.

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. The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

The City reports its investments at fair value based on quoted market prices. Changes in fair value of securities in the City's investment portfolio are recorded as a net change in fair value of investments in the City's fund financial statements and within general revenues in the government-wide financial statements.

E. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at December 31, 2007 are planned to be eliminated in 2008. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes and special assessments receivables have been reported net of estimated uncollectible accounts. Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

F. REVENUE RECOGNITION

1. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following 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 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. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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 and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at the year end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January are fully offset by deferred revenue because they are not available to finance current expenditures.

2. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale

after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred revenues.

G. INVENTORIES, PREPAID ITEMS AND DEFERRED CHARGES

Inventories of the proprietary funds are stated at cost and are recorded as expenditures when consumed rather than when purchased.

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

Deferred charges represent deferred issuance costs.

H. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and parks, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are also reported in the proprietary fund financial statements but not in the governmental fund financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Infrastructure assets include all of the City's assets since inception.

Property, plant and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Life</u>
Golf course	10 - 35 years
Land improvements	20 - 50 years
Buildings and structures	20 - 40 years
Furniture and office equipment	5 - 10 years
Vehicles and equipment	3 - 20 years
Parks	5 - 100 years
Distribution system	50 years
Collection system	10 - 50 years
Storm sewers	50 years
Wells	7 - 30 years

I. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Governmental Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is vested as severance pay. According to City policy, vested sick leave benefits are liquidated into a health care savings plan upon separation.

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

K. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

M. NET ASSETS

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

N. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

O. JOINT VENTURES

The City's investment in joint venture is reported in the statement of net assets as governmental activities capital assets and is 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.

P. PRIOR PERIOD ADJUSTMENT

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments – Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements collectively comprise a change in financial reporting requirements for state and local governments. The City of Edina began implementation of these changes during fiscal year 2003, as required by the statements. In 2003, the City began prospective reporting of all general infrastructure assets in the Statement of Net Assets, but elected to delay retroactive reporting of roadway infrastructure assets until an accurate inventory could be completed. The City completed an inventory of roadway infrastructure assets in 2006.

During 2007, the City discovered an error in the infrastructure inventory. As a result of this error, the previously reported governmental activities net assets as of December 31, 2006 reconcile to the governmental net assets, as restated in the current report, as follows:

Governmental activities net assets, previously reported	\$ 85,094,070
Historical cost of infrastructure removed	(1,086,369)
Accumulated depreciation on removed assets	<u>41,884</u>
Governmental activities net assets, as restated	<u>\$ 84,049,585</u>

Note 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds payable	\$ 49,215,000
Plus: issuance premium	48,213
Less: issuance discount	(284,850)
Less: deferred charge for issuance costs	(280,756)
Accrued interest payable	845,742
Compensated absences	<u>3,262,512</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 52,805,861</u>

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

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

Capital outlay	\$ 11,054,853
Depreciation expense	<u>(4,687,646)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental funds	<u>\$ 6,367,207</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 5,865,000
Issuance of PIR bonds	5,870,000
Less issuance costs	(72,220)
Less discounts	(53,637)
Principal repayments:	
Tax increment debt	(4,795,000)
General obligation debt	(545,000)
Permanent improvement revolving debt	(160,000)
Public project revenue debt	<u>(690,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 5,419,143</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

Compensated absences	\$ (67,479)
Accrued interest	(189,901)
Amortization of issuance costs	(60,390)
Amortization of bond discounts	<u>(31,792)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (349,562)</u>

Note 3 CASH AND INVESTMENTS

A. COMPONENTS OF CASH AND INVESTMENTS

Cash and investments at year-end consist of the following:

Deposits	\$ 1,983,163
Cash on hand	17,485
Investments	<u>53,522,278</u>
	<u>\$ 55,522,926</u>

Cash and investments are presented in the financial statements as follows:

Cash and cash equivalents - Statement of Net Assets	\$ 1,538,565
Investments - Statement of Net Assets	50,411,761
Restricted investments - Statement of Net Assets	2,815,517
Cash and investments - Statement of Fiduciary Net Assets	<u>757,083</u>
	<u>\$ 55,522,926</u>

The City had restricted investments of \$2,815,517 as of December 31, 2007 that represent unspent bond proceeds to be used for fire station reconstruction.

B. DEPOSITS

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts, savings accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial credit risk – In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

The City's investment policy does not contain further restrictions on the types of collateral required.

At year-end, the carrying amount of the City's deposits was \$1,983,163 while the balance on the bank records was \$1,259,350. At December 31, 2007, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City's agent in the City's name.

C. INVESTMENTS

The City has the following investments at year end:

Investment	Credit Risk		Interest Risk - Maturity Duration in Years				Total
	Rating	Agency	< 1	1 to 5	5 to 10	10 +	
U.S. Treasuries	N/A	N/A	\$ -	\$ -	\$ 585,591	\$ 601,397	\$ 1,186,988
GNMA	N/A	N/A	-	-	-	50,158	50,158
SBA Notes	N/R	N/A	-	-	170,062	565,805	735,867
U.S. Agencies	A1+/F1+	S&P/Mdy's	3,976,200	-	-	-	3,976,200
U.S. Agencies Municipals	AAA/Aaa	S&P/Mdy's	11,636,446	2,737,825	476,487	4,124,798	18,975,556
Municipals	A3/A+	S&P/Mdy's/ BBB	24,896	-	-	-	24,896
Municipals	A1	S&P	-	10,178	-	-	10,178
Municipals	AA3/A+	S&P/Mdy's	24,689	9,719	10,058	-	44,466
Municipals	AAA/Aaa	S&P/Mdy's	29,955	84,474	70,091	-	184,520
Commercial paper	A1/P1/ F1	S&P/Mdy's/ Fitch	15,577,820	-	-	-	15,577,820
Negotiable CD's	N/R	N/A	665,962	191,871	-	-	857,833
Interfund Debt	N/R	N/A	-	1,400,000	-	-	1,400,000
			<u>\$ 31,935,968</u>	<u>\$ 4,434,067</u>	<u>\$ 1,312,289</u>	<u>\$ 5,342,158</u>	<u>43,024,482</u>
Money Market*	AAA	S&P					4,586,957
4M Fund*	N/R	N/A					5,910,839
Total investments							<u>\$ 53,522,278</u>

N/A - Not Applicable

N/R - Not Rated

* - The City's money market investments don't have maturities

The Minnesota Municipal Money Market Fund (4M Fund) is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated 2a7-like pool and the fair value of the position in the pool is the same as the value of pool shares.

Investments are subject to various risks, the following of which are considered the most significant:

Custodial credit risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy specifically addresses custodial credit risk, requiring the City to limit its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; general obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers. The City's investment policies specifically address credit risk, further limiting the City's exposure to credit risk by requiring that all state and local government obligations to be rated "AA" or better by a national rating agency.

Concentration risk – This is the risk associated with investing a significant portion of the City's investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as Treasuries), investment pools, and mutual funds. The City's investment policies specifically address the City's desire to limit concentration risk, but do not set specific guidelines for measurement of this risk. At year-end, the City's investments include 5.72% and 32.27% in securities issued by FHLMC and FNMA, respectively.

Interest rate risk – This is the risk of potential variability in the fair value of fixed rate investment resulting in changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policies specifically address the City's desire to limit interest rate risk, but do not set specific guidelines for measurement of this risk.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007 is as follows:

	Beginning Balance, As Restated	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,823,833	\$ 48,531	\$ -	\$ 15,872,364
Investment in joint venture	1,452,465	-	-	1,452,465
Construction in progress	8,028,828	10,183,100	(2,831,163)	15,380,765
Total capital assets not being depreciated	<u>25,305,126</u>	<u>10,231,631</u>	<u>(2,831,163)</u>	<u>32,705,594</u>
Capital assets being depreciated:				
Land improvements	21,717,062	-	(17,300)	21,699,762
Buildings and structures	30,413,428	-	(404,491)	30,008,937
Furniture and office equipment	2,580,479	72,045	(46,362)	2,606,162
Vehicles and equipment	12,860,266	1,156,939	(482,049)	13,535,156
Infrastructure	61,880,630	1,245,633	-	63,126,263
Parks	11,699,924	1,179,768	(171,363)	12,708,329
Total capital assets being depreciated	<u>141,151,789</u>	<u>3,654,385</u>	<u>(1,121,565)</u>	<u>143,684,609</u>
Less accumulated depreciation for:				
Land improvements	(9,946,125)	(836,781)	6,058	(10,776,848)
Buildings and structures	(8,398,518)	(804,069)	331,077	(8,871,510)
Furniture and office equipment	(916,519)	(195,412)	44,229	(1,067,702)
Vehicles and equipment	(5,989,452)	(1,117,229)	471,500	(6,635,181)
Infrastructure	(42,240,385)	(1,303,031)	-	(43,543,416)
Parks	(5,483,928)	(431,124)	159,483	(5,755,569)
Total accumulated depreciation	<u>(72,974,927)</u>	<u>(4,687,646)</u>	<u>1,012,347</u>	<u>(76,650,226)</u>
Total capital assets being depreciated, net	<u>68,176,862</u>	<u>(1,033,261)</u>	<u>(109,218)</u>	<u>67,034,383</u>
Governmental activities capital assets, net	<u>\$ 93,481,988</u>	<u>\$ 9,198,370</u>	<u>\$ (2,940,381)</u>	<u>\$ 99,739,977</u>

Certain capital assets were reclassified to different categories during the year, and these reclassifications are reflected in the "Increases" and "Decreases" columns above.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* permits a phase-in period for reporting major infrastructure assets retroactively through the City’s fiscal year ending December 31, 2006. As a result of implementing this statement using the phase-in period, the City retroactively added historical costs for streets and right-of-way in this schedule as of January 1, 2006. During 2007 the City discovered an error in the 2006 schedule. The previously reported capital assets historical cost was decreased by \$1,086,369 and accumulated depreciation was decreased by \$41,884 for a net total of \$1,044,485 to correct this error.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,088,965	\$ -	\$ -	\$ 1,088,965
Construction in progress	5,826,192	4,866,025	(6,112,090)	4,580,127
Total capital assets not being depreciated	<u>6,915,157</u>	<u>4,866,025</u>	<u>(6,112,090)</u>	<u>5,669,092</u>
Capital assets being depreciated:				
Land improvements & golf course	8,120,479	-	-	8,120,479
Buildings and structures	15,907,033	107,915	(15,498)	15,999,450
Furniture and office equipment	149,436	-	-	149,436
Vehicles and equipment	4,884,478	383,726	(75,454)	5,192,750
Utility infrastructure	58,301,002	6,112,090	-	64,413,092
Lease property capital lease	468,580	-	-	468,580
Total capital assets being depreciated	<u>87,831,008</u>	<u>6,603,731</u>	<u>(90,952)</u>	<u>94,343,787</u>
Less accumulated depreciation for:				
Land improvements & golf course	(3,771,575)	(306,775)	-	(4,078,350)
Buildings and structures	(8,600,277)	(599,386)	15,498	(9,184,165)
Furniture and office equipment	(107,160)	(17,893)	-	(125,053)
Vehicles and equipment	(2,629,498)	(355,682)	61,104	(2,924,076)
Utility infrastructure	(24,097,127)	(1,280,948)	-	(25,378,075)
Lease property capital lease	(468,580)	-	-	(468,580)
Total accumulated depreciation	<u>(39,674,217)</u>	<u>(2,560,684)</u>	<u>76,602</u>	<u>(42,158,299)</u>
Total capital assets being depreciated, net	<u>48,156,791</u>	<u>4,043,047</u>	<u>(14,350)</u>	<u>52,185,488</u>
Business-type activities capital assets, net	<u>\$ 55,071,948</u>	<u>\$ 8,909,072</u>	<u>\$ (6,126,440)</u>	<u>\$ 57,854,580</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

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

Governmental activities:	
General government	\$ 487,363
Public safety	617,443
Public works	2,038,523
Parks	1,544,317
Total depreciation expense - governmental activities	<u>\$ 4,687,646</u>
Business-type activities:	
Utilities	\$ 1,456,294
Liquor	73,195
Aquatic Center	197,503
Golf Course	420,689
Arena	292,720
Art Center	30,822
Edinborough Park/Centennial Lakes	89,461
Total depreciation expense - business-type activities	<u>\$ 2,560,684</u>

CONSTRUCTION COMMITMENTS

At December 31, 2007, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project #</u>	<u>Project Description</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
N/A	Fire Station #1 Reconstruction	\$ 4,557,257	\$ 1,893,405
05-6 Eng	Street/Sidewalk Reconstruction	48,706	1,247
07-5 Eng	Street/Sidewalk Reconstruction	1,334,468	193,716
07-6 Eng	Street/Sidewalk Reconstruction	33,021	3,110
07-11 Eng	Street/Sidewalk Reconstruction	95,954	89,304
07-4 PW	New Well	297,890	229,940
			<u>\$ 2,410,722</u>

Note 5 LONG-TERM DEBT

The City has five types of bonded debt outstanding at December 31, 2007: tax increment bonds, general obligation bonds, public improvement revolving 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 from general property taxes. The third type is payable from special assessments. The fourth 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 fifth type is

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

payable primarily from enterprise revenue with any deficiency to be provided for by general property taxes. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of December 31, 2007, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/07
Tax Increment Bonds:					
Tax Increment Bonds, Series 2000A	4.30-4.80	9/6/2000	2/1/2011	\$ 2,620,000	\$ 1,200,000
Tax Increment Bonds, Series 2002B	3.00%	8/5/2002	2/1/2009	1,400,000	1,400,000
Tax Increment Refunding Bonds, Series 2005B	3.00%	7/19/2005	2/1/2009	10,520,000	6,320,000
Tax Increment Taxable Refunding Bonds, Series 2005C	3.75-4.25	7/19/2005	2/1/2009	6,220,000	3,700,000
Tax Increment Refunding Bonds, Series 2005D	3.00-3.40	7/19/2005	2/1/2013	<u>3,505,000</u>	<u>3,045,000</u>
Total Tax Increment Bonds				<u>24,265,000</u>	<u>15,665,000</u>
General Obligation Bonds:					
General Obligation Equipment Certificates, Series 2003A	1.05-2.04	3/1/2003	2/1/2008	1,540,000	150,000
General Obligation - Park & Recreation Refunding, 2005A	3.50-4.00	7/19/2005	2/1/2017	5,375,000	4,975,000
General Obligation - Capital Improvement Plan, 2007A	4.00-4.25	5/24/2007	2/1/2028	<u>5,865,000</u>	<u>5,865,000</u>
Total General Obligation Bonds				<u>12,780,000</u>	<u>10,990,000</u>
Permanent Improvement Revolving (PIR) Bonds:					
Permanent Improvement Revolving, 2005E	3.00-3.75	9/13/2005	2/1/2016	1,460,000	1,300,000
Permanent Improvement Revolving, 2007C	3.60-4.00	5/24/2007	2/1/2019	<u>5,870,000</u>	<u>5,870,000</u>
Total PIR Bonds				<u>7,330,000</u>	<u>7,170,000</u>
Public Project Revenue Bonds:					
Public Project Revenue, Series 2002	4.00-5.25	1/1/2002	2/1/2021	12,410,000	10,150,000
Public Project Revenue, Series 2005	3.50-4.13	9/13/2005	5/1/2026	<u>5,425,000</u>	<u>5,240,000</u>
Total Public Project Revenue Bonds				<u>17,835,000</u>	<u>15,390,000</u>
Total bonded indebtedness - governmental activities				<u>\$ 62,210,000</u>	<u>\$ 49,215,000</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

BUSINESS-TYPE ACTIVITIES

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/07
Revenue Bonds:					
Recreational Facility Bonds, Series 1999B	3.70-4.45	5/3/1999	1/1/2013	\$ 3,270,000	\$ 1,970,000
Recreational Facility Bonds, Series 2001A	2.25-4.65	11/1/2001	1/1/2017	4,620,000	1,720,000
Utility Revenue Bonds, Series 1999A	3.20-4.20	5/3/1999	2/1/2009	3,600,000	825,000
Utility Revenue Bonds, Series 2003C	1.10-3.55	3/1/2003	2/1/2013	3,200,000	2,035,000
Utility Revenue Bonds, Series 2007B	4.00%	5/24/2007	2/1/2017	8,210,000	8,210,000
Total Revenue Bonds				<u>22,900,000</u>	<u>14,760,000</u>
Total bonded indebtedness - business-type activities				<u>\$ 22,900,000</u>	<u>\$ 14,760,000</u>

Annual debt service requirements to maturity for the City's bonds are as follows:

Year Ending December 31	Governmental Activities					
	Tax Increment Bonds		General Obligation Bonds		Public Improvement Revolving Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 5,650,000	\$ 445,694	\$ 570,000	\$ 463,001	\$ 155,000	\$ 306,759
2009	5,890,000	244,236	630,000	397,869	150,000	260,449
2010	805,000	125,820	660,000	374,294	655,000	246,484
2011	840,000	94,359	680,000	349,806	675,000	222,975
2012	1,930,000	48,445	705,000	324,494	700,000	198,050
2013-2017	550,000	9,350	3,960,000	1,184,163	3,640,000	584,604
2018-2022	-	-	1,515,000	631,820	1,195,000	45,300
2023-2027	-	-	1,850,000	290,153	-	-
2028	-	-	420,000	8,925	-	-
Total	<u>\$ 15,665,000</u>	<u>\$ 967,904</u>	<u>\$ 10,990,000</u>	<u>\$ 4,024,525</u>	<u>\$ 7,170,000</u>	<u>\$ 1,864,621</u>

Year Ending December 31	Governmental Activities		Business-type Activities	
	Public Project Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 715,000	\$ 696,118	\$ 2,330,000	\$ 595,939
2009	745,000	665,193	2,300,000	447,143
2010	780,000	632,880	1,445,000	375,095
2011	810,000	598,880	1,510,000	317,724
2012	850,000	561,885	1,575,000	256,961
2013-2017	4,860,000	2,157,495	5,600,000	522,575
2018-2022	5,155,000	852,916	-	-
2023-2027	1,475,000	125,091	-	-
Total	<u>\$ 15,390,000</u>	<u>\$ 6,290,458</u>	<u>\$ 14,760,000</u>	<u>\$ 2,515,437</u>

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax increment	\$ 20,460,000	\$ -	\$ (4,795,000)	\$ 15,665,000	\$ 5,650,000
General obligation	5,670,000	5,865,000	(545,000)	10,990,000	570,000
PIR	1,460,000	5,870,000	(160,000)	7,170,000	155,000
Public project revenue	16,080,000	-	(690,000)	15,390,000	715,000
Less deferred amounts:					
Discount on bonds	(276,290)	(53,637)	45,077	(284,850)	-
Premiums	61,498	-	(13,285)	48,213	-
Total bonds payable	43,455,208	11,681,363	(6,158,208)	48,978,363	7,090,000
Compensated absences	3,195,033	1,534,369	(1,466,890)	3,262,512	1,305,005
Governmental activity Long-term liabilities	<u>\$ 46,650,241</u>	<u>\$ 13,215,732</u>	<u>\$ (7,625,098)</u>	<u>\$ 52,240,875</u>	<u>\$ 8,395,005</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	8,145,000	8,210,000	(1,595,000)	14,760,000	2,330,000
Less deferred amounts:					
Discount on bonds	(33,789)	-	8,143	(25,646)	-
Premiums	-	78,823	(4,757)	74,066	-
Total bonds payable	8,111,211	8,288,823	(1,591,614)	14,808,420	2,330,000
Compensated absences	918,515	336,839	(266,860)	988,494	395,398
Business-type activity Long-term liabilities	<u>\$ 9,029,726</u>	<u>\$ 8,625,662</u>	<u>\$ (1,858,474)</u>	<u>\$ 15,796,914</u>	<u>\$ 2,725,398</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

The City issued \$5,865,000 of General Obligation Capital Improvement Plan (CIP) bonds, Series 2007A to provide financing for the reconstruction of Fire Station #1 on Tracy Avenue. These bonds will be repaid with property taxes.

The City also issued \$8,210,000 of General Obligation Revenue bonds, Series 2007B to finance various utility infrastructure improvement projects. The City anticipates that utility revenues will be sufficient to pay future debt service on this issue.

The City also issued \$5,870,000 of General Obligation Permanent Improvement Revolving (PIR) bonds, Series 2007C to provide financing for infrastructure improvements. The City anticipates that special assessments to benefitted properties will be sufficient to pay future debt service on this issue.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 6 LEGAL DEBT MARGIN

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes. The City of Edina's legal debt margin for 2007 is computed as follows:

	<u>December 31, 2007</u>
Market Value (after fiscal disparities)	<u>\$ 9,988,737,500</u>
Debt Limit (2% of Market Value)	<u>\$ 199,774,750</u>
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 63,975,000
Less:	
Tax increment bonds	(15,665,000)
Public improvement revolving bonds	(7,170,000)
Public project revenue bonds	(15,390,000)
Revenue bonds	(14,760,000)
Fund balance in related Debt Service Funds	<u>(2,890,541)</u>
Total debt applicable to debt limit	<u>\$ 8,099,459</u>
Legal debt margin	<u>\$ 191,675,291</u>

Note 7 DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. 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 Statute*, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters 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.

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

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

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

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

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 5.75%, respectively, of their covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.0%. PEPFF members were required to contribute 7.8% of their covered salary in 2007. That rate will increase to 8.6% in 2008. The City of Edina is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.25% for Coordinated Plan PERF members, and 11.7% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.5% and 12.9% respectively, effective January 1, 2008. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2007, 2006, and 2005 were \$785,482, \$696,014, and \$619,212, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2007, 2006, and 2005 were \$738,399, \$632,892, and \$539,000, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Note 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of internal balances as of December 31, 2007, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	CDBG	\$ 135,000
	Communication	50,000
Debt Service	Construction	345,000
	General	200,000
HRA	General	29,521
Liquor	Golf Course	1,000,000
Aquatic Center	Utilities	140,000
	Golf Course	130,000
Total		<u><u>\$ 2,029,521</u></u>

The City's interfund receivables and payables eliminate what would have been negative cash balances.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

	Transfer In:				Total
	General	Debt Service	Construction	Nonmajor Business-type	
Transfer out:					
General Fund	\$ -	\$ 150,100	\$ 700,000	\$ 1,575	\$ 851,675
HRA Fund	-	5,420,606	-	-	5,420,606
Construction Fund	-	73,485	-	25,000	98,485
Utilities Fund	-	-	100,000	-	100,000
Liquor Fund	721,200	-	125,000	215,000	1,061,200
	<u>\$ 721,200</u>	<u>\$ 5,644,191</u>	<u>\$ 925,000</u>	<u>\$ 241,575</u>	<u>\$ 7,531,966</u>

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund. Many of the City's interfund transfers fall under that category. Non-routine transfers include the following:

1. The liquor fund transferred \$721,200, \$135,000, and \$80,000 to the general fund, art center, and arena funds, respectively, to subsidize operations.
2. The construction fund transferred \$25,000 to the arena fund to subsidize capital improvements to that facility.
3. The HRA fund transferred \$5,420,606 of tax increment revenues to the debt service fund to pay principal and interest on outstanding tax increment debt.
4. The general fund transferred \$50,000 to the construction fund to fund the capital improvement program, as planned in the 2007 budget.
5. The general fund transferred \$150,100 to the debt service fund to pay the final year's debt service on the City's equipment certificates, as planned in the 2007 budget.
6. The general fund transferred \$650,000 of the 2006 unreserved and undesignated fund balance to the construction fund according to the City's fund balance policies for the following purposes: \$10,000 for public art, \$165,000 for the City's share of special assessments in the Todd Park area, and \$475,000 to fund the capital improvement program.

Note 9 TAX INCREMENT DISTRICTS

The City of Edina is the administering authority for the following Tax Increment Districts:

District number 1200 (50th and France Commercial Area) is a redevelopment district established in 1974 pursuant to Minnesota Statutes with a termination date of 2009.

District number 1201 (Southeast Edina Redevelopment District – Edinborough) is a redevelopment district established in 1977 pursuant to Minnesota Statutes with a termination date of 2009.

District number 1202 (Grandview Commercial Area) is a redevelopment district established in 1984 pursuant to Minnesota Statutes with a termination date of 2010.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

District number 1203 (Southeast Edina Redevelopment District – Centennial Lakes) is a redevelopment district established in 1988 pursuant to Minnesota Statutes with a termination date of 2016.

District number 1207 (70th and Cahill Economic Development District) is an economic district established in 1990 pursuant to Minnesota Statutes with a decertification date of 2000. Increment previously collected is available for expenditures within the larger development district that includes the Wooddale – Valley View commercial area. Tax capacity and debt for this district is not included in the following schedule as county reports no longer indicate captured tax capacity for this district and no debt is outstanding.

The following table reflects values as of December 31, 2007:

	TIF #1200	TIF #1201	TIF #1202	TIF #1203	Total
Original tax capacity	\$ 112,826	\$ 94,319	\$ 164,885	\$ 229,691	\$ 601,721
Current tax capacity	1,333,571	3,134,558	1,461,873	3,443,670	9,373,672
Tax capacity change	1,220,745	3,040,239	1,296,988	3,213,979	8,771,951
Captured tax capacity value:					
Retained captured tax capacity	\$ 1,220,745	\$ 3,040,239	\$ 1,296,988	\$ 3,213,979	\$ 8,771,951
Total bonds issued (general obligation)	\$ 5,360,000	\$ 22,445,000	\$ 9,637,555	\$ 35,894,724	\$ 73,337,279
Amounts redeemed	5,360,000	22,445,000	7,037,555	22,829,724	57,672,279
Outstanding bonds at December 31, 2007	\$ -	\$ -	\$ 2,600,000	\$ 13,065,000	\$ 15,665,000

Note 10 CONTINGENCIES

A. 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.

Worker’s compensation insurance is provided through the League of Minnesota Cities Insurance Trust (LMCIT). The City has a \$10,000 deductible per occurrence, with a \$500,000 annual maximum.

Automobile and general liability coverage is 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. The City is not subject to a deductible for automobile or general liability 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 \$2,500 - \$25,000 deductibles per occurrence depending on claim type, with an annual maximum of \$83,446,936.

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

Settlement claims have not exceeded insurance coverage for each of the past three years. There were not significant reductions in insurance coverage during 2007.

B. LITIGATION

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; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

C. FEDERAL AND STATE FUNDS

The City receives financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2007.

D. TAX INCREMENT DISTRICTS

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management is not aware of any instances of noncompliance which would have a material effect on the financial statements.

Note 11 CONDUIT DEBT OBLIGATION

As of December 31, 2007, the City of Edina had 4 series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$32,160,000. 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.

Note 12 JOINT VENTURE

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. The City's net investment is reported in the governmental activities capital assets. The City's equity interest in the PSTF was \$1,452,465. Complete financial statements for PSTF can be obtained from the City of Edina, 4801 West 50th Street, Edina, MN 55424.

Note 13 RELATED PARTY TRANSACTIONS

The City pays an annual membership fee to the South Metro Public Safety Training Facility as part of the joint venture agreement. The membership fee is paid by the Police and Fire departments and is based on a Cost Sharing Formula. For the year ended December 31, 2007, the City paid a total of \$35,044 in membership fees to the PSTF.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

Note 14 DESIGNATIONS AND RESERVATIONS OF FUND BALANCE

At December 31, 2007 the City had designated and reserved portions of its various fund balances through legal restriction and City Council authorization. A summary of such designations is as follows:

	<u>December 31, 2007</u>
General Fund:	
Reserved for prepaid items	\$ 28,637
Designated for park dedication	178,295
Designated for investments	63,757
Designated for equipment replacement	2,523,219
Designated for compensated absences	1,305,005
Designated for cash flow	9,108,632
Debt Service Fund:	
Reserved for debt service	2,890,541
Construction Fund:	
Reserved for encumbrances	2,180,782
Reserved for special projects	254,104
Reserved for fire station construction	922,112
Designated for Todd Park assessments	165,000
Designated for capital improvements	5,688,322
	<u>\$ 25,308,406</u>

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CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2007

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
General property taxes:				
Current	\$ 19,024,386	\$ 19,024,386	\$ 19,362,280	\$ 337,894
Penalties and interest	15,000	15,000	17,431	2,431
Total general property taxes	<u>19,039,386</u>	<u>19,039,386</u>	<u>19,379,711</u>	<u>340,325</u>
Licenses and permits:	<u>2,559,250</u>	<u>2,559,250</u>	<u>2,877,058</u>	<u>317,808</u>
Intergovernmental:				
Federal:	35,000	35,000	118,395	83,395
State:				
Municipal state aid	195,000	195,000	195,000	-
Other	50,000	50,000	134,038	84,038
State aid - police	330,000	330,000	362,190	32,190
Health programs	120,000	120,000	121,217	1,217
Total intergovernmental	<u>730,000</u>	<u>730,000</u>	<u>930,840</u>	<u>200,840</u>
Charges for services:				
Building Department	3,300	3,300	4,383	1,083
City Clerk	5,000	5,000	12,430	7,430
Fire Department	26,500	26,500	42,296	15,796
Ambulance fees	1,380,000	1,380,000	1,464,093	84,093
Police Department	230,000	230,000	263,056	33,056
Engineering	135,500	135,500	191,768	56,268
Health Department	6,000	6,000	7,265	1,265
Planning Department	24,000	24,000	23,356	(644)
Housing Foundation Contract	30,000	30,000	28,821	(1,179)
HRA Services	20,000	20,000	27,560	7,560
Park Registration	82,000	82,000	94,066	12,066
Senior Center	100,000	100,000	94,751	(5,249)
Other fees	5,000	5,000	3,139	(1,861)
50th & France Assessment	69,000	69,000	69,000	-
Charges to other funds	349,930	349,930	359,568	9,638
Total charges for services	<u>2,466,230</u>	<u>2,466,230</u>	<u>2,685,552</u>	<u>219,322</u>
Fines and forfeits	<u>875,000</u>	<u>875,000</u>	<u>971,486</u>	<u>96,486</u>
Miscellaneous:				
Rental of property	290,000	290,000	355,143	65,143
Investment income	200,000	200,000	428,796	228,796
Donations	5,000	5,000	32,977	27,977
Other	5,000	5,000	55,525	50,525
Total miscellaneous	<u>500,000</u>	<u>500,000</u>	<u>872,441</u>	<u>372,441</u>
Total revenues	<u>26,169,866</u>	<u>26,169,866</u>	<u>27,717,088</u>	<u>1,547,222</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2007

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Expenditures:				
General government:				
Mayor and Council:				
Current:				
Personal services	\$ 31,337	\$ 43,887	\$ 44,070	\$ (183)
Contractual services	11,944	11,944	9,375	2,569
Commodities	1,133	1,133	2,057	(924)
Central services	31,176	31,176	30,026	1,150
Total mayor and council	<u>75,590</u>	<u>88,140</u>	<u>85,528</u>	<u>2,612</u>
Administration:				
Current:				
Personal services	824,997	824,997	783,127	41,870
Contractual services	148,320	148,320	129,843	18,477
Commodities	3,193	3,193	953	2,240
Central services	68,616	68,616	64,181	4,435
Total current	<u>1,045,126</u>	<u>1,045,126</u>	<u>978,104</u>	<u>67,022</u>
Capital outlay	<u>6,176</u>	<u>6,176</u>	<u>11,588</u>	<u>(5,412)</u>
Total administration	<u>1,051,302</u>	<u>1,051,302</u>	<u>989,692</u>	<u>61,610</u>
Planning:				
Current:				
Personal services	334,581	334,581	400,432	(65,851)
Contractual services	160,655	160,655	174,432	(13,777)
Commodities	1,700	1,700	1,104	596
Central services	46,068	46,068	43,170	2,898
Total current	<u>543,004</u>	<u>543,004</u>	<u>619,138</u>	<u>(76,134)</u>
Capital outlay	<u>1,855</u>	<u>1,855</u>	<u>1,066</u>	<u>789</u>
Total planning	<u>544,859</u>	<u>544,859</u>	<u>620,204</u>	<u>(75,345)</u>
Finance:				
Current:				
Personal services	470,775	470,775	475,951	(5,176)
Contractual services	100,600	100,600	93,677	6,923
Commodities	2,100	2,100	2,696	(596)
Central services	57,948	57,948	53,816	4,132
Total current	<u>631,423</u>	<u>631,423</u>	<u>626,140</u>	<u>5,283</u>
Capital outlay	<u>6,160</u>	<u>6,160</u>	<u>2,466</u>	<u>3,694</u>
Total finance	<u>637,583</u>	<u>637,583</u>	<u>628,606</u>	<u>8,977</u>
Election:				
Current:				
Personal services	131,974	131,974	107,519	24,455
Contractual services	29,276	29,276	18,753	10,523
Commodities	8,600	8,600	7,452	1,148
Central services	19,656	19,656	17,613	2,043
Total election	<u>189,506</u>	<u>189,506</u>	<u>151,337</u>	<u>38,169</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2007

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Assessing:				
Current:				
Personal services	\$ 615,286	\$ 615,286	\$ 611,595	\$ 3,691
Contractual services	105,444	105,444	83,528	21,916
Commodities	2,600	2,600	1,317	1,283
Central services	67,500	67,500	63,362	4,138
Total current	790,830	790,830	759,802	31,028
Capital outlay	12,695	12,695	1,272	11,423
Total assessing	803,525	803,525	761,074	42,451
Legal and court services:				
Current:				
Contractual services	338,450	338,450	299,566	38,884
Contingencies:				
Current:				
Contractual services	123,200	110,650	231,779	(121,129)
Commodities	-	-	1,562	(1,562)
Total contingencies	123,200	110,650	233,341	(122,691)
City's share of special assessment:				
Current:				
Contractual services	30,000	30,000	34,792	(4,792)
Human Rights Commission:				
Current:				
Contractual services	88,152	88,152	87,020	1,132
Suburban Rate Authority:				
Current:				
Contractual services	4,000	4,000	4,000	-
Edina Resource Center				
Current:				
Contractual services	35,061	35,061	35,061	-
Human Services Planning & Coordination				
Current:				
Contractual services	11,641	11,641	-	11,641
Records management:				
Current:				
Contractual services	27,810	27,810	-	27,810
Employee programs				
Current:				
Personal services	120,000	120,000	238,721	(118,721)
Contractual services	16,124	16,124	17,166	(1,042)
Total employee programs	136,124	136,124	255,887	(119,763)
Dial-a-Ride:				
Current:				
Contractual services	23,690	23,690	36,956	(13,266)
Total general government	4,120,493	4,120,493	4,223,064	(102,571)

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2007

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Public safety:				
Police protection:				
Current:				
Personal services	\$ 5,881,446	\$ 5,881,446	\$ 5,945,814	\$ (64,368)
Contractual services	350,614	350,614	260,301	90,313
Commodities	72,751	72,751	58,742	14,009
Central services	872,064	872,064	872,455	(391)
Total current	<u>7,176,875</u>	<u>7,176,875</u>	<u>7,137,312</u>	<u>39,563</u>
Capital outlay	257,799	257,799	299,355	(41,556)
Total police protection	<u>7,434,674</u>	<u>7,434,674</u>	<u>7,436,667</u>	<u>(1,993)</u>
Fire protection:				
Current:				
Personal services	3,448,307	3,448,307	3,449,189	(882)
Contractual services	285,096	285,096	307,024	(21,928)
Commodities	141,100	141,100	151,175	(10,075)
Central services	292,944	292,944	288,202	4,742
Total current	<u>4,167,447</u>	<u>4,167,447</u>	<u>4,195,590</u>	<u>(28,143)</u>
Capital outlay	195,385	195,385	256,738	(61,353)
Total fire protection	<u>4,362,832</u>	<u>4,362,832</u>	<u>4,452,328</u>	<u>(89,496)</u>
Civil defense:				
Current:				
Personal services	35,719	35,719	35,719	-
Contractual services	9,497	9,497	10,343	(846)
Commodities	11,416	11,416	-	11,416
Total current	<u>56,632</u>	<u>56,632</u>	<u>46,062</u>	<u>10,570</u>
Capital outlay	5,517	5,517	2,160	3,357
Total civil defense	<u>62,149</u>	<u>62,149</u>	<u>48,222</u>	<u>13,927</u>
Animal Control:				
Current:				
Personal services	62,312	62,312	64,708	(2,396)
Contractual services	8,331	8,331	17,238	(8,907)
Commodities	4,052	4,052	504	3,548
Central services	9,396	9,396	9,061	335
Total current	<u>84,091</u>	<u>84,091</u>	<u>91,511</u>	<u>(7,420)</u>
Capital outlay	7,315	7,315	-	7,315
Total animal control	<u>91,406</u>	<u>91,406</u>	<u>91,511</u>	<u>(105)</u>
Public health:				
Current:				
Personal services	270,376	270,376	232,250	38,126
Contractual services	184,905	184,905	181,054	3,851
Commodities	1,325	1,325	1,754	(429)
Central services	34,572	34,572	32,638	1,934
Total current	<u>491,178</u>	<u>491,178</u>	<u>447,696</u>	<u>43,482</u>
Capital outlay	5,516	5,516	-	5,516
Total public health	<u>496,694</u>	<u>496,694</u>	<u>447,696</u>	<u>48,998</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2007

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Inspections:				
Current:				
Personal services	\$ 727,414	\$ 727,414	\$ 805,191	\$ (77,777)
Contractual services	89,489	89,489	62,280	27,209
Commodities	7,393	7,393	7,187	206
Central services	84,156	84,156	80,950	3,206
Total current	908,452	908,452	955,608	(47,156)
Capital outlay	33,452	33,452	42,695	(9,243)
Total inspections	941,904	941,904	998,303	(56,399)
Total public safety	13,389,659	13,389,659	13,474,727	(85,068)
Public works:				
Administration:				
Current:				
Personal services	169,253	169,253	165,629	3,624
Contractual services	5,750	5,750	5,583	167
Commodities	500	500	-	500
Central services	25,884	25,884	24,043	1,841
Total administration	201,387	201,387	195,255	6,132
Engineering:				
Current:				
Personal services	668,124	668,124	683,269	(15,145)
Contractual services	272,000	272,000	200,371	71,629
Commodities	18,100	18,100	12,898	5,202
Central services	93,132	93,132	89,343	3,789
Total current	1,051,356	1,051,356	985,881	65,475
Capital outlay	49,596	49,596	15,224	34,372
Total engineering	1,100,952	1,100,952	1,001,105	99,847
Supervision and overhead:				
Current:				
Personal services	196,364	196,364	174,028	22,336
Contractual services	31,400	31,400	32,547	(1,147)
Commodities	300	300	510	(210)
Central services	180,456	180,456	172,090	8,366
Total supervision and overhead	408,520	408,520	379,175	29,345
Street maintenance:				
Current:				
Personal services	1,807,204	1,807,204	1,825,834	(18,630)
Contractual services	684,683	684,683	667,642	17,041
Commodities	828,730	828,730	845,510	(16,780)
Central services	585,588	585,588	620,233	(34,645)
Total current	3,906,205	3,906,205	3,959,219	(53,014)
Capital outlay	504,324	504,324	647,572	(143,248)
Total street maintenance	4,410,529	4,410,529	4,606,791	(196,262)
Total public works	6,121,388	6,121,388	6,182,326	(60,938)

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2007

	Budgeted Amounts		2007 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Parks:				
Administration:				
Current:				
Personal services	\$ 606,956	\$ 606,956	\$ 571,892	\$ 35,064
Contractual services	32,034	32,034	22,880	9,154
Commodities	3,399	3,399	9,382	(5,983)
Central services	71,040	71,040	65,869	5,171
Total current	<u>713,429</u>	<u>713,429</u>	<u>670,023</u>	<u>43,406</u>
Capital outlay	6,882	6,882	4,663	2,219
Total administration	<u>720,311</u>	<u>720,311</u>	<u>674,686</u>	<u>45,625</u>
Recreation:				
Current:				
Personal services	191,680	191,680	165,409	26,271
Contractual services	165,053	165,053	174,893	(9,840)
Commodities	45,268	45,268	43,623	1,645
Total recreation	<u>402,001</u>	<u>402,001</u>	<u>383,925</u>	<u>18,076</u>
Maintenance:				
Current:				
Personal services	1,465,038	1,465,038	1,515,877	(50,839)
Contractual services	356,191	356,191	315,154	41,037
Commodities	188,161	188,161	181,686	6,475
Central services	300,096	300,096	310,074	(9,978)
Total current	<u>2,309,486</u>	<u>2,309,486</u>	<u>2,322,791</u>	<u>(13,305)</u>
Capital outlay	117,978	117,978	100,936	17,042
Total maintenance	<u>2,427,464</u>	<u>2,427,464</u>	<u>2,423,727</u>	<u>3,737</u>
Deer control:				
Current:				
Personal services	-	-	10,322	(10,322)
Contractual services	9,750	9,750	7,862	1,888
Total deer control	<u>9,750</u>	<u>9,750</u>	<u>18,184</u>	<u>(8,434)</u>
Total parks	<u>3,559,526</u>	<u>3,559,526</u>	<u>3,500,522</u>	<u>59,004</u>
Total expenditures	<u>27,191,066</u>	<u>27,191,066</u>	<u>27,380,639</u>	<u>(189,573)</u>
Revenues over (under) expenditures	<u>(1,021,200)</u>	<u>(1,021,200)</u>	<u>336,449</u>	<u>1,357,649</u>
Other financing sources (uses):				
Transfer from other funds	721,200	721,200	721,200	-
Transfer to other funds	(200,100)	(850,100)	(851,675)	(1,575)
Sale of capital assets	50,000	50,000	66,845	16,845
Total financing sources (uses)	<u>571,100</u>	<u>(78,900)</u>	<u>(63,630)</u>	<u>15,270</u>
Net increase (decrease) in fund balance	<u>\$ (450,100)</u>	<u>\$ (1,100,100)</u>	<u>272,819</u>	<u>\$ 1,372,919</u>
Fund balance - January 1			<u>13,834,038</u>	
Fund balance - December 31			<u>\$ 14,106,857</u>	

Note A LEGAL COMPLIANCE – BUDGETS

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).
6. The City Manager 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.

CITY OF EDINA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2007

Note B EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the department level for the General Fund. The following is a listing of General Fund departments whose expenditures exceed budget appropriations.

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Government:			
Planning	\$ 544,859	\$ 620,204	\$ 75,345
Contingencies	110,650	233,341	122,691
Special assessments	30,000	34,792	4,792
Employee programs	136,124	255,887	119,763
Dial-a-Ride	23,690	36,956	13,266
Public Safety:			
Police protection	7,434,674	7,436,667	1,993
Fire protection	4,362,832	4,452,328	89,496
Animal Control	91,406	91,511	105
Inspections	941,904	998,303	56,399
Public Works:			
Street maintenance	4,410,529	4,606,791	196,262
Parks:			
Deer control	9,750	18,184	8,434

Excess expenditures in the planning, contingencies, special assessments, dial-a-ride, animal control, inspections, street maintenance and deer control departments are funded by available general fund balance. Excess expenditures in the police protection department are by available general fund balance designated for our equipment replacement program. Excess expenditures in the employee programs department are by available general fund balance designated for compensated absences, Excess expenditures in the inspections department are funded by greater than anticipated charges for services and license and permit revenue.

Excess expenditures of \$146,157 in the CDBG fund are due to timing differences between the grant period and the City's fiscal year. All CDBG expenditures are reimbursed by the County.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are nonmajor 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
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2007

	Community Development Block Grant	Communication	Total Nonmajor Special Revenue Funds
Assets			
Cash and cash equivalents	\$ 3,843	\$ 3,801	\$ 7,644
Investments	-	635,023	635,023
Accrued interest receivable	-	4,174	4,174
Accounts receivable	-	156,766	156,766
Due from other governments	215,758	-	215,758
Total assets	\$ 219,601	\$ 799,764	\$ 1,019,365
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 84,601	\$ 54,133	\$ 138,734
Salaries payable	-	4,185	4,185
Due to other funds	135,000	50,000	185,000
Unearned revenue	-	3,915	3,915
Total liabilities	219,601	112,233	331,834
Fund balance:			
Unreserved:			
Undesignated	-	687,531	687,531
Total fund balance	-	687,531	687,531
Total liabilities and fund balance	\$ 219,601	\$ 799,764	\$ 1,019,365

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2007

	<u>Community Development Block Grant</u>	<u>Communication</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:			
Franchise fees	\$ -	\$ 570,871	\$ 570,871
Intergovernmental	314,351	-	314,351
Investment income	-	43,659	43,659
Other	-	66,073	66,073
Total revenues	<u>314,351</u>	<u>680,603</u>	<u>994,954</u>
Expenditures:			
Current:			
General government	<u>314,351</u>	<u>675,424</u>	<u>989,775</u>
Total expenditures	<u>314,351</u>	<u>675,424</u>	<u>989,775</u>
Net increase (decrease) in fund balance	-	5,179	5,179
Fund balance - January 1	<u>-</u>	<u>682,352</u>	<u>682,352</u>
Fund balance - December 31	<u><u>\$ -</u></u>	<u><u>\$ 687,531</u></u>	<u><u>\$ 687,531</u></u>

CITY OF EDINA, MINNESOTA**SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT****SCHEDULE OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**

For The Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 167,594	\$ 167,594	\$ 314,351	\$ 146,757
Total revenues	<u>167,594</u>	<u>167,594</u>	<u>314,351</u>	<u>146,757</u>
Expenditures:				
Current:				
General government	<u>167,594</u>	<u>167,594</u>	<u>314,351</u>	<u>146,757</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - January 1			<u>-</u>	<u>-</u>
Fund balance - December 31			<u>\$ -</u>	<u>\$ -</u>

NONMAJOR PROPRIETARY FUNDS

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. The following are nonmajor enterprise funds:

Arena Fund - This fund accounts for activities related to the Braemar Ice Arena.

Art Center Fund - This fund accounts for activities related to the City's Art Center.

Edinburgh/Centennial Lakes Fund - This fund accounts for activities at two of the City's parks; Edinburgh Park and Centennial Lakes Park.

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
December 31, 2007

	Arena	Art Center	Edinborough Park Centennial Lakes	Total Nonmajor Proprietary Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 94,649	\$ 56,887	\$ 30,690	\$ 182,226
Investments	-	-	4,156,959	4,156,959
Interest receivable	-	-	27,322	27,322
Accounts receivable	142,951	-	5,025	147,976
Inventory	-	13,993	-	13,993
Total current assets	<u>237,600</u>	<u>70,880</u>	<u>4,219,996</u>	<u>4,528,476</u>
Noncurrent assets:				
Deferred charges	1,391	-	-	1,391
Net capital assets	<u>2,788,463</u>	<u>291,316</u>	<u>801,579</u>	<u>3,881,358</u>
Total noncurrent assets	<u>2,789,854</u>	<u>291,316</u>	<u>801,579</u>	<u>3,882,749</u>
Total assets	<u>3,027,454</u>	<u>362,196</u>	<u>5,021,575</u>	<u>8,411,225</u>
Liabilities:				
Current liabilities:				
Accounts payable	47,522	21,499	60,170	129,191
Salaries payable	14,982	4,249	31,631	50,862
Accrued interest payable	6,997	-	-	6,997
Due to other governments	412	855	5,328	6,595
Unearned revenue	-	5,519	49,439	54,958
Compensated absences payable	49,242	15,281	50,008	114,531
Bonds payable	220,000	-	-	220,000
Total current liabilities	<u>339,155</u>	<u>47,403</u>	<u>196,576</u>	<u>583,134</u>
Noncurrent liabilities:				
Compensated absences	73,862	22,922	75,011	171,795
Bonds payable, net	<u>224,145</u>	<u>-</u>	<u>-</u>	<u>224,145</u>
Total noncurrent liabilities	<u>298,007</u>	<u>22,922</u>	<u>75,011</u>	<u>395,940</u>
Total liabilities	<u>637,162</u>	<u>70,325</u>	<u>271,587</u>	<u>979,074</u>
Net assets:				
Invested in capital assets, net of related debt	2,344,318	291,316	801,579	3,437,213
Unrestricted	45,974	555	3,948,409	3,994,938
Total net assets	<u>\$ 2,390,292</u>	<u>\$ 291,871</u>	<u>\$ 4,749,988</u>	<u>\$ 7,432,151</u>

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Arena	Art Center	Edinborough Park Centennial Lakes	Total Nonmajor Proprietary Funds
Operating revenues:				
Sales - retail	\$ 9,564	\$ 44,218	\$ -	\$ 53,782
Sales - concessions	-	1,773	43,038	44,811
Memberships	4,355	26,314	50,872	81,541
Admissions	109,010	-	476,103	585,113
Building rental	1,136,504	-	245,688	1,382,192
Rental of equipment	3,916	-	78,285	82,201
Greens fees	-	-	171,987	171,987
Class registration & other fees	150,824	424,675	487,630	1,063,129
Total operating revenues	<u>1,414,173</u>	<u>496,980</u>	<u>1,553,603</u>	<u>3,464,756</u>
Operating expenses:				
Cost of sales and services	795	23,745	48,215	72,755
Personal services	569,364	209,616	1,079,571	1,858,551
Contractual services	578,895	281,338	426,043	1,286,276
Commodities	52,688	53,111	250,216	356,015
Central Services	43,945	38,122	83,462	165,529
Depreciation	292,720	30,822	89,461	413,003
Total operating expenses	<u>1,538,407</u>	<u>636,754</u>	<u>1,976,968</u>	<u>4,152,129</u>
Operating loss	<u>(124,234)</u>	<u>(139,774)</u>	<u>(423,365)</u>	<u>(687,373)</u>
Nonoperating revenues (expenses):				
Investment income	-	-	301,572	301,572
Donations	-	19,917	-	19,917
Interest and fiscal charges	(14,159)	-	-	(14,159)
Amortization of bond discount	(2,246)	-	-	(2,246)
Miscellaneous	26,709	-	25,646	52,355
Total nonoperating revenues (expenses)	<u>10,304</u>	<u>19,917</u>	<u>327,218</u>	<u>357,439</u>
Income (loss) before transfers	<u>(113,930)</u>	<u>(119,857)</u>	<u>(96,147)</u>	<u>(329,934)</u>
Transfers:				
Transfers in	105,000	136,575	-	241,575
Total transfers	<u>105,000</u>	<u>136,575</u>	<u>-</u>	<u>241,575</u>
Change in net assets	(8,930)	16,718	(96,147)	(88,359)
Net assets - January 1	<u>2,399,222</u>	<u>275,153</u>	<u>4,846,135</u>	<u>7,520,510</u>
Net assets - December 31	<u>\$ 2,390,292</u>	<u>\$ 291,871</u>	<u>\$ 4,749,988</u>	<u>\$ 7,432,151</u>

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended December 31, 2007

	Arena	Art Center	Edinborough Park Centennial Lakes	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,482,266	\$ 499,238	\$ 1,550,293	\$ 3,531,797
Payment to suppliers	(666,312)	(399,573)	(867,064)	(1,932,949)
Payment to employees	(561,369)	(211,803)	(1,057,075)	(1,830,247)
Donations	-	19,917	-	19,917
Miscellaneous revenue	26,709	-	25,646	52,355
Net cash provided by (used in) operating activities	<u>281,294</u>	<u>(92,221)</u>	<u>(348,200)</u>	<u>(159,127)</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	105,000	136,575	-	241,575
Payment of interfund borrowing	-	-	(60,000)	(60,000)
Net cash provided by noncapital financing activities	<u>105,000</u>	<u>136,575</u>	<u>(60,000)</u>	<u>181,575</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(105,625)	-	(86,545)	(192,170)
Principal paid on bonds	(200,000)	-	-	(200,000)
Interest paid on bonds	(16,486)	-	-	(16,486)
Net cash used in capital and related financing activities	<u>(322,111)</u>	<u>-</u>	<u>(86,545)</u>	<u>(408,656)</u>
Cash flows from investing activities:				
Proceeds from sales of investments	-	-	214,443	214,443
Investment income	-	-	305,557	305,557
Net cash flows provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>520,000</u>	<u>520,000</u>
Net increase (decrease) in cash and cash equivalents	64,183	44,354	25,255	133,792
Cash and cash equivalents - January 1	30,466	12,533	5,435	48,434
Cash and cash equivalents - December 31	<u>\$ 94,649</u>	<u>\$ 56,887</u>	<u>\$ 30,690</u>	<u>\$ 182,226</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (124,234)	\$ (139,774)	\$ (423,365)	\$ (687,373)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation	292,720	30,822	89,461	413,003
Donations	-	19,917	-	19,917
Miscellaneous revenue	26,709	-	25,646	52,355
Changes in assets and liabilities:				
Decrease (increase) in receivables	68,093	1,268	(3,170)	66,191
Decrease (increase) in inventory	-	1,872	-	1,872
Increase (decrease) in accounts payable	9,892	(4,881)	(60,491)	(55,480)
Increase (decrease) in salaries payable	2,316	473	16,124	18,913
Increase (decrease) in due to other governments	119	(248)	1,363	1,234
Increase (decrease) in unearned revenue	-	990	(140)	850
Increase (decrease) in compensated absences	5,679	(2,660)	6,372	9,391
Total adjustments	<u>405,528</u>	<u>47,553</u>	<u>75,165</u>	<u>528,246</u>
Net cash provided by (used in) operating activities	<u>\$ 281,294</u>	<u>\$ (92,221)</u>	<u>\$ (348,200)</u>	<u>\$ (159,127)</u>

FIDUCIARY FUNDS

Agency Funds

Agency funds are used to report resources held by the City in a purely custodial capacity. The following are agency funds:

Police Seizure Fund - This fund accounts for assets seized by the Police Department.

Public Safety Training Facility - This fund accounts for assets and liabilities of the South Metro Public Safety Training Facility, which is a joint venture that the City has fiduciary responsibilities for.

Payroll Fund - This fund accounts for assets withheld from employee paychecks that the City plans to remit to various third parties, including state & local governments, insurance providers, and others.

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CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2007

	Balance January 1	Additions	Deductions	Balance December 31
POLICE SEIZURE				
Assets:				
Cash	\$ 361,253	\$ 49,916	\$ -	\$ 411,169
Liabilities:				
Due to other governmental units	\$ 361,253	\$ 49,916	\$ -	\$ 411,169
PUBLIC SAFETY TRAINING FACILITY				
Assets:				
Cash	\$ 2,021	\$ 1,740	\$ -	\$ 3,761
Investments	270,000	25,000	-	295,000
Total Assets	<u>\$ 272,021</u>	<u>\$ 26,740</u>	<u>\$ -</u>	<u>\$ 298,761</u>
Liabilities:				
Accounts payable	\$ 4,585	\$ 9,304	\$ -	\$ 13,889
Salaries payable	1,607	-	14	1,593
Due to other governmental units	265,829	17,450	-	283,279
Total Liabilities	<u>\$ 272,021</u>	<u>\$ 26,754</u>	<u>\$ 14</u>	<u>\$ 298,761</u>
PAYROLL				
Assets:				
Cash	\$ 179,565	\$ -	\$ 132,412	\$ 47,153
Liabilities:				
Accounts payable	\$ 43,630	\$ 3,523	\$ -	\$ 47,153
Due to other governmental units	135,935	-	135,935	-
Total Liabilities	<u>\$ 179,565</u>	<u>\$ 3,523</u>	<u>\$ 135,935</u>	<u>\$ 47,153</u>
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash	\$ 542,839	\$ 51,656	\$ 132,412	\$ 462,083
Investments	270,000	25,000	-	295,000
Total Assets	<u>\$ 812,839</u>	<u>\$ 76,656</u>	<u>\$ 132,412</u>	<u>\$ 757,083</u>
Liabilities:				
Accounts payable	\$ 48,215	\$ 12,827	\$ -	\$ 61,042
Salaries payable	1,607	-	14	1,593
Due to other governmental units	763,017	67,366	135,935	694,448
Total Liabilities	<u>\$ 812,839</u>	<u>\$ 80,193</u>	<u>\$ 135,949</u>	<u>\$ 757,083</u>

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CITY OF EDINA, MINNESOTA
COMBINED SCHEDULE OF BONDED INDEBTEDNESS
December 31, 2007

	Interest Rates	Date	Final Maturity Date	Prior Years	
				Original Issue	Redeemed
Tax Increment Bonds:					
Tax Increment Bonds, Series 2000A	4.30 - 4.80	09/06/00	02/01/11	\$ 2,620,000	\$ 1,155,000
Tax Increment Bonds, Series 2002B	3.00%	08/05/02	02/01/09	1,400,000	-
Tax Increment Refunding Bonds, Series 2005B	3.00%	07/19/05	02/01/09	10,520,000	1,650,000
Tax Increment Taxable Refunding Bonds, Series 2005C	3.75 - 4.25	07/19/05	02/01/09	6,220,000	1,000,000
Tax Increment Refunding Bonds, Series 2005D	3.00 - 3.40	07/19/05	02/01/13	3,505,000	-
Total Tax Increment Bonds				<u>24,265,000</u>	<u>3,805,000</u>
General Obligation Bonds:					
GO Equipment Certificates, Series 2003A	1.05 - 2.40	03/01/03	02/01/08	1,540,000	1,245,000
GO Park & Recreation Refunding Bonds, Series 2005A	3.50 - 4.00	07/19/05	02/01/17	5,375,000	-
GO Capital Improvement Plan, Series 2007A	4.00 - 4.25	05/24/07	02/01/28	-	-
Total General Obligation Bonds				<u>6,915,000</u>	<u>1,245,000</u>
Permanent Improvement Revolving (PIR) Bonds:					
GO Permanent Improvement Revolving, Series 2005E	3.00 - 3.75	09/13/05	02/01/16	1,460,000	-
GO Permanent Improvement Revolving Series 2007C	3.60 - 4.25	05/24/07	02/01/19	-	-
Total PIR Bonds				<u>1,460,000</u>	<u>-</u>
Public Project Revenue Bonds:					
Public Project Revenue, Series 2002	4.00 - 5.25	01/01/02	02/01/21	12,410,000	1,755,000
Public Project Revenue, Series 2005	3.00 - 4.13	09/13/05	05/01/26	5,425,000	-
Total Public Project Revenue Bonds				<u>17,835,000</u>	<u>1,755,000</u>
Revenue Bonds:					
Recreational Facility Bonds, Series 1999B	3.70 - 4.45	05/03/99	01/01/13	3,270,000	1,010,000
Recreational Facility Bonds, Series 2001A	2.25 - 4.65	11/01/01	01/01/17	4,620,000	2,285,000
Utility Revenue Bonds, Series 1999A	3.20 - 4.20	05/03/99	02/01/09	3,600,000	2,385,000
Utility Revenue Bonds, Series 2003C	1.10 - 3.55	03/01/03	02/01/13	3,200,000	865,000
Utility Revenue Bonds, Series 2007B	4.00%	05/24/07	02/01/17	-	-
Total Public Project Revenue Bonds				<u>14,690,000</u>	<u>6,545,000</u>
Total - Bonded indebtedness				<u>\$ 65,165,000</u>	<u>\$ 13,350,000</u>

Outstanding 12/31/06	2007		Payable 12/31/07	Principal Due In 2008	Interest Due In 2008	Interest Payable to Maturity
	Issued	Payments				
\$ 1,465,000	\$ -	\$ 265,000	\$ 1,200,000	\$ 280,000	\$ 49,860	\$ 117,105
1,400,000	-	-	1,400,000	-	42,000	189,000
8,870,000	-	2,550,000	6,320,000	3,085,000	143,325	191,850
5,220,000	-	1,520,000	3,700,000	1,815,000	118,681	158,738
3,505,000	-	460,000	3,045,000	470,000	91,828	311,211
<u>20,460,000</u>	<u>-</u>	<u>4,795,000</u>	<u>15,665,000</u>	<u>5,650,000</u>	<u>445,694</u>	<u>967,904</u>
295,000	-	145,000	150,000	150,000	1,800	1,800
5,375,000	-	400,000	4,975,000	420,000	177,787	1,009,719
-	5,865,000	-	5,865,000	-	283,414	3,013,004
<u>5,670,000</u>	<u>5,865,000</u>	<u>545,000</u>	<u>10,990,000</u>	<u>570,000</u>	<u>463,001</u>	<u>4,024,523</u>
1,460,000	-	160,000	1,300,000	155,000	41,969	200,916
-	5,870,000	-	5,870,000	-	264,790	1,663,704
<u>1,460,000</u>	<u>5,870,000</u>	<u>160,000</u>	<u>7,170,000</u>	<u>155,000</u>	<u>306,759</u>	<u>1,864,620</u>
10,655,000	-	505,000	10,150,000	525,000	491,999	4,019,385
5,425,000	-	185,000	5,240,000	190,000	204,119	2,271,072
<u>16,080,000</u>	<u>-</u>	<u>690,000</u>	<u>15,390,000</u>	<u>715,000</u>	<u>696,118</u>	<u>6,290,457</u>
2,260,000	-	290,000	1,970,000	295,000	79,441	269,638
2,335,000	-	615,000	1,720,000	550,000	56,515	208,496
1,215,000	-	390,000	825,000	405,000	25,942	34,762
2,335,000	-	300,000	2,035,000	310,000	59,922	210,620
-	8,210,000	-	8,210,000	770,000	374,119	1,791,919
<u>8,145,000</u>	<u>8,210,000</u>	<u>1,595,000</u>	<u>14,760,000</u>	<u>2,330,000</u>	<u>595,939</u>	<u>2,515,435</u>
<u>\$ 51,815,000</u>	<u>\$ 19,945,000</u>	<u>\$ 7,785,000</u>	<u>\$ 63,975,000</u>	<u>\$ 9,420,000</u>	<u>\$ 2,507,511</u>	<u>\$ 15,662,939</u>

CITY OF EDINA, MINNESOTA
TAX CAPACITY, TAX LEVIES AND TAX CAPACITY RATES
(shown by year of tax collectibility)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Total tax capacity	\$ 83,447,880	\$ 91,309,672	\$ 101,947,912	\$ 113,428,895	\$ 120,084,430
Increment valuation	(6,949,064)	(7,330,826)	(7,980,069)	(8,771,951)	(9,771,137)
Contribution to fiscal disparities pool	<u>(7,945,664)</u>	<u>(7,635,854)</u>	<u>(7,107,862)</u>	<u>(8,486,997)</u>	<u>(9,358,999)</u>
Tax capacity used for rate calculation	<u>68,553,152</u>	<u>76,342,992</u>	<u>86,859,981</u>	<u>96,169,947</u>	<u>100,954,294</u>
Fiscal disparities distribution	<u>2,202,656</u>	<u>2,374,371</u>	<u>2,411,937</u>	<u>2,595,376</u>	<u>2,895,523</u>
Adjusted net tax capacity	<u>\$ 70,755,808</u>	<u>\$ 78,717,363</u>	<u>\$ 89,271,918</u>	<u>\$ 98,765,323</u>	<u>\$ 103,849,817</u>
Tax levies:					
General fund	\$ 16,489,129	\$ 17,772,350	\$ 18,560,151	\$ 19,427,890	\$ 20,314,404
Public project revenue	1,028,837	1,058,840	1,501,741	1,497,500	1,240,186
Capital improvement plan	-	-	-	-	455,641
Certificates of indebtedness	<u>604,275</u>	<u>162,200</u>	<u>159,100</u>	<u>-</u>	<u>-</u>
Total certified tax levies	<u>18,122,241</u>	<u>18,993,390</u>	<u>20,220,992</u>	<u>20,925,390</u>	<u>22,010,231</u>
Referendum market value levy	<u>686,662</u>	<u>674,161</u>	<u>599,138</u>	<u>605,138</u>	<u>595,438</u>
Total levy	<u>\$ 18,808,903</u>	<u>\$ 19,667,551</u>	<u>\$ 20,820,130</u>	<u>\$ 21,530,528</u>	<u>\$ 22,605,669</u>
Tax capacity rate:					
General fund revenue	23.183	22.536	20.755	19.636	19.563
Bonds & interest	<u>2.382</u>	<u>1.549</u>	<u>1.858</u>	<u>1.514</u>	<u>1.634</u>
Total tax capacity rate	<u>25.565</u>	<u>24.085</u>	<u>22.613</u>	<u>21.150</u>	<u>21.197</u>
Market value rate	<u>0.01000</u>	<u>0.00880</u>	<u>0.00703</u>	<u>0.00641</u>	<u>0.00601</u>

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)
December 31, 2007

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 2,200,000	\$ 5,280,000	\$ 5,251,998	\$ -	\$ 28,002
Tax increments received	-	31,748,489	23,509,067	1,062,382	7,177,040
Real estate sales *	800,000	170,782	170,782	-	-
State aid	-	418,871	418,871	-	-
Special assessments	-	1,321,096	728,505	-	592,591
Parking permits	-	268,524	268,524	-	-
Community development	-	186,064	186,064	-	-
Interest on invested funds	-	2,000,000	2,745,343	1,829	(747,172)
Other	-	73,881	73,881	-	-
Total sources of funds:	<u>3,000,000</u>	<u>41,467,707</u>	<u>33,353,035</u>	<u>1,064,211</u>	<u>7,050,461</u>
Uses of funds:					
Land acquisition	-	873,061	873,061	-	-
Installation of public utilities and improvements	3,000,000	7,867,034	7,862,032	-	5,002
Bond payments:					
Principal	-	5,280,000	5,360,000	-	(80,000)
Interest	-	4,738,329	4,140,864	-	597,465
Administrative costs	-	1,230,000	1,205,451	-	24,549
Paid to other governments	-	21,000	17,292	1,690	2,018
Work orders	-	16,257	16,257	-	-
Contingencies	-	11,644	11,644	-	-
Interest	-	463,037	463,037	-	-
Miscellaneous	-	62,095	63,010	-	(915)
Transfer	-	15,000,000	13,325,000	1,000,000	675,000
Total uses of funds:	<u>3,000,000</u>	<u>35,562,457</u>	<u>33,337,648</u>	<u>1,001,690</u>	<u>1,223,119</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ 5,905,250</u>	<u>\$ 15,387</u>	<u>\$ 62,521</u>	<u>\$ 5,827,342</u>

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

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)

December 31, 2007

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 6,165,177	\$ 21,470,000	\$ 20,219,852	\$ -	\$ 1,250,148
Tax increments received	-	75,000,000	54,830,750	2,721,128	17,448,122
Real estate sales *	598,005	3,000,000	2,642,115	-	357,885
Loan proceeds	-	1,321,096	-	-	1,321,096
Community development	-	189,221	189,221	-	-
Interest on invested funds	-	3,500,000	2,660,956	4,874	834,170
Other	-	50,000	1,357	-	48,643
Total sources of funds:	<u>6,763,182</u>	<u>104,530,317</u>	<u>80,544,251</u>	<u>2,726,002</u>	<u>21,260,064</u>
Uses of funds:					
Land acquisition	6,682,998	12,200,000	6,894,303	-	5,305,697
Installation of public utilities and improvements	-	16,000,000	14,278,823	-	1,721,177
Site improvements or preparation costs	2,885,484	2,000,000	468,098	-	1,531,902
Bond payments:					
Principal	-	21,470,000	22,445,000	-	(975,000)
Interest	-	20,100,000	19,772,264	-	327,736
Administrative costs	194,700	1,800,000	1,673,988	-	126,012
Paid to other governments	-	110,000	83,919	8,030	18,051
Transfers out	-	17,000,000	14,131,699	2,700,000	168,301
Interest reduction	-	1,850,000	-	-	1,850,000
Parkland dedication fees	-	767,852	767,852	-	-
Total uses of funds:	<u>9,763,182</u>	<u>93,297,852</u>	<u>80,515,946</u>	<u>2,708,030</u>	<u>10,073,876</u>
Funds remaining (deficit)	<u>\$ (3,000,000)</u>	<u>\$ 11,232,465</u>	<u>\$ 28,305</u>	<u>\$ 17,972</u>	<u>\$ 11,186,188</u>

	Cost to authority	Price paid by developer
* 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	1,318,103	1,318,103
	<u>\$ 3,000,385</u>	<u>\$ 2,654,014</u>

CITY OF EDINA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS

FOR GRANDVIEW AREA REDEVELOPMENT DISTRICT-NO. 1202, A TAX INCREMENT FINANCING DISTRICT

December 31, 2007

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 4,500,000	\$ 9,900,000	\$ 9,475,915	\$ -	\$ 424,085
Tax increments received	-	29,737,107	12,810,158	1,123,986	15,802,963
Real estate sales *	-	4,700,000	5,402,344	-	(702,344)
Interest on invested funds	-	300,000	934,829	37,539	(672,368)
Other	-	-	61,068	-	(61,068)
Total sources of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>28,684,314</u>	<u>1,161,525</u>	<u>14,791,268</u>
Uses of funds:					
Land acquisition	-	6,500,000	3,836,119	224,410	2,439,471
Installation of public utilities and improvements	4,310,000	17,127,000	9,738,935	-	7,388,065
Bond payments:					
Principal	-	9,900,000	6,772,555	265,000	2,862,445
Interest	-	9,190,000	2,934,471	104,329	6,151,200
Loan/note interest	-	-	2,900,520	513,896	(3,414,416)
Paid to other governments	-	-	195,279	1,867	(197,146)
Administrative costs	190,000	1,920,107	1,331,830	11,848	576,429
Total uses of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>27,709,709</u>	<u>1,121,350</u>	<u>15,806,048</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 974,605</u>	<u>\$ 40,175</u>	<u>\$ (1,014,780)</u>

	Cost to authority	Price paid by developer
* Real estate sales		
5229 Eden Ave.	\$ 1,822,319	
5220 Eden Circle	995,000	
5244 Eden Circle (condemnation deposit)	309,937	
5201 Eden Circle	598,411	2,070,119
Project area	23,832	4,005,694
	<u>\$ 3,749,499</u>	<u>\$ 6,075,813</u>

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)

December 31, 2007

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 41,400,000	\$ 41,400,000	\$ 33,761,677	\$ -	\$ 7,638,323
Tax increments received	80,000,000	90,000,000	31,884,017	2,886,081	55,229,902
Real estate sales *	5,000,000	11,637,070	11,637,070	-	-
Special assessment	-	1,321,096	-	-	1,321,096
Interest on invested funds	-	2,500,000	3,112,145	392,243	(1,004,388)
Transfer in	-	32,000,000	28,567,924	3,700,000	(267,924)
Sale of material	-	255,710	255,710	-	-
Developer payments	-	297,826	297,826	-	-
Other	-	20,000	21,799	-	(1,799)
Total sources of funds:	126,400,000	179,431,702	109,538,168	6,978,324	62,915,210
Uses of funds:					
Land acquisition	13,900,000	22,981,425	22,981,425	-	-
Installation of public utilities and improvements	26,677,000	25,871,230	16,635,950	52,480	9,182,800
Bond payments:					
Principal	41,400,000	41,400,000	18,299,724	4,530,000	18,570,276
Interest	38,000,000	38,000,000	33,114,079	521,278	4,364,643
Administrative costs	1,140,800	1,600,000	1,304,196	22,553	273,251
Paid to other governments	-	42,000	30,011	3,115	8,874
Loan/note interest	-	14,684,711	3,971,090	487,765	10,225,856
Parkland dedication fees	-	2,030,345	2,030,345	-	-
Total uses of funds:	121,117,800	146,609,711	98,366,820	5,617,191	42,625,700
Funds remaining (deficit)	\$ 5,282,200	\$ 32,821,991	\$ 11,171,348	\$ 1,361,133	\$ 20,289,510

	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
	\$ 11,637,070	\$ 11,637,070

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

December 31, 2007

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Accounted for in prior years</u>	<u>Current year</u>	<u>Amount remaining</u>
Source of funds:					
Bond proceeds	\$ 1,911,000	\$ 1,911,000	\$ -	\$ -	\$ 1,911,000
Tax increments received	2,177,855	2,177,855	746,863	-	1,430,992
Interest on invested funds	-	-	210,665	14,640	(225,305)
Total sources of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>957,528</u>	<u>14,640</u>	<u>3,116,687</u>
Uses of funds:					
Land acquisition	529,400	529,400	35,673	2,188	491,539
Installation of public utilities and improvements	325,000	325,000	540,279	-	(215,279)
Demolition	150,000	150,000	-	-	150,000
Relocation	160,000	160,000	-	-	160,000
Capitalized interest	150,000	150,000	-	-	150,000
Debt service	2,178,455	2,178,455	-	-	2,178,455
Paid to other governments	-	-	2,730	-	(2,730)
Administrative costs	596,000	596,000	74,830	-	521,170
Total uses of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>653,512</u>	<u>2,188</u>	<u>3,433,155</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 304,016</u>	<u>\$ 12,452</u>	<u>\$ (316,468)</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	94
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	100
Debt Capacity <i>These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional</i>	104
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities</i>	109
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	111

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

CITY OF EDINA, MINNESOTA
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities					
Invested in capital assets, net of related debt	\$ 21,792,377	\$ 34,320,784	\$ 36,092,020	\$ 69,814,012	\$ 67,680,882
Restricted	4,676,748	2,145,488	78,943	-	-
Unrestricted	31,876,783	28,762,040	35,796,801	15,280,058	25,136,312
Total governmental activities net assets	<u>\$ 58,345,908</u>	<u>\$ 65,228,312</u>	<u>\$ 71,967,764</u>	<u>\$ 85,094,070</u>	<u>\$ 92,817,194</u>
Business-type activities					
Invested in capital assets, net of related debt	\$ 29,952,549	\$ 37,240,476	\$ 40,044,169	\$ 46,981,755	\$ 43,046,160
Restricted	1,672,828	-	-	-	-
Unrestricted	15,344,474	11,934,496	11,121,720	6,379,515	13,649,355
Total business-type activities net assets	<u>\$ 46,969,851</u>	<u>\$ 49,174,972</u>	<u>\$ 51,165,889</u>	<u>\$ 53,361,270</u>	<u>\$ 56,695,515</u>
Primary government					
Invested in capital assets, net of related debt	\$ 51,744,926	\$ 71,561,260	\$ 76,136,189	\$ 116,795,767	\$ 110,727,042
Restricted	6,349,576	2,145,488	78,943	-	-
Unrestricted	47,221,257	40,696,536	46,918,521	21,659,573	38,785,667
Total primary government net assets	<u>\$ 105,315,759</u>	<u>\$ 114,403,284</u>	<u>\$ 123,133,653</u>	<u>\$ 138,455,340</u>	<u>\$ 149,512,709</u>

CITY OF EDINA, MINNESOTA
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 5,839,893	\$ 6,934,045	\$ 4,967,008	\$ 5,414,961	\$ 7,039,298
Public safety	10,784,215	11,063,767	12,019,027	13,300,351	13,743,194
Public works	5,621,291	5,834,490	7,185,784	8,973,031	8,757,022
Parks	4,484,685	4,248,060	5,901,648	5,341,682	5,025,560
Interest on long-term debt	2,760,022	2,399,682	2,288,524	2,973,749	1,887,633
Total governmental activities expenses	<u>29,490,106</u>	<u>30,480,044</u>	<u>32,361,991</u>	<u>36,003,774</u>	<u>36,452,707</u>
Business-type activities:					
Utilities	7,930,502	7,801,580	8,254,409	9,234,651	10,036,844
Liquor	8,764,081	9,110,888	9,749,313	9,968,963	10,361,998
Aquatic center	711,061	701,768	725,936	795,614	780,981
Golf course	3,555,243	3,508,741	3,580,307	3,652,169	3,621,977
Community activity centers	3,833,026	3,850,192	3,825,562	4,048,649	4,168,534
Total business-type activities expenses	<u>24,793,913</u>	<u>24,973,169</u>	<u>26,135,527</u>	<u>27,700,046</u>	<u>28,970,334</u>
Total primary government expenses	<u>\$ 54,284,019</u>	<u>\$ 55,453,213</u>	<u>\$ 58,497,518</u>	<u>\$ 63,703,820</u>	<u>\$ 65,423,041</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 930,391	\$ 454,603	\$ 619,526	\$ 731,613	\$ 784,659
Public safety	4,213,081	4,634,744	5,614,406	6,146,114	5,632,642
Other activities	898,141	748,398	630,157	793,796	736,329
Operating grants and contributions	1,215,745	1,154,808	1,512,366	1,423,302	1,384,024
Capital grants and contributions	7,214,393	4,192,947	2,252,491	4,013,617	4,299,509
Total governmental activities program revenues:	<u>14,471,751</u>	<u>11,185,500</u>	<u>10,628,946</u>	<u>13,108,442</u>	<u>12,837,163</u>
Business-type activities:					
Utilities	9,694,981	9,875,078	10,240,381	11,421,474	13,125,773
Liquor	9,659,631	10,030,067	10,752,724	11,029,445	11,436,175
Aquatic center	861,340	764,134	849,380	867,626	868,833
Golf course	3,684,079	3,538,122	3,482,999	3,646,620	3,630,538
Community activity centers	2,966,731	3,254,012	3,251,860	3,337,153	3,517,111
Operating grants and contributions	132,031	138,447	131,408	122,358	127,492
Total business-type activities program revenue:	<u>26,998,793</u>	<u>27,599,860</u>	<u>28,708,752</u>	<u>30,424,676</u>	<u>32,705,922</u>
Total primary government program revenues	<u>\$ 41,470,544</u>	<u>\$ 38,785,360</u>	<u>\$ 39,337,698</u>	<u>\$ 43,533,118</u>	<u>\$ 45,543,085</u>
Net (Expense)/Revenue					
Governmental activities	\$(15,018,355)	\$(19,294,544)	\$(21,733,045)	\$(22,895,332)	\$(23,615,544)
Business-type activities	2,204,880	2,626,691	2,573,225	2,724,630	3,735,588
Total primary government net expense	<u>\$(12,813,475)</u>	<u>\$(16,667,853)</u>	<u>\$(19,159,820)</u>	<u>\$(20,170,702)</u>	<u>\$(19,879,956)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Property taxes	\$ 17,815,426	\$ 17,865,757	\$ 19,071,202	\$ 20,414,298	\$ 21,459,001
Tax increment collections	7,342,270	6,761,934	7,060,744	7,228,002	7,793,577
Franchise taxes	-	450,956	457,421	499,206	570,871
Unrestricted investment earnings	286,209	443,074	977,956	1,230,264	1,581,702
Gain on disposal of capital assets	26,669	-	63,674	8,418	58,377
Transfers	(4,053,805)	655,227	841,500	838,230	919,625
Total governmental activities	<u>21,416,769</u>	<u>26,176,948</u>	<u>28,472,497</u>	<u>30,218,418</u>	<u>32,383,153</u>
Business-type activities:					
Unrestricted investment earnings	387,117	227,167	236,654	283,771	510,678
Gain on disposal of capital assets	(177,051)	6,490	22,538	25,210	7,604
Transfers	4,053,805	(655,227)	(841,500)	(838,230)	(919,625)
Total business-type activities	<u>4,263,871</u>	<u>(421,570)</u>	<u>(582,308)</u>	<u>(529,249)</u>	<u>(401,343)</u>
Total primary government	<u>\$ 25,680,640</u>	<u>\$ 25,755,378</u>	<u>\$ 27,890,189</u>	<u>\$ 29,689,169</u>	<u>\$ 31,981,810</u>
Change in Net Assets					
Governmental activities	\$ 6,398,414	\$ 6,882,404	\$ 6,739,452	\$ 7,323,086	\$ 8,767,609
Business-type activities	6,468,751	2,205,121	1,990,917	2,195,381	3,334,245
Total primary government	<u>\$ 12,867,165</u>	<u>\$ 9,087,525</u>	<u>\$ 8,730,369</u>	<u>\$ 9,518,467</u>	<u>\$ 12,101,854</u>

CITY OF EDINA, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	1998	1999	2000^a	2001
General fund				
Reserved	\$ 1,379,739	\$ 2,407,155	\$ 141,939	\$ 15,872
Unreserved	<u>9,540,670</u>	<u>10,051,978</u>	<u>13,755,160</u>	<u>14,359,821</u>
Total general fund	<u>\$ 10,920,409</u>	<u>\$ 12,459,133</u>	<u>\$ 13,897,099</u>	<u>\$ 14,375,693</u>
All other governmental funds				
Reserved	\$ 1,171,943	\$ 496,581	\$ 16,729,995	\$ 2,319,839
Unreserved, reported in:				
Special revenue funds	948,079	942,791	1,147,917	1,435,949
Capital projects funds	<u>16,096,645</u>	<u>18,216,440</u>	<u>22,454,859</u>	<u>22,869,578</u>
Total all other governmental funds	<u>\$ 18,216,667</u>	<u>\$ 19,655,812</u>	<u>\$ 40,332,771</u>	<u>\$ 26,625,366</u>

^a The substantial increase in reserved fund balance in 2000 is due to a crossover refunding bond issue that was outstanding as of December 31, 2000.

^b The substantial decrease in unreserved fund balance in 2003 is due to the transfer of investment assets to the Edinborough Park/Centennial Lakes enterprise fund.

^c The substantial increase in reserved fund balance in 2005 is due to two crossover refunding bond issues that were outstanding as of December 31, 2005.

Fiscal Year					
2002	2003^b	2004	2005^c	2006	2007
\$ 417,093	\$ 412,991	\$ 390,771	\$ 223,351	\$ 36,849	\$ 28,637
<u>14,325,972</u>	<u>9,961,074</u>	<u>10,226,055</u>	<u>11,595,433</u>	<u>13,797,189</u>	<u>14,078,220</u>
<u>\$ 14,743,065</u>	<u>\$ 10,374,065</u>	<u>\$ 10,616,826</u>	<u>\$ 11,818,784</u>	<u>\$ 13,834,038</u>	<u>\$ 14,106,857</u>
\$ 4,186,436	\$ 4,084,987	\$ 3,465,440	\$ 13,792,312	\$ 2,682,238	\$ 6,247,539
1,589,518	686,777	781,458	731,027	13,179,904	14,750,448
<u>26,750,351</u>	<u>19,608,849</u>	<u>16,651,788</u>	<u>17,032,750</u>	<u>3,160,085</u>	<u>5,853,322</u>
<u>\$ 32,526,305</u>	<u>\$ 24,380,613</u>	<u>\$ 20,898,686</u>	<u>\$ 31,556,089</u>	<u>\$ 19,022,227</u>	<u>\$ 26,851,309</u>

CITY OF EDINA, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	1998	1999	2000	2001
Revenues				
General property taxes	\$ 20,567,867	\$ 21,995,230	\$ 22,904,512	\$ 24,409,785
Tax increment collections	-	-	-	-
Special assessments	844,070	990,330	1,159,876	1,086,093
Franchise fees	296,427	297,866	336,678	473,702
License and permits	2,091,365	2,135,541	1,835,828	2,239,611
Intergovernmental	2,551,452	3,185,008	1,880,680	5,085,981
Charges for services	1,833,148	3,215,441	2,902,666	1,962,172
Fines and forfeitures	691,355	794,710	967,421	976,952
Investment income	1,396,852	415,114	2,376,137	1,357,701
Rental of property	86,639	284,085	1,156,526	4,262,984
Other revenues	604,099	478,788	96,932	184,466
Total revenues	<u>30,963,274</u>	<u>33,792,113</u>	<u>35,617,256</u>	<u>42,039,447</u>
Expenditures				
General government	3,967,091	3,899,660	4,558,424	5,353,002
Public safety	8,131,293	8,516,673	8,846,360	9,409,291
Public works	4,084,651	3,744,124	3,672,057	4,313,065
Parks	1,960,111	2,240,730	2,150,588	2,375,565
Capital outlay	7,530,051	6,117,215	8,352,494	11,193,155
Debt service				
Principal	2,224,724	3,275,000	6,050,000	3,740,000
Interest and other charges	4,099,809	3,262,266	3,108,601	3,148,719
Total expenditures	<u>31,997,730</u>	<u>31,055,668</u>	<u>36,738,524</u>	<u>39,532,797</u>
Revenues over (under) expenditures	(1,034,456)	2,736,445	(1,121,268)	2,506,650
Other Financing Sources (Uses)				
Transfers in	5,639,866	5,983,107	6,976,639	6,215,411
Transfers out	(5,711,866)	(6,006,107)	(6,165,639)	(6,201,152)
Parkland dedication	387,136	264,424	85,520	60,280
Sale of capital assets	-	-	-	-
Proceeds from borrowing	-	-	21,742,116	-
Premium on bonds issued	-	-	-	-
Discount on bonds issued	-	-	-	-
Proceeds from refunding	-	-	-	-
Payment to refunding escrow	(17,260,276)	-	-	(15,810,000)
Principal paid by escrow	-	-	-	-
Total other financing sources (uses)	<u>(16,945,140)</u>	<u>241,424</u>	<u>22,638,636</u>	<u>(15,735,461)</u>
Net change in fund balances	<u>\$ (17,979,596)</u>	<u>\$ 2,977,869</u>	<u>\$ 21,517,368</u>	<u>\$ (13,228,811)</u>
Debt service as a percentage of noncapital expenditures	25.8%	26.2%	32.3%	24.3%

^a The substantial change in debt service as a percentage of noncapital expenditures in 2007 is due to a change in the way this ratio is calculated. The City did not recalculate previously reported ratios.

Fiscal Year					
2002	2003	2004	2005	2006	2007^a
\$ 24,735,336	\$ 17,903,618	\$ 17,865,757	\$ 19,071,202	\$ 20,414,298	\$ 21,459,001
-	7,342,270	6,761,934	7,060,744	7,228,002	7,793,577
998,908	1,019,461	966,879	1,354,264	1,751,219	1,750,444
418,153	393,627	450,956	457,421	499,206	570,871
1,939,207	2,182,263	2,247,759	3,240,622	3,488,897	2,909,521
2,254,968	4,678,735	3,933,540	1,539,169	2,773,350	3,699,006
2,096,806	2,076,519	2,279,302	2,466,663	2,691,354	2,748,709
910,407	785,227	863,073	742,917	1,023,935	971,486
1,178,211	286,209	443,074	977,956	1,230,264	1,581,702
1,782,063	354,266	385,707	315,542	310,145	355,734
180,081	200,551	294,136	227,446	246,797	225,839
<u>36,494,140</u>	<u>37,222,746</u>	<u>36,492,117</u>	<u>37,453,946</u>	<u>41,657,467</u>	<u>44,065,890</u>
5,372,431	5,709,741	5,213,469	5,477,308	5,995,804	6,544,307
9,893,428	10,352,816	11,125,388	11,373,763	12,431,114	12,985,215
4,161,373	4,142,668	4,386,669	4,882,811	5,233,907	5,787,619
2,602,266	2,974,164	2,954,372	3,146,029	3,300,375	3,455,789
11,059,757	15,539,676	7,772,321	8,227,191	8,980,526	11,991,122
5,885,000	5,700,000	6,450,000	6,830,000	5,985,000	6,190,000
3,094,480	2,908,787	2,484,291	2,543,639	2,107,036	1,677,770
<u>42,068,735</u>	<u>47,327,852</u>	<u>40,386,510</u>	<u>42,480,741</u>	<u>44,033,762</u>	<u>48,631,822</u>
(5,574,595)	(10,105,106)	(3,894,393)	(5,026,795)	(2,376,295)	(4,565,932)
12,308,480	8,752,126	8,367,595	7,797,369	6,865,258	7,290,391
(11,552,990)	(12,805,931)	(7,712,368)	(6,955,869)	(6,027,028)	(6,370,766)
-	-	-	-	-	-
-	-	-	135,045	54,457	66,845
13,637,416	1,540,000	-	15,816,165	-	11,735,000
-	59,219	-	-	-	-
-	-	-	(36,275)	-	(53,637)
-	6,570,000	-	16,764,721	-	-
(2,550,000)	(6,525,000)	-	(16,635,000)	-	-
-	-	-	-	(9,035,000)	-
<u>11,842,906</u>	<u>(2,409,586)</u>	<u>655,227</u>	<u>16,886,156</u>	<u>(8,142,313)</u>	<u>12,667,833</u>
<u>\$ 6,268,311</u>	<u>\$ (12,514,692)</u>	<u>\$ (3,239,166)</u>	<u>\$ 11,859,361</u>	<u>\$ (10,518,608)</u>	<u>\$ 8,101,901</u>
29.0%	27.1%	27.4%	27.4%	23.1%	20.9%

CITY OF EDINA, MINNESOTA
ASSESSED VALUE, ACTUAL VALUE AND TAX CAPACITY OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Market Value (In Thousands) ^a			Tax Capacity (In Thousands)			City Tax Capacity Rate	City Referendum Rate	Estimated Direct Rate ^b
	Estimated	Limited	Taxable	Total	Used for Rate	Adjusted Net			
1998	\$ 4,074,714	DNA	DNA	\$ 87,727	\$ 75,545	\$ 77,762	16.813%	0.01788%	\$3.209
1999	4,267,759	DNA	DNA	85,964	72,221	74,421	17.810%	0.01704%	3.106
2000	4,535,762	DNA	DNA	90,807	74,705	77,166	17.669%	0.01634%	3.006
2001	4,861,730	DNA	DNA	99,650	80,964	83,716	17.233%	0.01495%	2.967
2002	5,821,567	DNA	DNA	72,584 ^c	59,176 ^c	61,007 ^c	27.806% ^c	0.01200%	2.914
2003	6,328,581	DNA	DNA	77,666	63,169	65,145	27.139%	0.01100%	2.794
2004	6,909,477	DNA	DNA	83,448	68,553	70,756	25.565%	0.01000%	2.618
2005	8,052,704	\$ 7,674,983	\$ 7,668,117	91,310	76,343	78,717	24.085%	0.00880%	2.354
2006	8,713,166	8,541,954	8,536,086	101,948	86,860	89,272	22.613%	0.00703%	2.317
2007	9,619,356	9,456,650	9,451,668	113,429	96,170	98,765	21.150%	0.00641%	2.172

Source: Hennepin County Taxpayer Services. 1998-2004 estimated market values obtained from previous CAFRs and do not include personal property.

DNA: Historical data is not available

^a Property in the City is assessed annually. Assessed value is equal to market value, although taxable value may be different, as shown. The City receives reports from Hennepin County showing total market value, but not separated by property classification.

^b This value is estimated by the City Finance Department by taking City taxes as a rate of estimated market value (rate per \$1,000 of assessed value). The property tax system in Minnesota uses a tax capacity system whereby each parcel is assigned a tax capacity based on taxable value and class. In Minnesota, local taxes are usually expressed as a percentage of this calculated tax capacity (see column titled "City Tax Capacity Rate"). Therefore, this rate is only theoretical and shown for comparative purposes only.

^c The State of Minnesota passed property tax reform legislation that significantly reduced tax capacity in 2002.

CITY OF EDINA, MINNESOTA
DIRECT AND OVERLAPPING TAX CAPACITY RATES
LAST TEN FISCAL YEARS

Fiscal Year	City Rates				Overlapping Rates				Total Direct & Overlap
	Basic Rate	Debt Rate	Total Tax Capacity	RMV	Hennepin	ISD #273 Edina		Other	
						Tax Cap.	RMV		
1998	DNA	DNA	16.813%	0.018%	38.388%	47.499%	DNA	7.538%	110.238%
1999	DNA	DNA	17.810%	0.017%	40.994%	50.766%	DNA	8.553%	118.123%
2000	DNA	DNA	17.669%	0.016%	39.655%	51.678%	DNA	8.426%	117.428%
2001	DNA	DNA	17.233%	0.015%	37.624%	46.839%	DNA	8.126%	109.822%
2002	26.116%	1.690%	27.806% ^a	0.012%	50.409% ^a	18.504% ^a	DNA	9.847%	106.566%
2003	24.586%	2.553%	27.139%	0.011%	50.607%	23.312%	DNA	8.993%	110.051%
2004	23.183%	2.382%	25.565%	0.010%	47.324%	22.670%	DNA	8.256%	103.815%
2005	22.536%	1.549%	24.085%	0.009%	44.172%	19.694%	0.166%	8.547%	96.498%
2006	20.755%	1.858%	22.613%	0.007%	41.016%	19.226%	0.154%	8.104%	90.959%
2007	19.636%	1.514%	21.150%	0.006%	39.110%	18.244%	0.147%	8.417%	86.921%

Source: Hennepin County Taxpayer Services. Some 1998-2004 data obtained from previous CAFR's.

RMV: Referendum Market Value

DNA: Historical data is not available

Geographic boundaries for overlapping district are not identical to the City's boundaries. City boundaries contain six different school districts but only ISD #273 is shown here. Other districts include Mosquito Control, Met Council, Metro Transit, Hennepin Parks, Park Museum and Regional Railroad Authority. In addition, there are two watershed districts in the City, Nine Mile Creek and Minnehaha Creek, and rates for Nine Mile are included in Other. Total rates do not include RMV rates.

^a The State of Minnesota passed property tax reform legislation that significantly reduced tax capacity in 2002. At the same time, the state took on greater responsibility for school district funding.

CITY OF EDINA, MINNESOTA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2007			1998		
	Tax Capacity	Rank	Percentage of Total Capacity	Tax Capacity	Rank	Percentage of Total Capacity
Southdale Shopping Center	\$ 3,497,098	1	3.08%	\$ 4,597,368	1	5.24%
Galleria Shopping Center	1,300,806	2	1.15%	1,427,983	3	1.63%
Southdale Office Park	827,534	3	0.73%	1,332,450	4	1.52%
Centennial Lakes Phase V	663,520	4	0.58%	-		0.00%
Centennial Lakes Phase IV	650,646	5	0.57%	-		0.00%
7700 France Office Bldg	554,076	6	0.49%	-		0.00%
May Department Stores	513,070	7	0.45%	-		0.00%
Centennial Lakes Medical Bldg	443,108	8	0.39%	-		0.00%
Southdale Medical Bldg	419,014	9	0.37%	717,640	7	0.82%
Centennial Lakes Phase III	406,798	10	0.36%	-		0.00%
Pentagon Office Park	-		0.00%	1,636,266	2	1.87%
United Healthcare Corporation	-		0.00%	842,415	5	0.96%
National Car	-		0.00%	828,674	6	0.94%
Cedars of Edina	-		0.00%	646,236	8	0.74%
Centennial Lakes Retail	-		0.00%	546,109	9	0.62%
Edinborough Plaza	-		0.00%	410,258	10	0.47%
Totals	<u>\$ 9,275,670</u>		<u>8.18%</u>	<u>\$12,985,399</u>		<u>14.80%</u>

Source: City of Edina Assessing Office

CITY OF EDINA, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Taxes Payable	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$ 13,827,840	\$ 13,728,640	99.28%	\$ 76,483	\$ 13,805,123	99.84%
1999	14,012,337	13,868,630	98.97%	81,173	13,949,803	99.55%
2000	14,391,078	14,290,698	99.30%	91,042	14,381,740	99.94%
2001	15,165,091	15,053,569	99.26%	100,594	15,154,163	99.93%
2002	17,728,603	16,985,098 ^a	95.81% ^a	83,214	17,068,312	96.28%
2003	18,506,442	17,808,469	96.23%	47,302	17,855,771	96.48%
2004	18,808,903	18,066,892	96.06%	102,625	18,169,517	96.60%
2005	19,667,551	19,090,016	97.06%	116,107	19,206,123	97.65%
2006	20,820,130	20,310,889	97.55%	138,834	20,449,723	98.22%
2007	21,530,528	21,347,789 ^b	99.15% ^b	-	21,347,789	99.15%

Source: Hennepin County Taxpayer Services.

^a Beginning in 2002, the State of Minnesota quit reimbursing the City for the homestead market value credit (HMVC) program. The HMVC program reduces property taxes for certain residential properties and is phased out once a property reaches a certain assessed value. The program is designed so the State "pays" the amount property taxes were reduced by to local governments. When the State ended reimbursing the City for HMVC in 2002, tax collections as a percent of levy dropped, as shown in this table. Due to the phase out provision in the HMVC program, the City anticipates that the impact of this lost revenue will decrease over time as property values rise above the phase out level.

^b In 2007 the State of Minnesota reimbursed the City for HMVC after five years of not making payments.

CITY OF EDINA, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Debt	Public Project Revenue	Tax Increment Bonds	Permanent Improvement Revolving	Rec. Facility Bonds	Utility Revenue Bonds			
1998	\$ 8,090	\$ -	\$ 53,090	\$ 530	\$ 8,130	\$ 420	\$ 70,260	4.51%	\$ 1,491
1999	7,825	-	50,260	350	10,970	3,600	73,005	4.48%	1,546
2000	7,550	-	66,670	170	10,520	3,265	88,175	5.05%	1,859
2001	7,250	-	47,590	-	14,670	2,955	72,465	4.08%	1,527
2002	6,950	12,410	40,855	-	7,890	2,630	70,735	3.94%	1,490
2003	8,165	12,035	35,900	-	7,145	5,495	68,740	3.72%	1,445
2004	7,295	11,595	30,760	-	6,325	4,860	60,835	3.09%	1,263
2005	11,765	16,560	28,905	1,460	5,475	4,215	68,380	3.42%	1,441
2006	5,670	16,080	20,460	1,460	4,595	3,550	51,815	2.63%	1,105
2007	10,990	15,390	15,665	7,170	3,690	11,070	63,975	3.24%	1,364

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

CITY OF EDINA, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(dollars in thousands, except per capita)

Fiscal Year	General Bonded Debt			Total	Percentage of Property Value ^a	Per Capita
	General Obligation Debt	Public Project Revenue	Tax Increment Bonds			
1998	\$ 8,090	\$ -	\$ 53,090	\$ 61,180	1.50%	\$ 1,299
1999	7,825	-	50,260	58,085	1.36%	1,230
2000	7,550	-	66,670	74,220	1.64%	1,565
2001	7,250	-	47,590	54,840	1.13%	1,155
2002	6,950	12,410	40,855	60,215	1.03%	1,269
2003	8,165	12,035	35,900	56,100	0.89%	1,179
2004	7,295	11,595	30,760	49,650	0.72%	1,031
2005	11,765	16,560	28,905	57,230	0.71%	1,206
2006	5,670	16,080	20,460	42,210	0.48%	900
2007	10,990	15,390	15,665	42,045	0.44%	897

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

^a See statistical schedule titled "Assessed Value, Actual Value and Tax Capacity of Taxable Property" for estimated property value data.

CITY OF EDINA, MINNESOTA**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2007**

	<u>Net General Obligation Bonded Debt Outstanding^a</u>	<u>Percentage Applicable in City^b</u>	<u>City Share of Debt</u>
Overlapping Debt:			
Hennepin County	\$ 468,235,504	6.86%	\$ 32,120,956
Hennepin Suburban Park District	73,402,105	9.09%	6,672,251
Hennepin Regional Rail Authority	44,577,469	6.86%	3,058,014
School Districts:			
ISD No. 273 (Edina)	89,083,000	98.27%	87,541,864
ISD No. 270 (Hopkins)	103,257,789	8.45%	8,725,283
ISD No. 271 (Bloomington)	209,988,225	0.00%	-
ISD No. 272 (Eden Prairie)	105,547,950	0.90%	949,932
ISD No. 280 (Richfield)	17,787,396	16.18%	2,878,001
ISD No. 283 (St. Louis Park)	41,131,509	0.02%	8,226
Metro Council	<u>118,428,506</u>	3.11%	<u>3,683,127</u>
Total Overlapping Debt	1,271,439,453		145,637,654
Direct Debt:			
City of Edina	<u>23,800,664</u>	100.00%	<u>23,800,664</u>
Total Overlapping and Direct Debt	<u><u>\$ 1,295,240,117</u></u>		<u><u>\$ 169,438,318</u></u>

Debt Ratios:

Ratio of debt per capita (46,896 population)	\$ 3,613
Ratio of debt to estimated market valuation of \$9,619,356,300	1.76%

Source: Hennepin County Taxpayer Services

^a Calculation excludes revenue and special assessment bonds as well as sinking fund balance, if any.

^b The percentage of overlapping debt applicable is estimated using tax capacity. Applicable percentages were estimated by determining the portion of another governmental unit's tax capacity that is within the City's boundaries and dividing it by each unit's total tax capacity.

CITY OF EDINA, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(dollars in thousands)

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 85,355	\$ 90,715	\$ 97,235	\$ 116,431	\$ 138,279	\$ 138,190	\$ 160,674	\$ 173,867	\$ 191,974	\$ 199,775
Total net debt applicable to limit	<u>8,090</u>	<u>7,825</u>	<u>7,550</u>	<u>7,250</u>	<u>6,950</u>	<u>8,165</u>	<u>7,295</u>	<u>11,765</u>	<u>3,691</u>	<u>8,099</u>
Legal debt margin	<u>\$ 77,265</u>	<u>\$ 82,890</u>	<u>\$ 89,685</u>	<u>\$ 109,181</u>	<u>\$ 131,329</u>	<u>\$ 130,025</u>	<u>\$ 153,379</u>	<u>\$ 162,102</u>	<u>\$ 188,283</u>	<u>\$ 191,676</u>
Total net debt applicable to the limit as a percentage of debt limit	9.48%	8.63%	7.76%	6.23%	5.03%	5.91%	4.54%	6.77%	1.92%	4.05%

Legal Debt Margin Calculation for Fiscal Year 2007

Market value (after fiscal disparities)	\$ 9,988,737,500
Debt limit (2% of market value)	199,774,750
Debt applicable to limit:	
General obligation bonds	10,990,000
Less: Fund balance set aside for repayment of general obligation debt	<u>(2,890,541)</u>
Total debt applicable to limit	<u>8,099,459</u>
Legal debt margin	<u><u>\$ 191,675,291</u></u>

CITY OF EDINA, MINNESOTA
PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Revenue	Less: operating expenses	Net available revenue	Debt service requirements			Coverage
				Principal	Interest	Total	
Public Project Revenue Bonds (Annual Appropriation Lease Revenue)							
2003	1,026,437	-	1,026,437	375,000	15,000	390,000	2.63
2004	1,028,837	-	1,028,837	440,000	557,636	997,636	1.03
2005	1,058,840	-	1,058,840	460,000	558,486	1,018,486	1.04
2006	1,501,741	-	1,501,741	480,000	779,778	1,259,778	1.19
2007	1,497,500	-	1,497,500	690,000	725,855	1,415,855	1.06
Tax Increment Bonds							
1998	6,784,208	-	6,784,208	19,300,000	4,247,389	23,547,389	0.29
1999	8,084,657	-	8,084,657	2,830,000	2,797,897	5,627,897	1.44
2000	8,590,313	-	8,590,313	5,595,000	2,677,383	8,272,383	1.04
2001	9,309,360	-	9,309,360	3,270,000	3,205,971	6,475,971	1.44
2002	7,053,836	-	7,053,836	4,570,000	2,355,928	6,925,928	1.02
2003	7,342,270	-	7,342,270	5,000,000	1,889,329	6,889,329	1.07
2004	6,761,934	-	6,761,934	5,140,000	1,520,376	6,660,376	1.02
2005	7,060,744	-	7,060,744	5,465,000	1,327,983	6,792,983	1.04
2006	7,228,002	-	7,228,002	8,445,000	902,607	9,347,607	0.77
2007	7,793,577	-	7,793,577	4,795,000	625,606	5,420,606	1.44
Permanent Improvement Revolving Bonds (Special Assessment)							
1998	699,354	-	699,354	185,000	31,008	216,008	3.24
1999	855,137	-	855,137	180,000	22,250	202,250	4.23
2000	721,871	-	721,871	180,000	13,340	193,340	3.73
2001	684,660	-	684,660	170,000	4,420	174,420	3.93
2002	-	-	-	-	-	-	-
2003	-	-	-	-	-	-	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	85,656	-	85,656	-	43,366	43,366	1.98
2007	391,921	-	391,921	160,000	46,694	206,694	1.90
Utility Bond							
1998	8,108,612	7,226,648	881,964	400,000	22,184	422,184	2.09
1999	8,502,423	6,713,673	1,788,750	420,000	83,429	503,429	3.55
2000	8,793,386	7,205,934	1,587,452	335,000	127,525	462,525	3.43
2001	8,556,810	7,065,589	1,491,221	310,000	116,794	426,794	3.49
2002	8,561,287	7,399,773	1,161,514	325,000	105,205	430,205	2.70
2003	9,668,434	7,769,810	1,898,624	335,000	160,691	495,691	3.83
2004	9,473,355	7,643,129	1,830,226	635,000	158,451	793,451	2.31
2005	10,225,975	8,107,039	2,118,936	645,000	141,226	786,226	2.70
2006	11,416,361	9,107,143	2,309,218	665,000	129,608	794,608	2.91
2007	13,125,419	9,735,839	3,389,580	690,000	108,840	798,840	4.24
Recreational Facility Bonds							
1998	5,042,394	4,270,042	772,352	4,240,000	372,390	4,612,390	0.17
1999	5,141,606	4,332,932	808,674	430,000	522,050	952,050	0.85
2000	5,727,930	5,209,610	518,320	450,000	553,962	1,003,962	0.52
2001	5,430,507	5,231,143	199,364	470,000	531,176	1,001,176	0.20
2002	5,424,422	5,031,839	392,583	6,780,000	611,509	7,391,509	0.05
2003	5,866,300	5,511,730	354,570	745,000	265,602	1,010,602	0.35
2004	5,621,743	5,492,510	129,233	820,000	241,387	1,061,387	0.12
2005	5,708,827	5,604,464	104,363	850,000	214,108	1,064,108	0.10
2006	5,929,984	5,808,902	121,082	880,000	199,260	1,079,260	0.11
2007	5,870,485	5,798,005	72,480	905,000	168,159	1,073,159	0.07

CITY OF EDINA, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Population	Estimated Personal Income (In thousands)	Per Capita Personal Income	High School Graduation Rate	Unemployment Rate
1998	47,113	\$ 1,556,896	\$ 33,046	88.2%	1.50%
1999	47,235	1,628,002	34,466	88.2%	1.60%
2000	47,425	1,747,042	36,838	88.2%	2.40%
2001	47,465	1,774,194	37,379	91.5%	3.30%
2002	47,465	1,796,693	37,853	91.5%	4.00%
2003	47,570	1,847,429	38,836	91.5%	4.10%
2004	48,156	1,970,303	40,915	93.3%	3.90%
2005	47,448	1,997,134	42,091	92.1%	3.30%
2006	46,896	1,973,900	42,091	92.0%	3.00%
2007	46,896	1,973,900	42,091	92.0%	3.45%

Sources:

Population data from U.S. Census Bureau/Metropolitan Council. 2006 is the most recent estimate.

Personal income estimates based on U.S. Department of Commerce Bureau of Economic Analysis data for the entire seven-county metropolitan area.

Per-capita personal income data from U.S. Department of Commerce Bureau of Economic Analysis for the entire seven-county metropolitan area. 2005 is the most recent estimate.

High school graduation rate data from U.S. Census Bureau for all of Hennepin County. 2006 is the most recent estimate.

Unemployment rate data from State of Minnesota Department of Employment and Economic Development.

CITY OF EDINA, MINNESOTA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Jerry's Enterprises, Inc.	4,500	1	20.17%	2,000	2	7.96%
Fairview Southdale Hospital	2,500	2	11.21%	2,400	1	9.55%
Macy's (Marshall Field's or Dayton's)	1,200	3	5.38%	500	5	1.99%
Edina Public Schools ISD #273	1,172	4	5.25%	-		0.00%
Nash Finch Co.	350	5	1.57%	350	8	1.39%
International Dairy Queen Inc.	300	6	1.34%	300	9	1.19%
City of Edina	277	7	1.24%	262	10	1.04%
JC Penney Co.	250	8	1.12%	400	6	1.59%
Edina Realty	210	9	0.94%	-		0.00%
Con Agra Foods-Snack Food Gr.	196	10	0.88%	-		0.00%
Golden Valley Microwave Foods	-		0.00%	650	3	2.59%
Health Risk Management Inc.	-		0.00%	552	4	2.20%
Norwest Funding	-		0.00%	358	7	1.42%
Totals	10,955		49.11%	7,772		30.92%

Source: State of Minnesota Department of Employment and Economic Development (DEED).

DNA: Historical data is not available

CITY OF EDINA, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Budgeted Full-time Employees for Fiscal Year ^a									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Administration	8.00	8.00	8.00	8.00	8.25	8.25	8.25	8.25	8.25	8.25
Planning	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Finance	5.40	5.40	5.50	5.75	5.50	5.50	5.50	5.50	5.50	5.50
Elections	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Assessing	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public Works										
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Engineering	7.50	7.50	7.50	7.50	7.50	6.50	7.50	7.50	7.50	8.50
Supervision	2.00	2.00	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Maintenance	28.00	28.00	28.00	27.00	28.00	28.00	28.00	28.00	28.00	28.00
Public Safety										
Police Protection	66.00	66.00	67.00	70.00	69.00	68.00	66.00	69.00	69.00	70.00
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Protection	30.00	30.00	31.00	32.00	32.00	32.00	32.00	32.00	32.00	33.00
Public Health	3.58	3.08	3.08	3.08	3.75	2.75	2.75	2.75	2.75	2.75
Inspections	5.00	5.75	5.75	6.75	6.50	6.50	6.50	6.50	6.50	7.50
Parks & Recreation										
Administration	7.00	7.00	7.00	7.00	7.00	7.00	6.80	6.80	6.80	6.80
Maintenance	16.00	16.00	16.00	17.00	17.00	16.00	16.50	16.40	16.40	16.40
Central Services										
General	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
City Hall	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Public Works Bldg	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Equipment Ops	7.00	7.00	7.00	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Utilities	15.50	16.25	16.25	15.70	14.50	14.50	15.50	15.75	15.75	15.25
Liquor	10.00	10.00	10.00	9.30	9.75	9.75	9.75	9.75	9.75	9.75
Aquatic Center	-	-	-	-	-	-	0.20	0.55	0.55	0.55
Golf Course	14.00	14.00	14.00	14.00	15.00	15.00	13.00	13.00	13.00	13.00
Arena	4.00	4.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00	6.00
Art Center	2.00	3.00	3.00	3.00	3.00	3.00	3.00	2.50	2.00	2.00
Edinborough Park/ Centennial Lakes	13.00	13.00	12.00	13.00	12.00	12.00	12.00	12.00	11.00	12.00
Other	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	4.00
Total	261.73	264.73	266.83	272.83	273.00	270.00	268.50	271.50	270.00	277.50

Source: City of Edina Finance Department

^a Employee counts do not include Council members, part-time, contract or seasonal employees.

CITY OF EDINA, MINNESOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Total City employees	-	-	801	868	860	879	870	909	887	890
Votes cast ^a	27,246	3,099	30,483	10,008	28,156	10,721	31,730	1,367	26,270	7,930
Public Works										
Asphalt placed (tons)	-	-	-	-	-	-	-	-	9,000	8,000
Concrete (cu. yds.)	-	-	-	-	-	-	-	-	650	850
Public Safety										
Crimes reported	-	-	-	2,411	2,139	2,073	1,983	1,908	1,937	2,010
Fire calls	1,155	1,131	1,091	1,142	1,106	1,062	1,060	1,055	963	1,012
Medical calls	2,700	2,812	2,914	2,931	3,153	3,030	3,199	3,423	3,470	3,510
Central Services										
Vehicle fixes	-	-	-	-	-	-	-	-	2,398	2,460
Utilities										
Daily consumption ^b	-	-	-	-	-	-	-	-	7,209	7,372
Sewer cleaned (miles)	-	-	-	-	-	-	-	-	48	48
Aquatic Center										
Attendance	130,000	132,000	125,000	115,000	111,056	96,419	88,636	139,415	120,406	114,173
Golf Course										
Total rounds played	149,776	142,862	137,838	120,898	112,078	123,770	116,734	113,679	114,737	112,821

Source: Various City departments

Note: The City prepared this schedule for the first time in 2006, therefore, some historical data is not readily available.

^a The City Elections department runs general elections in even-numbered years and school district elections in odd-numbered years. Number of votes cast tend to vary between even and odd-numbered years and based on presidential election cycles.

^b Daily average of water pumped from city wells, measured in thousands of gallons.

CITY OF EDINA, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public Works										
Miles of streets	224	224	224	224	224	224	224	224	224	224
City parking ramps	4	4	4	4	4	4	4	4	4	4
Public Safety										
Fire stations	2	2	2	2	2	2	2	2	2	2
Parks & Recreation										
City parks	39	39	39	39	39	40	40	40	40	40
Acreage of parks	1,552	1,552	1,552	1,552	1,552	1,553	1,553	1,553	1,553	1,553
Park buildings	26	26	26	26	27	27	27	27	27	27
Utilities										
Wells	18	18	18	18	18	18	18	18	18	19
Watermain miles	199	199	199	199	199	199	199	199	199	199
Sanitary sewer miles	186	186	186	186	186	186	186	186	186	186
Sewer connections	13,984	13,984	13,984	13,984	13,984	13,984	14,851	14,851	14,851	14,851
Arena										
Ice sheets	3	3	3	3	3	3	3	3	3	3

Source: Various City departments

Note: The City prepared this schedule for the first time in 2006, therefore, some historical data is not readily available.