



COMPREHENSIVE  
ANNUAL FINANCIAL  
**REPORT**  
for the Fiscal Year  
Ended Dec. 31, 2011  
City of Edina, Minnesota



# **CITY OF EDINA, MINNESOTA**

Comprehensive Annual Financial Report  
For the fiscal year ended  
December 31, 2011

Prepared by:  
Department of Finance

John Wallin – Treasurer and Finance Director  
Eric Roggeman – Assistant Finance Director  
Kyle Sawyer – Accountant

**CITY OF EDINA, MINNESOTA**  
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June 7, 2012

City of Edina

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, 2011.

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, 2011. 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 48,262. 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 Metropolitan Council requires all cities in the seven-county metropolitan area to have a Comprehensive Plan and State law requires cities to update their plans every 10 years. The Comprehensive Plan guides development and redevelopment and addresses changes likely to occur due to various social and market forces. The City updated our Comprehensive Plan and submitted it to the Metropolitan Council for review in 2008. A final version was adopted by the City Council in 2009.

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 has 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.

Assignments for investments and compensated absences are all calculated as specified in the policies. In addition, the City has \$11,744,764 unassigned fund balance in the general fund. This amount is \$1,642,395 above the goal range identified in the policy.

## **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.

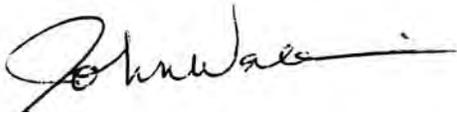
## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edina for its comprehensive annual financial report for the fiscal year ended December 31, 2010. This was the fifth consecutive 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 unfailing 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 stylized and cursive, with a long horizontal stroke extending to the right.

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, 2010

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



*Linda C. Sandison*

President

*Jeffrey R. Evers*

Executive Director

**CITY OF EDINA, MINNESOTA**

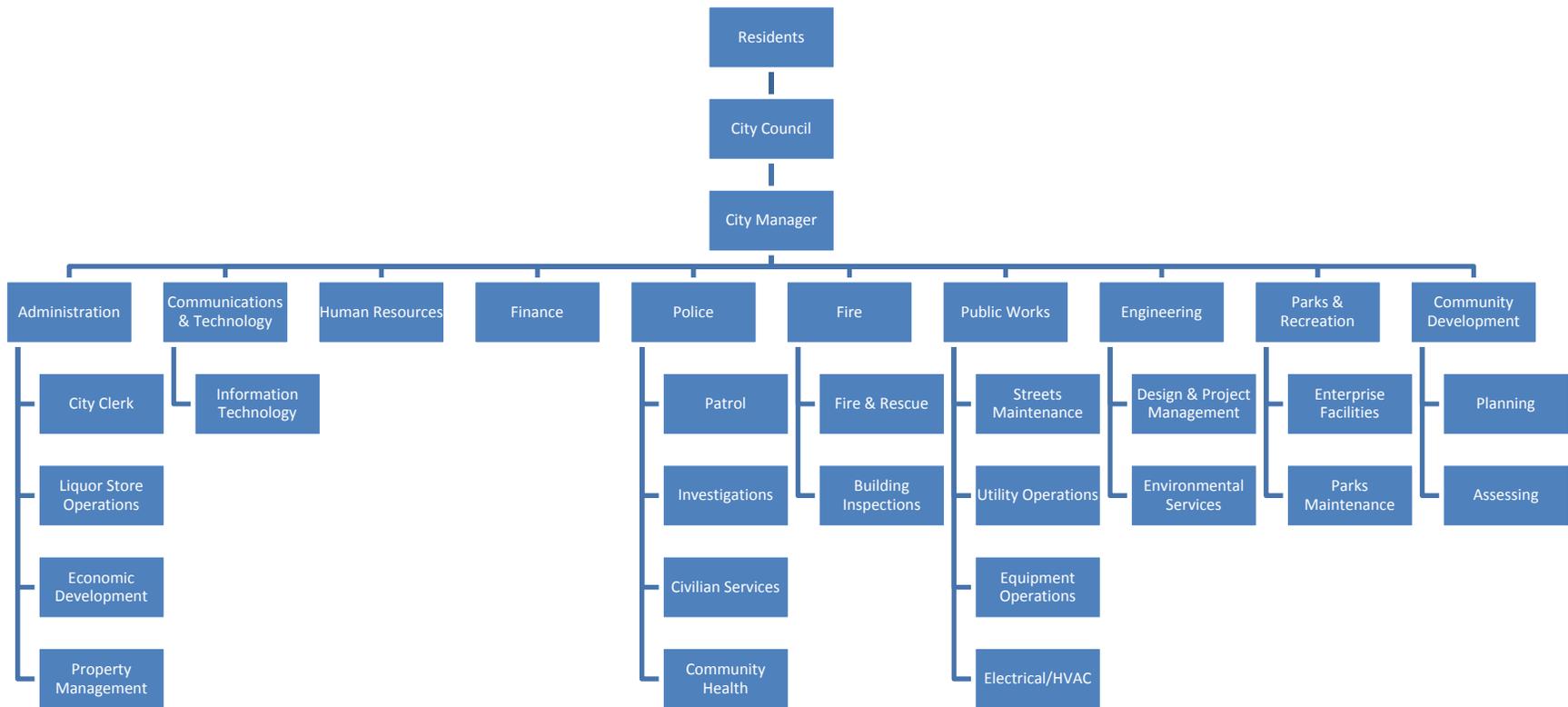
ORGANIZATION

December 31, 2011

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	<u>Term Expires</u>
Mayor: James Hovland	December 31, 2012
Council Members: Mary Brindle	December 31, 2012
Ann Swenson	December 31, 2012
Joni Bennett	December 31, 2014
Josh Sprague	December 31, 2014
City Manager: Scott Neal	Appointed
Finance Director/Treasurer: John Wallin	Appointed
City Clerk: Debra Mangen	Appointed

# CITY OF EDINA, MINNESOTA





PRINCIPALS

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, Minnesota (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to basic financial statements, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" during the year ended December 31, 2011.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That 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.

(continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. 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 required parts of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory section, supplementary financial information, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Malloy, Montague, Karnowski, Radoszewich, & Co., P.A.*

June 7, 2012

## 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, 2011. 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 \$197,931,816 (net assets). Of this amount, \$42,470,823 (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 \$10,018,903. \$4,502,112 of this increase is due to special assessment revenues, which help support our road reconstruction program. Also, \$3,950,174 of the increase is due to Utility revenues over expenses, which are being reinvested in new or rebuilt infrastructure according to the City's Capital Improvement Plan (CIP) and Utility Rate Study.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,906,739, a decrease of \$917,733 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,744,764 or 42% of total general fund expenditures.
- The City's total bonded debt increased by \$7,315,000 during the current fiscal year, from \$88,135,000 to \$95,450,000. The City issued new debt during the year consisting of \$14,550,000 general obligation bonds to finance various street and utility infrastructure improvement projects.

### 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 all of its other governmental and proprietary funds. A budgetary comparison statement has been provided for the general fund and all the special revenue 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 \$197,931,816 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$131,922,118 or 67%) 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 66,717,049	\$ 66,496,469	\$ 26,001,510	\$ 21,442,067	\$ 92,718,559	\$ 87,938,536
Capital assets	134,804,379	129,590,209	83,474,196	71,644,476	218,278,575	201,234,685
Total assets	<u>\$201,521,428</u>	<u>\$196,086,678</u>	<u>\$109,475,706</u>	<u>\$ 93,086,543</u>	<u>\$310,997,134</u>	<u>\$289,173,221</u>
Long-term liabilities outstanding	\$ 61,858,058	\$ 63,872,044	\$ 31,119,126	\$ 21,493,950	\$ 92,977,184	\$ 85,365,994
Other liabilities	12,158,427	10,769,501	7,929,707	5,124,813	20,088,134	15,894,314
Total liabilities	<u>\$ 74,016,485</u>	<u>\$ 74,641,545</u>	<u>\$ 39,048,833</u>	<u>\$ 26,618,763</u>	<u>\$113,065,318</u>	<u>\$101,260,308</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 75,045,018	\$ 69,783,162	\$ 56,877,100	\$ 48,807,806	\$131,922,118	\$118,590,968
Restricted	22,915,776	9,952,443	623,099	618,852	23,538,875	10,571,295
Unrestricted	29,544,149	41,709,528	12,926,674	17,041,122	42,470,823	58,750,650
Total net assets	<u>\$127,504,943</u>	<u>\$121,445,133</u>	<u>\$ 70,426,873</u>	<u>\$ 66,467,780</u>	<u>\$197,931,816</u>	<u>\$187,912,913</u>

An additional portion of the City's net assets (\$23,538,875) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$42,470,823) 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 a decrease of \$16,279,827 in unrestricted net assets, largely due to investments in new and rebuilt infrastructure made during the year.

## Management's Discussion and Analysis (Continued)

As shown below, the City's net assets increased by \$10,018,903 during the current fiscal year. Factors contributing to this change are discussed in the next two sections.

### City of Edina's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 7,733,906	\$ 7,118,171	\$ 36,892,116	\$ 35,777,795	\$ 44,626,022	\$ 42,895,966
Operating grants and contributions	1,392,892	1,162,411	135,428	373,230	1,528,320	1,535,641
Capital grants and contributions	5,770,912	13,325,431	-	-	5,770,912	13,325,431
General revenues:						
Property taxes	25,040,871	25,122,113	-	-	25,040,871	25,122,113
Other taxes	4,805,505	5,180,361	-	-	4,805,505	5,180,361
Gain on disposal of assets	131,365	35,594	-	26,574	131,365	62,168
Unrestricted investment earnings	601,250	474,444	280,438	205,965	881,688	680,409
Total revenues	<u>45,476,701</u>	<u>52,418,525</u>	<u>37,307,982</u>	<u>36,383,564</u>	<u>82,784,683</u>	<u>88,802,089</u>
Expenses:						
General government	7,013,231	6,961,082	-	-	7,013,231	6,961,082
Public safety	16,024,575	15,543,594	-	-	16,024,575	15,543,594
Public works	9,193,336	8,558,363	-	-	9,193,336	8,558,363
Parks	5,540,585	5,608,758	-	-	5,540,585	5,608,758
Interest on long-term debt	2,339,370	2,528,424	-	-	2,339,370	2,528,424
Utilities	-	-	12,130,685	11,848,538	12,130,685	11,848,538
Liquor	-	-	11,727,106	11,594,643	11,727,106	11,594,643
Aquatic center	-	-	718,027	769,608	718,027	769,608
Golf course	-	-	3,390,949	3,561,573	3,390,949	3,561,573
Community activity centers	-	-	4,687,916	4,492,779	4,687,916	4,492,779
Total expenses	<u>40,111,097</u>	<u>39,200,221</u>	<u>32,654,683</u>	<u>32,267,141</u>	<u>72,765,780</u>	<u>71,467,362</u>
Increase in net assets before transfers	5,365,604	13,218,304	4,653,299	4,116,423	10,018,903	17,334,727
Transfers	<u>694,206</u>	<u>765,994</u>	<u>(694,206)</u>	<u>(765,994)</u>	<u>-</u>	<u>-</u>
Increase in net assets	6,059,810	13,984,298	3,959,093	3,350,429	10,018,903	17,334,727
Net assets - January 1	<u>121,445,133</u>	<u>107,460,835</u>	<u>66,467,780</u>	<u>63,117,351</u>	<u>187,912,913</u>	<u>170,578,186</u>
Net assets - December 31	<u>\$127,504,943</u>	<u>\$121,445,133</u>	<u>\$ 70,426,873</u>	<u>\$ 66,467,780</u>	<u>\$197,931,816</u>	<u>\$187,912,913</u>

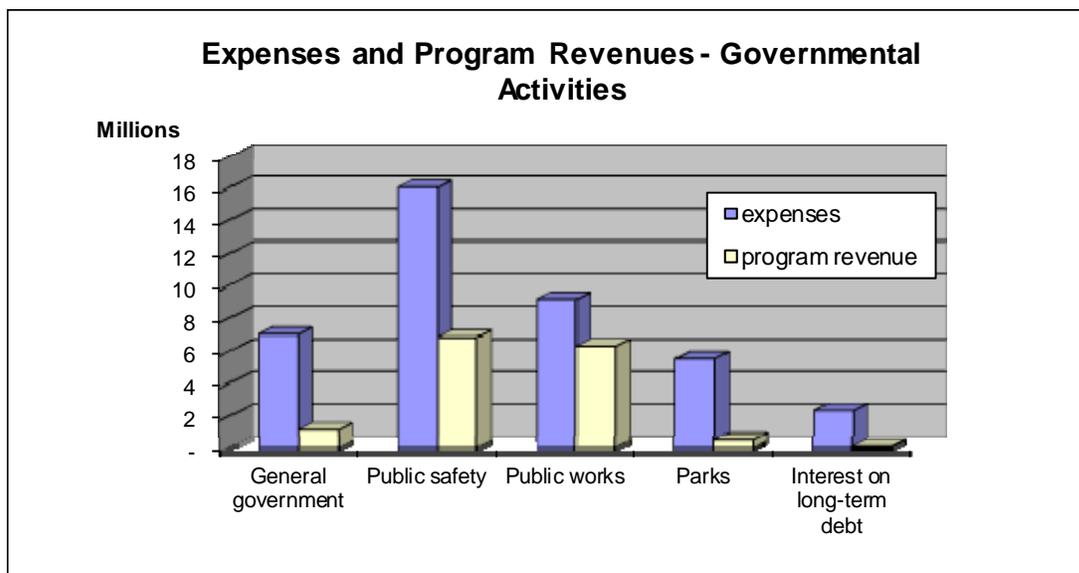
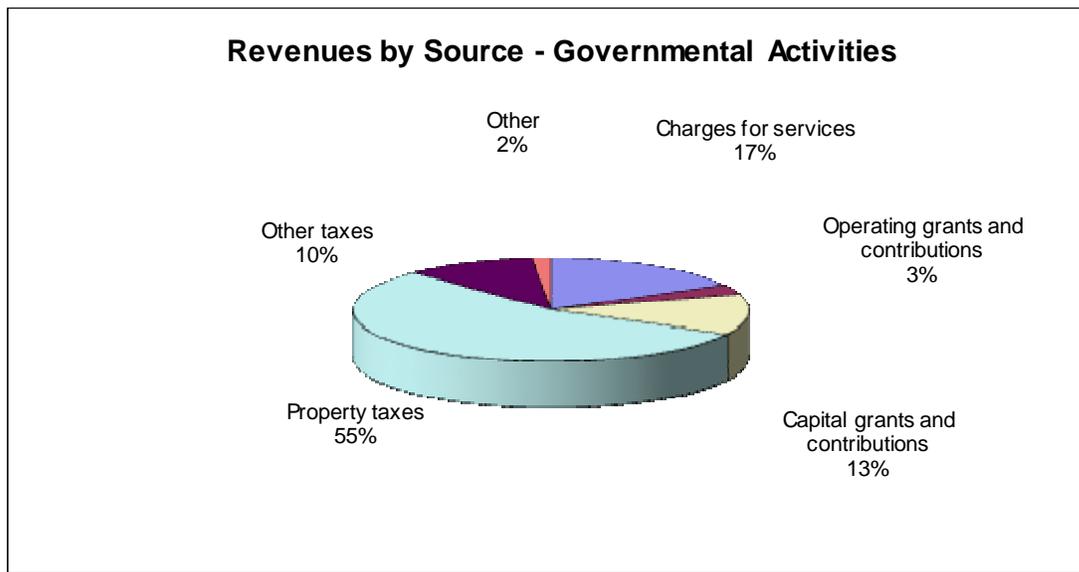
## Management's Discussion and Analysis (Continued)

### Governmental Activities

Governmental activities increased the City's net assets by \$6,059,810, accounting for 60% of the total growth in net assets. Key elements of this increase are as follows:

- Property tax revenues decreased by \$81,242 (0.3%) during the year, which less than the property tax levy increase of 1% outlined in our 2011 budget due to several commercial property tax petitions, judgments and settlements during the year.
- The City also collected \$4,083,345 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.
- The debt service fund paid a total of \$4,480,000 in principal payments during 2011, including the tax increment debt.

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

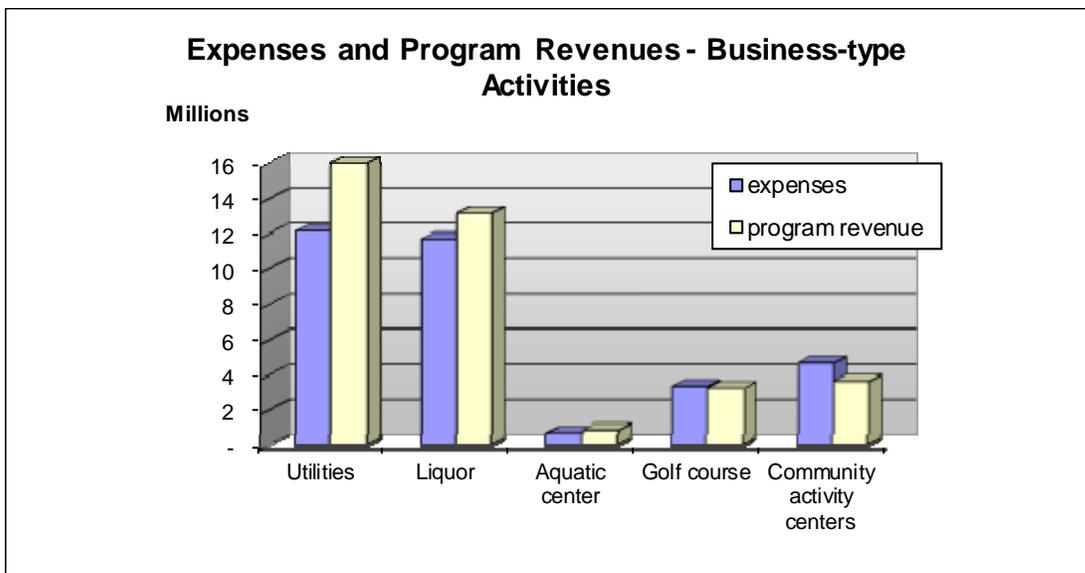
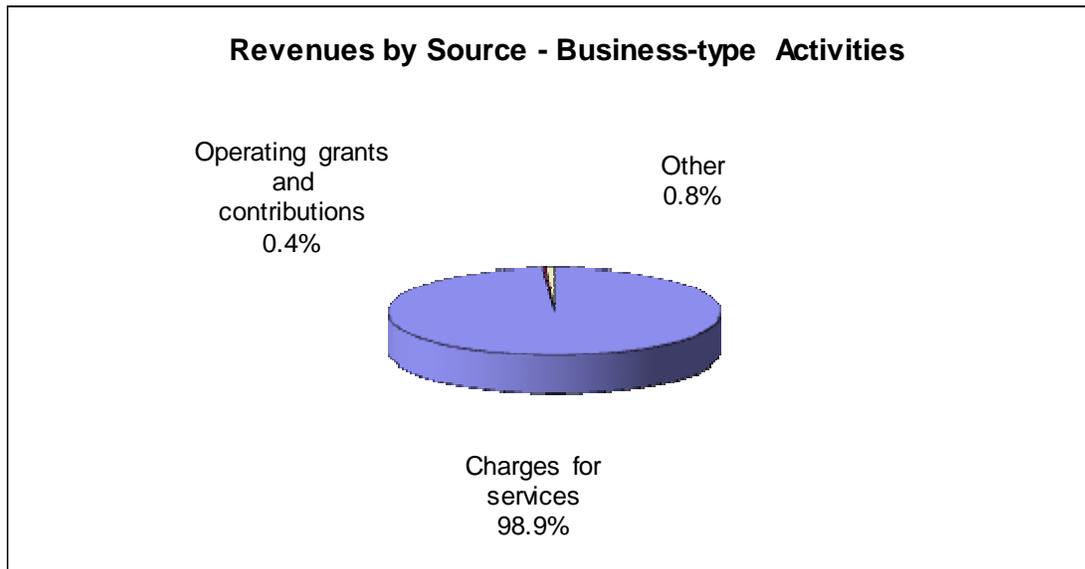


## Management's Discussion and Analysis (Continued)

### Business-type Activities

Business-type activities increased net assets by \$3,959,093 accounting for 40% of the City's growth in net assets. Key elements of the current year increase are as follows:

- The utility fund had income before transfers of \$3,950,174 for 2011. This additional revenue is used to invest in new and rebuilt utility infrastructure according to the City's CIP and utility rate study.
- Business-type activities made net transfers of \$694,206 to governmental activities during 2011 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, unassigned 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 \$48,906,739, a decrease of \$917,733 in comparison with the prior year. Approximately 24% of this total amount (\$11,744,764) constitutes unassigned fund balance. The remainder of the fund balance is 1) nonspendable due to prepaid items (\$10,871), 2) restricted by external creditors, grantors, laws or regulations (\$27,512,883), or 3) assigned by internal constraints (\$9,638,221).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,744,764. As a measure of the general fund's liquidity, unassigned fund balance represents 42% of total general fund expenditures.

The fund balance of the City's general fund increased by \$594,006 during the current fiscal year. Key factors in this increase are as follows:

- Total general fund revenues were \$1,164,609 over budget, including higher than expected building permit activity. General fund license and permit revenues increased by 13% in the current fiscal year after a 14.5% increase in 2010.
- Total general fund expenditures were \$730,247 under budget. Much of this savings occurred in the street maintenance and parks maintenance departments, which spent less than budgeted on salaries and benefits due to position openings and paths and hard surfaces repair.
- The liquor fund transferred \$765,100 of profits to the general fund, as planned in the 2011 budget.
- The remaining funds of the communications fund were also transferred into the general fund, as the communications department is budgeted in the general fund beginning in 2012.
- Transfers out of the general fund totaled \$2,483,530 for a variety of purposes planned as part of the 2012 budget process.

The Housing and Redevelopment Authority fund balance increased by \$2,865,432 in the current fiscal year because there were no large spending projects financed from tax increment funds during the year.

The debt service fund has a total fund balance of \$8,068,183, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$1,963,325. Fund balance increased during the year as the result of \$1,328,530 transfer made from the general fund for the early retirement of some debt, as specified by the adopted 2012 budget.

The construction fund balance decreased by \$5,320,461 in 2011 due to capital outlay related to various projects including the new public works facility. Construction on the \$22 million dollar facility was nearly completed in 2011, even though the debt used to finance it was issued in previous years. Also, new debt was issued in 2011 to help finance various street improvement projects.

## **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 \$9,752,721. The total growth in net assets was \$3,850,174. Operating revenues and expenses in the utilities fund increased by 5.6% and 2.9%, respectively, in 2011, due to rate increases that are intended to help replace aging infrastructure. The City invested \$11,222,480 in utility fund capital assets during 2011.

Unrestricted net assets of the liquor fund at the end of the year amounted to \$1,582,468. Total net assets increased by \$190,278. The liquor fund continues to transfer profits back into other City funds, including the general, construction, golf course, arena and art center funds. The liquor fund made transfers totaling \$1,255,100 to other funds during 2011. The majority of this amount (\$765,100) 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 \$473,338. Aquatic center revenues decreased slightly from 2010 due to more favorable weather for the aquatic center in 2010. The aquatic center remains profitable and has started construction on a significant new amenity planned for a summer 2012 opening.

Unrestricted net assets of the golf course fund at the end of the year amounted to a deficit of (\$1,411,681), an increase of \$36,752 from the prior year. Unrestricted net assets have been declining or essentially flat 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.

### **General Fund Budgetary Highlights**

During the year there was a \$1,495,751 increase in appropriations between the original and final amended budget. The increase was a transfer to the construction and debt service funds of unreserved and undesignated general fund balance according to the City's previous fund balance policy, before it was revised in December 2011 to comply with new terminology and concepts introduced by GASB Statement No. 54.

During the year, revenues were \$1,164,609 more than budget, as the improving economy affected our permits and charges for services revenues. The largest increase from 2010 was in the licenses and permits category, which exceeded budget by \$378,834.

Many City departments were under budget for the year, particularly the street maintenance department, which was under staffed during the year because positions that came open through attrition were not immediately filled. The parks maintenance department was under budget due partially to lower than expected paths and hard surfaces repair spending. The City also saved money through lower than expected fuel, commodities, and insurance prices.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2011, amounted to \$218,278,575 (net of accumulated depreciation). This investment in capital assets included land, land improvements, intangible assets such as easements, infrastructure assets (roads, bridges, sidewalks, and similar items), buildings, vehicles and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 8.5 percent (a 4 percent increase for governmental activities and a 16.5 percent 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 continued construction on a new public works facility in 2011; construction in progress as of the close of the fiscal year has reached \$22,269,941.
- A variety of street construction, sidewalk and traffic signal projects began in 2011.
- Construction started on water treatment plant #6, with an estimated final cost of approximately \$6 million dollars.
- A variety of utility infrastructure improvements, including watermain, sanitary and storm sewer; construction in progress as of the close of the fiscal year reached \$12,660,630.

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

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land and land improvements	\$ 24,630,058	\$ 26,867,389	\$ 4,281,650	\$ 4,497,718	\$ 28,911,708	\$ 31,365,107
Easements	111,000	-	-	-	111,000	-
Buildings and improvements	36,293,919	37,983,299	7,757,607	5,608,857	44,051,526	43,592,156
Machinery and equipment	7,561,749	7,419,573	2,334,264	2,601,682	9,896,013	10,021,255
Infrastructure	32,901,599	32,138,548	54,318,904	53,486,360	87,220,503	85,624,908
Construction in progress	33,306,054	25,181,400	14,781,771	5,449,859	48,087,825	30,631,259
Total	<u>\$ 134,804,379</u>	<u>\$ 129,590,209</u>	<u>\$ 83,474,196</u>	<u>\$ 71,644,476</u>	<u>\$ 218,278,575</u>	<u>\$ 201,234,685</u>

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 \$95,450,000, an increase of \$7,315,000 from 2010. This increase resulted from the payment of previously scheduled principal payments offset by \$14,550,000 in new debt issued.

\$29,700,000 is for general obligation improvement debt that is supported by property tax levies and special assessments. This amount decreased from 2010 due to regularly scheduled principal payments made during the year.

\$18,260,000 is for permanent improvement revolving (PIR) bonds, which finance the City's special assessment program. This amount increased from 2010 due to a new debt issue to finance the cost of various improvement projects.

An additional \$2,480,000 of general obligation tax increment debt financed the City's economic development program. This amount decreased in 2011 due to regularly scheduled principal payments on outstanding issues.

Also outstanding is \$13,160,000 public project revenue bonds which financed two gymnasiums and the new public works facility. This amount decreased in 2011 due to regularly scheduled principal payments on outstanding issues.

There is a total of \$31,850,000 in revenue bonds for improvements to the enterprise funds. This amount increased \$8,475,000 during the year due to issuance of new bonds to finance the cost of various utility infrastructure improvements.

## Management's Discussion and Analysis (Continued)

### City of Edina's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Tax increment bonds	\$ 2,480,000	\$ 3,320,000	\$ -	\$ -	\$ 2,480,000	\$ 3,320,000
General obligation bonds	29,700,000	31,800,000	-	-	29,700,000	31,800,000
Public improvement bonds	18,260,000	16,270,000	-	-	18,260,000	16,270,000
Public project revenue bonds	13,160,000	13,370,000	-	-	13,160,000	13,370,000
Revenue bonds	-	-	31,850,000	23,375,000	31,850,000	23,375,000
Total	<u>\$ 63,600,000</u>	<u>\$ 64,760,000</u>	<u>\$ 31,850,000</u>	<u>\$ 23,375,000</u>	<u>\$ 95,450,000</u>	<u>\$ 88,135,000</u>

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

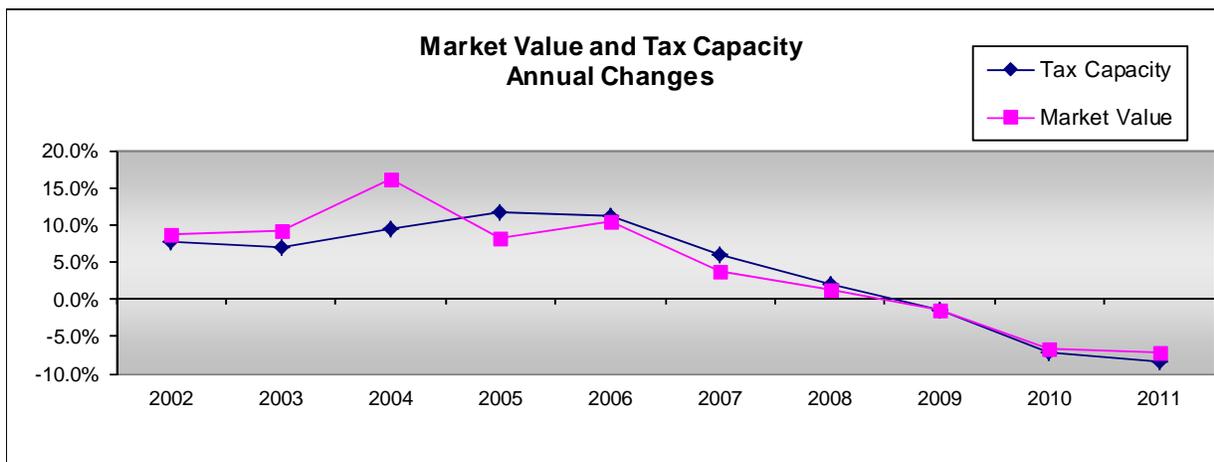
State statutes limit the amount of general obligation debt a Minnesota city may issue up to 3% of total Estimated Market Value. The current debt limitation for the City is \$282,958,227. Only \$42,860,000 of the City's outstanding debt is counted within the statutory limitation.

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 relatively healthy local economy helps to make this goal a reality. The unemployment rate in Edina for December 2011 was 5.25%, 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-five percent of seniors go to college and eighty-six percent finish in five years.

Property values in Edina increased at a rapid pace for several years through 2006, but values have declined since then. Estimated market value of all real estate actually decreased 7.1% for taxes payable in 2011.



## **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 decreased 8.3% for taxes payable in 2011, but had been positive from 2002 through 2008.

Due to the increases in market value and tax capacity since 2002, property tax rates had been decreasing through 2007, although tax rates now appear to be rising slightly.

All of these factors above were considered in preparing the City's budget for the 2012 fiscal year. The City's adopted 2012 budget includes a property tax levy of \$26,248,226 for the all funds, an increase of 1.8% from the 2011 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 50<sup>th</sup> Street, Edina, Minnesota 55424. The City's Comprehensive Annual Financial Report can also be found on the internet at [www.cityofedina.com](http://www.cityofedina.com).

**CITY OF EDINA, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
December 31, 2011

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 11,332	\$ 41,132	\$ 52,464
Investments	50,573,378	12,298,702	62,872,080
Restricted investments	2,087,548	5,771,731	7,859,279
Accrued interest	188,692	25,582	214,274
Accounts receivable, net	609,850	3,788,738	4,398,588
Special assessments receivable	11,196,888	513,259	11,710,147
Internal balances	(891,580)	891,580	-
Due from other governments	416,255	6,438	422,693
Prepaid items	10,871	353,675	364,546
Inventory	-	1,138,560	1,138,560
Total current assets	<u>64,203,234</u>	<u>24,829,397</u>	<u>89,032,631</u>
Noncurrent assets:			
Advances to other funds	-	1,000,000	1,000,000
Deferred charges	929,350	172,113	1,101,463
Investment in joint powers agreement	1,584,465	-	1,584,465
Nondepreciable capital assets	49,398,418	15,870,736	65,269,154
Depreciable capital assets (net)	85,405,961	67,603,460	153,009,421
Total noncurrent assets	<u>137,318,194</u>	<u>84,646,309</u>	<u>221,964,503</u>
Total assets	<u>201,521,428</u>	<u>109,475,706</u>	<u>310,997,134</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	1,960,698	587,070	2,547,768
Salaries payable	967,020	259,649	1,226,669
Accrued interest payable	926,455	365,053	1,291,508
Contracts payable	605,567	3,248,961	3,854,528
Due to other governments	315,563	83,681	399,244
Deposits payable	28,084	112,216	140,300
Unearned revenue	153,970	52,733	206,703
Compensated absences payable	1,531,070	340,344	1,871,414
Bonds payable	5,670,000	2,880,000	8,550,000
Total current liabilities	<u>12,158,427</u>	<u>7,929,707</u>	<u>20,088,134</u>
Noncurrent liabilities:			
Net OPEB obligation	907,565	119,780	1,027,345
Compensated absences payable	2,296,604	510,519	2,807,123
Bonds payable, net of unamortized discount	58,653,889	29,488,827	88,142,716
Advances from other funds	-	1,000,000	1,000,000
Total noncurrent liabilities	<u>61,858,058</u>	<u>31,119,126</u>	<u>92,977,184</u>
Total liabilities	<u>74,016,485</u>	<u>39,048,833</u>	<u>113,065,318</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	75,045,018	56,877,100	131,922,118
Restricted for tax increments	13,680,570	-	13,680,570
Restricted for debt service	8,068,183	623,099	8,691,282
Restricted for other	1,167,023	-	1,167,023
Unrestricted	29,544,149	12,926,674	42,470,823
Total net assets	<u>\$ 127,504,943</u>	<u>\$ 70,426,873</u>	<u>\$ 197,931,816</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, 2011

<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	\$ 7,013,231	\$ 969,745	\$ 163,516	\$ -
Public safety	16,024,575	5,988,485	845,011	-
Public works	9,193,336	378,233	195,000	5,742,169
Parks	5,540,585	397,443	87,389	28,743
Interest on long-term debt	2,339,370	-	101,976	-
Total government activities	<u>40,111,097</u>	<u>7,733,906</u>	<u>1,392,892</u>	<u>5,770,912</u>
Business-type activities:				
Utilities	12,130,685	15,873,937	118,351	-
Liquor	11,727,106	13,172,484	-	-
Aquatic center	718,027	913,383	-	-
Golf course	3,390,949	3,285,741	-	-
Community activity centers	4,687,916	3,646,571	17,077	-
Total business-type activities	<u>32,654,683</u>	<u>36,892,116</u>	<u>135,428</u>	<u>-</u>
Total primary government	<u>\$ 72,765,780</u>	<u>\$ 44,626,022</u>	<u>\$ 1,528,320</u>	<u>\$ 5,770,912</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
	\$ (5,879,970)	\$ -	\$ (5,879,970)
	(9,191,079)	-	(9,191,079)
	(2,877,934)	-	(2,877,934)
	(5,027,010)	-	(5,027,010)
	<u>(2,237,394)</u>	<u>-</u>	<u>(2,237,394)</u>
	<u>(25,213,387)</u>	<u>-</u>	<u>(25,213,387)</u>
	-	3,861,603	3,861,603
	-	1,445,378	1,445,378
	-	195,356	195,356
	-	(105,208)	(105,208)
	-	<u>(1,024,268)</u>	<u>(1,024,268)</u>
	<u>-</u>	<u>4,372,861</u>	<u>4,372,861</u>
	<u>(25,213,387)</u>	<u>4,372,861</u>	<u>(20,840,526)</u>
General revenues:			
Property taxes	25,040,871	-	25,040,871
Tax increment collections	4,083,345	-	4,083,345
Franchise taxes	722,160	-	722,160
Unrestricted investment earnings	601,250	280,438	881,688
Gain on disposal of capital assets	131,365	-	131,365
Transfers	694,206	<u>(694,206)</u>	<u>-</u>
Total general revenues and transfers	<u>31,273,197</u>	<u>(413,768)</u>	<u>30,859,429</u>
Change in net assets	6,059,810	3,959,093	10,018,903
Net assets - beginning	<u>121,445,133</u>	<u>66,467,780</u>	<u>187,912,913</u>
Net assets - ending	<u>\$ 127,504,943</u>	<u>\$ 70,426,873</u>	<u>\$ 197,931,816</u>

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**CITY OF EDINA, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2011

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ 6,279	\$ -	\$ -	\$ 5,053	\$ 11,332
Unrestricted investments	14,807,041	16,882,598	8,401,924	9,992,195	489,620	50,573,378
Restricted investments	-	-	-	2,087,548	-	2,087,548
Accrued interest	35,205	103,250	14,948	34,420	869	188,692
Accounts receivable	591,535	-	-	17,215	1,100	609,850
Special assessments receivable	-	-	9,980,167	1,216,721	-	11,196,888
Due from other funds	64,899	-	-	-	471,377	536,276
Due from other governments	247,317	32,822	20,556	9,779	105,781	416,255
Prepaid items	10,871	-	-	-	-	10,871
<b>Total assets</b>	<b>\$ 15,756,868</b>	<b>\$ 17,024,949</b>	<b>\$ 18,417,595</b>	<b>\$ 13,357,878</b>	<b>\$ 1,073,800</b>	<b>\$ 65,631,090</b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 679,646	\$ 539,265	\$ 4,100	\$ 734,615	\$ 3,072	\$ 1,960,698
Salaries payable	963,254	-	-	3,766	-	967,020
Contracts payable	-	-	-	605,567	-	605,567
Due to other funds	346,100	64,899	341,260	593,597	82,000	1,427,856
Due to other governments	74,403	230,656	9,887	617	-	315,563
Deposits payable	15,159	-	-	12,925	-	28,084
Unearned revenue	153,970	-	-	-	-	153,970
Deferred revenue	51,120	-	9,994,165	1,220,308	-	11,265,593
<b>Total liabilities</b>	<b>2,283,652</b>	<b>834,820</b>	<b>10,349,412</b>	<b>3,171,395</b>	<b>85,072</b>	<b>16,724,351</b>
<b>Fund balance:</b>						
Nonspendable	10,871	-	-	-	-	10,871
Restricted	178,295	16,190,129	8,068,183	2,087,548	988,728	27,512,883
Assigned	1,539,286	-	-	8,098,935	-	9,638,221
Unassigned	11,744,764	-	-	-	-	11,744,764
<b>Total fund balance</b>	<b>13,473,216</b>	<b>16,190,129</b>	<b>8,068,183</b>	<b>10,186,483</b>	<b>988,728</b>	<b>48,906,739</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,756,868</b>	<b>\$ 17,024,949</b>	<b>\$ 18,417,595</b>	<b>\$ 13,357,878</b>	<b>\$ 1,073,800</b>	<b>\$ 65,631,090</b>
Fund balance reported above						\$ 48,906,739
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						134,804,379
Investment in joint powers agreement are not available to pay for current-period expenditures, and therefore, are not reported in the funds						1,584,465
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds						11,265,593
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.						(69,056,233)
<b>Net assets of governmental activities</b>						<b>\$ 127,504,943</b>

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, 2011

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
General property taxes	\$ 20,607,645	\$ -	\$ 3,722,300	\$ 642,221	\$ -	\$ 24,972,166
Tax increment collections	-	4,083,345	-	-	-	4,083,345
Franchise fees	-	-	-	-	722,160	722,160
Special assessments	-	-	2,466,394	2,035,718	-	4,502,112
License and permits	2,688,324	-	-	36,439	-	2,724,763
Intergovernmental	918,726	-	101,976	1,867,831	171,431	3,059,964
Charges for services	3,107,866	-	-	58,682	15,413	3,181,961
Fines and forfeitures	1,128,328	-	-	-	115,098	1,243,426
Investment income	59,849	319,825	66,188	96,589	58,799	601,250
Rental of property	538,269	-	-	822	-	539,091
Other revenues	38,815	-	-	44,008	73,408	156,231
Total revenues	<u>29,087,822</u>	<u>4,403,170</u>	<u>6,356,858</u>	<u>4,782,310</u>	<u>1,156,309</u>	<u>45,786,469</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	4,188,989	576,196	-	90,697	883,599	5,739,481
Public safety	14,490,117	-	-	74,682	103,973	14,668,772
Public works	5,756,283	-	-	244,256	-	6,000,539
Parks	3,522,677	-	-	105,153	6,092	3,633,922
<b>Capital outlay:</b>						
General government	-	-	-	679,538	-	679,538
Public safety	-	-	-	1,104,449	-	1,104,449
Public works	-	-	-	11,753,859	-	11,753,859
Parks	-	27,183	-	670,467	-	697,650
<b>Debt service:</b>						
Bond principal	-	-	4,480,000	-	-	4,480,000
Interest and fiscal charges	-	-	2,278,068	-	-	2,278,068
Total expenditures	<u>27,958,066</u>	<u>603,379</u>	<u>6,758,068</u>	<u>14,723,101</u>	<u>993,664</u>	<u>51,036,278</u>
Revenues over (under) expenditures	<u>1,129,756</u>	<u>3,799,791</u>	<u>(401,210)</u>	<u>(9,940,791)</u>	<u>162,645</u>	<u>(5,249,809)</u>
<b>Other financing sources (uses):</b>						
Transfers in	1,947,780	-	2,262,889	1,405,000	-	5,615,669
Transfers out	(2,483,530)	(934,359)	-	(320,894)	(1,182,680)	(4,921,463)
Sale of capital assets	-	-	-	209,773	-	209,773
Bonds issued	-	-	101,646	3,218,354	-	3,320,000
Premium on bonds issued	-	-	-	108,097	-	108,097
Total other financing sources (uses)	<u>(535,750)</u>	<u>(934,359)</u>	<u>2,364,535</u>	<u>4,620,330</u>	<u>(1,182,680)</u>	<u>4,332,076</u>
Net increase (decrease) in fund balance	594,006	2,865,432	1,963,325	(5,320,461)	(1,020,035)	(917,733)
Fund balance - January 1	<u>12,879,210</u>	<u>13,324,697</u>	<u>6,104,858</u>	<u>15,506,944</u>	<u>2,008,763</u>	<u>49,824,472</u>
Fund balance - December 31	<u>\$ 13,473,216</u>	<u>\$ 16,190,129</u>	<u>\$ 8,068,183</u>	<u>\$ 10,186,483</u>	<u>\$ 988,728</u>	<u>\$ 48,906,739</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, 2011

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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 26) \$ (917,733)

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. 6,877,043

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. (78,408)

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. (441,133)

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. 1,070,591

Some expenses reported in the statement of activities do not require the use of current financial resources (OPEB obligations, accrued interest and amortization on debt and compensated absences payable) and, therefore, are not reported as expenditures in governmental funds. (450,550)

Change in net assets of governmental activities (page 23) \$ 6,059,810

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

**CITY OF EDINA, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
December 31, 2011

	Business-type Activities - Enterprise Funds					Total
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 41,132	\$ 41,132
Unrestricted investments	9,631,620	-	-	-	2,667,082	12,298,702
Restricted investments	5,771,731	-	-	-	-	5,771,731
Interest receivable	12,616	-	-	-	12,966	25,582
Accounts receivable, net	3,667,389	-	-	-	121,349	3,788,738
Special assessments receivable	513,259	-	-	-	-	513,259
Due from other funds	-	1,208,710	361,362	-	157,302	1,727,374
Due from other governments	6,438	-	-	-	-	6,438
Prepaid expenses	353,675	-	-	-	-	353,675
Inventory	18,725	1,027,018	-	80,492	12,325	1,138,560
<b>Total current assets</b>	<b>19,975,453</b>	<b>2,235,728</b>	<b>361,362</b>	<b>80,492</b>	<b>3,012,156</b>	<b>25,665,191</b>
<b>Noncurrent assets:</b>						
Advances to other funds	-	-	1,000,000	-	-	1,000,000
Deferred charges	136,982	-	6,001	3,776	25,354	172,113
Net capital assets	69,535,583	1,197,809	2,072,562	4,345,834	6,322,408	83,474,196
<b>Total noncurrent assets</b>	<b>69,672,565</b>	<b>1,197,809</b>	<b>3,078,563</b>	<b>4,349,610</b>	<b>6,347,762</b>	<b>84,646,309</b>
<b>Total assets</b>	<b>89,648,018</b>	<b>3,433,537</b>	<b>3,439,925</b>	<b>4,430,102</b>	<b>9,359,918</b>	<b>110,311,500</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	162,833	260,237	738	48,328	114,934	587,070
Salaries payable	62,403	63,085	-	49,969	84,192	259,649
Accrued interest payable	317,052	-	7,277	5,891	34,833	365,053
Contracts payable	2,986,053	-	262,908	-	-	3,248,961
Due to other funds	751,547	-	-	84,247	-	835,794
Due to other governments	9,643	54,602	3	5,128	14,305	83,681
Deposits payable	112,216	-	-	-	-	112,216
Unearned revenue	-	6,731	-	37,867	8,135	52,733
Compensated absences payable	60,491	99,204	-	94,277	86,372	340,344
Bonds payable - current	2,360,000	-	135,000	285,000	100,000	2,880,000
<b>Total current liabilities</b>	<b>6,822,238</b>	<b>483,859</b>	<b>405,926</b>	<b>610,707</b>	<b>442,771</b>	<b>8,765,501</b>
<b>Noncurrent liabilities:</b>						
Net OPEB obligation	35,008	20,594	-	28,826	35,352	119,780
Compensated absences payable	90,737	148,807	-	141,416	129,559	510,519
Bonds payable, net of unamortized discounts	26,439,843	-	463,354	313,329	2,272,301	29,488,827
Advances from other funds	-	-	-	1,000,000	-	1,000,000
<b>Total noncurrent liabilities</b>	<b>26,565,588</b>	<b>169,401</b>	<b>463,354</b>	<b>1,483,571</b>	<b>2,437,212</b>	<b>31,119,126</b>
<b>Total liabilities</b>	<b>33,387,826</b>	<b>653,260</b>	<b>869,280</b>	<b>2,094,278</b>	<b>2,879,983</b>	<b>39,884,627</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	46,507,471	1,197,809	1,474,208	3,747,505	3,950,107	56,877,100
Restricted for debt service	-	-	623,099	-	-	623,099
Unrestricted	9,752,721	1,582,468	473,338	(1,411,681)	2,529,828	12,926,674
<b>Total net assets</b>	<b>\$ 56,260,192</b>	<b>\$ 2,780,277</b>	<b>\$ 2,570,645</b>	<b>\$ 2,335,824</b>	<b>\$ 6,479,935</b>	<b>\$ 70,426,873</b>

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, 2011

	Business-type Activities - Enterprise Funds					
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	Total
Operating revenues:						
Sales - liquor	\$ -	\$ 12,904,363	\$ -	\$ 145,492	\$ -	\$ 13,049,855
Sales - retail	-	268,121	4,466	230,865	41,706	545,158
Sales - utilities	15,560,607	-	-	-	-	15,560,607
Sales - concessions	-	-	117,148	203,598	85,556	406,302
Memberships	-	-	418,982	108,978	87,492	615,452
Admissions	-	-	333,889	313,735	767,123	1,414,747
Building rental	-	-	38,898	87,081	1,377,571	1,503,550
Rental of equipment	-	-	-	335,161	119,230	454,391
Greens fees	-	-	-	1,517,962	179,615	1,697,577
Other fees	310,495	-	-	338,353	988,278	1,637,126
Total operating revenues	<u>15,871,102</u>	<u>13,172,484</u>	<u>913,383</u>	<u>3,281,225</u>	<u>3,646,571</u>	<u>36,884,765</u>
Operating expenses:						
Cost of sales and services	1,862	9,648,160	31,115	320,132	104,853	10,106,122
Personal services	1,636,444	1,265,572	284,211	1,564,676	1,991,212	6,742,115
Contractual services	6,202,412	490,303	94,850	628,347	1,333,023	8,748,935
Commodities	751,191	61,182	61,400	329,006	422,596	1,625,375
Central Services	526,452	194,491	22,804	128,266	169,778	1,041,791
Depreciation	2,319,927	67,398	194,456	412,683	581,999	3,576,463
Total operating expenses	<u>11,438,288</u>	<u>11,727,106</u>	<u>688,836</u>	<u>3,383,110</u>	<u>4,603,461</u>	<u>31,840,801</u>
Operating income (loss)	<u>4,432,814</u>	<u>1,445,378</u>	<u>224,547</u>	<u>(101,885)</u>	<u>(956,890)</u>	<u>5,043,964</u>
Nonoperating revenues (expenses):						
Intergovernmental	118,351	-	-	-	-	118,351
Investment income	88,571	-	-	-	191,867	280,438
Donations	-	-	-	-	17,077	17,077
Interest and fiscal charges	(705,482)	-	(14,713)	(11,928)	(83,733)	(815,856)
Amortization of bond deferred charges (discounts)	13,085	-	(593)	(447)	(722)	11,323
Gain (loss) on sale of capital asset	-	-	(13,885)	4,536	-	(9,349)
Miscellaneous	2,835	-	-	4,516	-	7,351
Total nonoperating revenues (expenses)	<u>(482,640)</u>	<u>-</u>	<u>(29,191)</u>	<u>(3,323)</u>	<u>124,489</u>	<u>(390,665)</u>
Income (loss) before transfers	<u>3,950,174</u>	<u>1,445,378</u>	<u>195,356</u>	<u>(105,208)</u>	<u>(832,401)</u>	<u>4,653,299</u>
Transfers:						
Transfers in	-	-	-	100,000	4,690,587	4,790,587
Transfers out	(100,000)	(1,255,100)	-	-	(4,129,693)	(5,484,793)
Total transfers	<u>(100,000)</u>	<u>(1,255,100)</u>	<u>-</u>	<u>100,000</u>	<u>560,894</u>	<u>(694,206)</u>
Change in net assets	3,850,174	190,278	195,356	(5,208)	(271,507)	3,959,093
Net assets - January 1	<u>52,410,018</u>	<u>2,589,999</u>	<u>2,375,289</u>	<u>2,341,032</u>	<u>6,751,442</u>	<u>66,467,780</u>
Net assets - December 31	<u>\$ 56,260,192</u>	<u>\$ 2,780,277</u>	<u>\$ 2,570,645</u>	<u>\$ 2,335,824</u>	<u>\$ 6,479,935</u>	<u>\$ 70,426,873</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, 2011

	Business-type Activities - Enterprise Funds					
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	Total
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 15,220,562	\$ 13,175,208	\$ 913,383	\$ 3,262,827	\$ 3,599,542	\$ 36,171,522
Payment to suppliers	(7,697,569)	(10,319,545)	(211,430)	(1,438,357)	(2,170,241)	(21,837,142)
Payment to employees	(1,671,380)	(1,286,201)	(287,091)	(1,528,687)	(2,074,938)	(6,848,297)
Donations received	-	-	-	-	17,077	17,077
Miscellaneous received	2,835	-	-	4,516	-	7,351
Net cash provided by (used in) operating activities	5,854,448	1,569,462	414,862	300,299	(628,560)	7,510,511
<b>Cash flows from noncapital financing activities:</b>						
State grant	118,351	-	-	-	-	118,351
Transfer from other funds	-	-	-	100,000	271,742	371,742
Transfer to other funds	(100,000)	(1,255,100)	-	-	(31,742)	(1,386,842)
Proceeds from interfund borrowing	751,547	890,000	1,298,000	1,084,247	220,000	4,243,794
Payment of interfund borrowing	(135,000)	(1,208,710)	(1,361,362)	(1,110,000)	(165,302)	(3,980,374)
Net cash provided by (used in) noncapital financing activities	634,898	(1,573,810)	(63,362)	74,247	294,698	(633,329)
<b>Cash flows from capital and related financing activities:</b>						
Transfer from other funds	-	-	-	-	320,894	320,894
Proceeds from capital debt	11,527,236	-	-	-	-	11,527,236
Acquisition of capital assets	(11,222,480)	-	(454,603)	(89,608)	(477,686)	(12,244,377)
Proceeds from sale of capital assets	-	-	-	6,750	-	6,750
Principal paid on bonds	(2,270,000)	-	(125,000)	(280,000)	(80,000)	(2,755,000)
Interest paid on bonds	(693,285)	-	(15,949)	(14,699)	(84,400)	(808,333)
Net cash provided by (used in) capital and related financing activities	(2,658,529)	-	(595,552)	(377,557)	(321,192)	(3,952,830)
<b>Cash flows from investing activities:</b>						
Proceeds from sale of investments	14,003,000	-	-	-	564,979	14,567,979
Purchase of investments	(17,906,067)	-	-	-	-	(17,906,067)
Interest received	71,921	-	-	-	123,861	195,782
Net cash flows provided by (used in) investing activities	(3,831,146)	-	-	-	688,840	(3,142,306)
Net increase (decrease) in cash and cash equivalents	(329)	(4,348)	(244,052)	(3,011)	33,786	(217,954)
Cash and cash equivalents - January 1	329	4,348	244,052	3,011	7,346	259,086
Cash and cash equivalents - December 31	\$ -	\$ -	\$ -	\$ -	\$ 41,132	\$ 41,132

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, 2011

	Business-type Activities - Enterprise Funds					
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	Total
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 4,432,814	\$ 1,445,378	\$ 224,547	\$ (101,885)	\$ (956,890)	\$ 5,043,964
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:						
Depreciation	2,319,927	67,398	194,456	412,683	581,999	3,576,463
Donations	-	-	-	-	17,077	17,077
Miscellaneous revenue	2,835	-	-	4,516	-	7,351
Changes in assets and liabilities:						
Decrease (increase) in receivables	(586,606)	-	-	22	1,015	(585,569)
Decrease (increase) in special assessments	(78,754)	-	-	-	-	(78,754)
Decrease (increase) in due from other governments	14,820	-	-	-	-	14,820
Decrease (increase) in inventory	(3,973)	84,727	-	(19,559)	754	61,949
Decrease (increase) in prepaid items	11,633	-	-	-	-	11,633
Increase (decrease) in accounts payable	(225,156)	(4,115)	(1,222)	(13,998)	(143,811)	(388,302)
Increase (decrease) in salaries payable	947	(3,761)	(2,880)	8,045	(4,751)	(2,400)
Increase (decrease) in due to other governments	1,844	(6,021)	(39)	951	3,066	(199)
Increase (decrease) in unearned revenue	-	2,724	-	(18,420)	(48,044)	(63,740)
Increase (decrease) in net OPEB obligation	7,153	3,936	-	5,444	6,907	23,440
Increase (decrease) in compensated absences	(43,036)	(20,804)	-	22,500	(85,882)	(127,222)
Total adjustments	<u>1,421,634</u>	<u>124,084</u>	<u>190,315</u>	<u>402,184</u>	<u>328,330</u>	<u>2,466,547</u>
Net cash provided by (used in) operating activities	<u>\$ 5,854,448</u>	<u>\$ 1,569,462</u>	<u>\$ 414,862</u>	<u>\$ 300,299</u>	<u>\$ (628,560)</u>	<u>\$ 7,510,511</u>
Noncash investing activities:						
Increase (decrease) in fair value of investments	47,214	-	-	-	74,241	121,455
Noncash noncapital financing activities:						
Transfer net assets to new fund	-	-	-	-	(4,097,951)	(4,097,951)
Transfer of net assets from old fund	-	-	-	-	4,097,951	4,097,951

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

**CITY OF EDINA, MINNESOTA**  
STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUNDS  
December 31, 2011

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	<u>Agency Funds</u>
Assets	
Cash	\$ 58,038
Investments	<u>310,000</u>
Total assets	<u>\$ 368,038</u>
Liabilities	
Accounts payable	\$ 32,254
Salaries payable	7,016
Due to other governmental units	<u>328,768</u>
Total liabilities	<u>\$ 368,038</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**

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.

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, Public Safety Training Facility, and I-494 Corridor Commission 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).

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, Edinborough Park/Centennial Lake, Edinborough Park, and 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.

Investments are generally stated at fair value, except for investments in 2a7-like external investment pools, which are stated at amortized cost. 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, 2011 are planned to be eliminated in 2012. Interfund receivables and payables at December 31, 2011 that are not expected to be eliminated in 2012 are classified as "Advances to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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 expenses 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, buildings, improvements, equipment, parks, infrastructure assets (roads, bridges, sidewalks, and similar items), and intangible assets such as easements, 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 \$10,000 (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	15 - 50 years
Buildings and structures	15 - 40 years
Furniture and office equipment	5 - 10 years
Vehicles and equipment	3 - 20 years
Parks	5 - 100 years
Utility infrastructure	20 - 50 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. 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.

**L. FUND BALANCE CLASSIFICATION**

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council.
- **Unassigned** – The residual classification for the general fund which also reflects negative residual amounts in other funds.

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

When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

#### M. NET ASSETS

In the government-wide financial statements, net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- **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.
- **Restricted net assets** – Consists of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted net assets** – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

#### 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. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2011, the City has implemented GASB statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**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	\$ 63,600,000
Plus: issuance premium	987,901
Less: issuance discount	(264,012)
Less: deferred charges	(929,350)
Accrued interest payable	926,455
OPEB obligation	907,565
Compensated absences	<u>3,827,674</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 69,056,233</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 and investments in joint ventures as expenditures. However, in the statement of activities the cost of those assets and investments are allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 12,968,672
Investment in joint venture	132,000
Depreciation expense	<u>(6,223,629)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental funds	<u>\$ 6,877,043</u>

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 permanent improvement revolving bonds	\$ 3,320,000
Less deferred charges	(18,688)
Plus premiums	108,097
Principal repayments:	
Tax increment debt	(840,000)
General obligation debt	(2,100,000)
Permanent improvement revolving debt	(1,330,000)
Public project revenue debt	<u>(210,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (1,070,591)</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

**CITY OF EDINA, MINNESOTA**  
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therefore are not reported as expenditures in governmental funds.” The details of this difference are as follows:

OPEB obligation	\$ (187,879)
Compensated absences	(182,681)
Accrued interest	(49,993)
Amortization of deferred charges	(99,567)
Amortization of bond discounts and premiums	<u>69,570</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (450,550)</u>

**Note 3 CASH AND INVESTMENTS**

**A. COMPONENTS OF CASH AND INVESTMENTS**

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

Deposits	\$ 91,017
Cash on hand	19,485
Investments	<u>71,041,359</u>
	<u>\$ 71,151,861</u>

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

Cash and cash equivalents - Statement of Net Assets	\$ 52,464
Investments - Statement of Net Assets	62,872,080
Restricted investments - Statement of Net Assets	7,859,279
Cash and investments - Statement of Fiduciary Net Assets	<u>368,038</u>
	<u>\$ 71,151,861</u>

The City had restricted investments of \$7,859,279 as of December 31, 2011 that represent unspent bond proceeds to be used for construction projects.

**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.

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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. 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 \$91,017 while the balance on the bank records was \$1,115,747. At December 31, 2011, 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.

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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	AA+/Aaa	S&P/Mdys	\$ -	\$ -	\$ 464,704	\$ 653,780	\$ 1,118,484
GNMA	AA+/Aaa	S&P/Mdys	-	-	-	91,453	91,453
SBA Notes	AA+/Aaa	S&P/Mdys	-	190,735	112,094	-	302,829
SBA Notes	N/R	N/A	-	82,114	75,106	189,833	347,053
U.S. Agencies	AA+/Aaa	S&P/Mdys	12,490,760	16,289,017	1,275,851	3,041,590	33,097,218
Municipals	N/R	N/A	1,400,000	-	-	-	1,400,000
Municipals	AAA	S&P	102,697	-	-	-	102,697
Municipals	AAA/Aaa	S&P/Mdys	513,290	-	-	-	513,290
Municipals	AA/Aa1	S&P/Mdys	153,797	-	-	2,595,000	2,748,797
Municipals	Aa1	Mdys	101,549	-	-	-	101,549
Municipals	Aaa	Mdys	206,081	-	-	-	206,081
Municipals	AA+/Aaa	S&P/Mdys	358,044	78,563	89,990	-	526,597
Municipals	AA+/Aa1	S&P/Mdys	101,330	525,479	-	-	626,809
Municipals	Aa3	Mdys	-	214,288	-	-	214,288
Municipals	AA/Aa2	S&P/Mdys	-	1,032,100	-	-	1,032,100
Municipals	AA-/Aa3	S&P/Mdys	-	511,445	-	-	511,445
Commercial paper	A1+	S&P	4,535,950	-	-	-	4,535,950
Negotiable CD's	N/R	N/A	11,959,285	978,190	-	-	12,937,475
			<u>\$31,922,783</u>	<u>\$19,901,931</u>	<u>\$ 2,017,745</u>	<u>\$ 6,571,656</u>	<u>60,414,115</u>
Money Market*	AAA	S&P					5,736,135
4M Fund*	N/R	N/A					4,891,109
Total investments							<u>\$71,041,359</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 external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC under rule 2a7. The City's investment in the 4M Fund is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

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 16% and 29% in securities issued by FHLB 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.

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**Note 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 15,981,364	\$ -	\$ -	\$ 15,981,364
Easements	-	111,000	-	111,000
Construction in progress	25,181,400	11,325,347	(3,200,693)	33,306,054
Total capital assets not being depreciated	<u>41,162,764</u>	<u>11,436,347</u>	<u>(3,200,693)</u>	<u>49,398,418</u>
Capital assets being depreciated:				
Land improvements	22,550,059	-	-	22,550,059
Buildings and structures	41,284,999	16,046	-	41,301,045
Furniture and office equipment	3,590,578	35,246	-	3,625,824
Vehicles and equipment	13,953,945	1,578,225	(945,099)	14,587,071
Infrastructure	78,173,201	2,884,797	(452,033)	80,605,965
Parks	15,349,999	218,704	(181,814)	15,386,889
Total capital assets being depreciated	<u>174,902,781</u>	<u>4,733,018</u>	<u>(1,578,946)</u>	<u>178,056,853</u>
Less accumulated depreciation for:				
Land improvements	(13,116,499)	(784,866)	-	(13,901,365)
Buildings and structures	(11,888,134)	(1,279,949)	-	(13,168,083)
Furniture and office equipment	(1,617,727)	(310,276)	-	(1,928,003)
Vehicles and equipment	(8,507,223)	(1,149,163)	933,243	(8,723,143)
Infrastructure	(46,034,653)	(2,118,864)	449,151	(47,704,366)
Parks	(6,763,565)	(580,511)	118,144	(7,225,932)
Total accumulated depreciation	<u>(87,927,801)</u>	<u>(6,223,629)</u>	<u>1,500,538</u>	<u>(92,650,892)</u>
Total capital assets being depreciated, net	<u>86,974,980</u>	<u>(1,490,611)</u>	<u>(78,408)</u>	<u>85,405,961</u>
Governmental activities capital assets, net	<u>\$ 128,137,744</u>	<u>\$ 9,945,736</u>	<u>\$ (3,279,101)</u>	<u>\$ 134,804,379</u>

**CITY OF EDINA, MINNESOTA**  
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,088,965	\$ -	\$ -	\$ 1,088,965
Construction in progress	5,449,859	14,976,867	(5,644,955)	14,781,771
Total capital assets not being depreciated	<u>6,538,824</u>	<u>14,976,867</u>	<u>(5,644,955)</u>	<u>15,870,736</u>
Capital assets being depreciated:				
Land improvements & golf course	8,353,376	100,163	-	8,453,539
Buildings and structures	16,424,628	2,795,043	(14,950)	19,204,721
Furniture and office equipment	153,303	-	-	153,303
Vehicles and equipment	6,064,738	215,080	(155,347)	6,124,471
Utility infrastructure	83,256,076	2,980,084	-	86,236,160
Lease property capital lease	468,580	-	-	468,580
Total capital assets being depreciated	<u>114,720,701</u>	<u>6,090,370</u>	<u>(170,297)</u>	<u>120,640,774</u>
Less accumulated depreciation for:				
Land improvements & golf course	(4,944,623)	(316,231)	-	(5,260,854)
Buildings and structures	(10,815,771)	(637,328)	5,985	(11,447,114)
Furniture and office equipment	(121,375)	(5,117)	-	(126,492)
Vehicles and equipment	(3,494,984)	(470,247)	148,213	(3,817,018)
Utility infrastructure	(29,769,716)	(2,147,540)	-	(31,917,256)
Lease property capital lease	(468,580)	-	-	(468,580)
Total accumulated depreciation	<u>(49,615,049)</u>	<u>(3,576,463)</u>	<u>154,198</u>	<u>(53,037,314)</u>
Total capital assets being depreciated, net	<u>65,105,652</u>	<u>2,513,907</u>	<u>(16,099)</u>	<u>67,603,460</u>
Business-type activities capital assets, net	<u>\$ 71,644,476</u>	<u>\$ 17,490,774</u>	<u>\$ (5,661,054)</u>	<u>\$ 83,474,196</u>

**CITY OF EDINA, MINNESOTA**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 542,513
Public safety	986,576
Public works	2,846,773
Parks	1,847,767
Total depreciation expense - governmental activities	<u>\$ 6,223,629</u>
Business-type activities:	
Utilities	\$ 2,319,927
Liquor	67,398
Aquatic Center	194,456
Golf Course	412,683
Arena	350,633
Art Center	24,661
Edinborough Park	160,200
Centennial Lakes	46,505
Total depreciation expense - business-type activities	<u>\$ 3,576,463</u>

**CONSTRUCTION COMMITMENTS**

At December 31, 2011, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

Project #	Project Description	Contract Amount	Remaining Commitment
10-3 Eng	W 70th Street	\$ 2,874,482	\$ 163,197
11-7 Eng	W 44th Street	2,368,005	107,535
11-5 Eng	Minnehaha Woods	4,279,528	188,284
Various	Energy Efficiency Upgrades	701,098	2,672
11-2 PK	Flowrider	412,700	157,700
10-13 Eng	Gleason Water Tower	449,000	144,700
11-3 PW	Raw Water Well #2 to WTP #6	919,219	671,676
11-1 PW	New Treatment Plant #6	5,896,179	1,496,937
			<u>\$ 2,932,701</u>

**CITY OF EDINA, MINNESOTA**  
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**Note 5 LONG-TERM DEBT**

The City has five types of bonded debt outstanding at December 31, 2011: tax increment bonds, general obligation bonds, permanent 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 solely from special assessments with any deficiency to be provided for by general property taxes. 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 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, 2011, 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 12/31/11
<b>Tax Increment Bonds:</b>					
Tax Increment Bonds, Series 2002B	3.00%	8/5/2002	2/1/2012	\$ 1,400,000	\$ 1,400,000
Tax Increment Refunding Bonds, Series 2005D	3.00-3.40%	7/19/2005	2/1/2013	3,505,000	1,080,000
Total Tax Increment Bonds				<u>4,905,000</u>	<u>2,480,000</u>
<b>General Obligation Bonds:</b>					
General Obligation - Park & Recreation Refunding, 2005A	3.50-4.00%	7/19/2005	2/1/2017	5,375,000	3,195,000
General Obligation - Capital Improvement Plan, 2007A	4.00-4.25%	5/24/2007	2/1/2028	5,865,000	5,255,000
General Obligation - Capital Improvement Plan, 2009A	3.00-4.40%	4/29/2009	2/1/2030	14,000,000	13,490,000
General Obligation - Equipment Certificates, 2009B	2.00-3.00%	4/29/2009	1/1/2012	230,000	80,000
General Obligation - Capital Improvement Plan, 2010A	2.00-4.00%	11/18/2010	2/1/2021	8,285,000	7,530,000
General Obligation - Equipment Certificates, 2010B	2.00%	11/18/2010	2/1/2013	230,000	150,000
Total General Obligation Bonds				<u>33,985,000</u>	<u>29,700,000</u>
<b>Permanent Improvement Revolving (PIR) Bonds:</b>					
Permanent Improvement Revolving, 2005E	3.00-3.75%	9/13/2005	2/1/2016	1,460,000	695,000
Permanent Improvement Revolving, 2007C	3.60-4.00%	5/24/2007	2/1/2019	5,870,000	4,840,000
Permanent Improvement Revolving, 2008B	3.00-4.00%	8/28/2008	2/1/2020	7,755,000	7,100,000
Permanent Improvement Revolving, 2010B	2.00-3.00%	11/18/2010	2/1/2022	2,305,000	2,305,000
Permanent Improvement Revolving, 2011A	2.00-3.00%	10/27/2011	2/1/2023	3,320,000	3,320,000
Total PIR Bonds				<u>20,710,000</u>	<u>18,260,000</u>
<b>Public Project Revenue Bonds:</b>					
Public Project Revenue, Series 2005	3.50-4.13%	9/13/2005	5/1/2026	5,425,000	4,440,000
Public Project Revenue, Series 2009A	2.10-4.55%	11/24/2009	2/1/2030	2,595,000	2,595,000
Public Project Revenue, Series 2009B	1.95-5.80%	11/24/2009	2/1/2030	6,125,000	6,125,000
Total Public Project Revenue Bonds				<u>14,145,000</u>	<u>13,160,000</u>
Total bonded indebtedness - governmental activities				<u>\$ 73,745,000</u>	<u>\$ 63,600,000</u>

**CITY OF EDINA, MINNESOTA**  
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BUSINESS-TYPE ACTIVITIES

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/11
Revenue Bonds:					
Recreational Facility Bonds, Series 2009B	2.00-3.00%	4/29/2009	1/1/2013	\$ 2,010,000	\$ 1,190,000
Recreational Facility Bonds, Series 2009C	2.00-4.00%	12/10/2009	2/1/2030	2,440,000	2,360,000
Utility Revenue Bonds, Series 2003C	1.10-3.55%	3/1/2003	2/1/2013	3,200,000	730,000
Utility Revenue Bonds, Series 2007B	4.00%	5/24/2007	2/1/2017	8,210,000	5,250,000
Utility Revenue Bonds, Series 2008A	3.00-4.25%	8/28/2008	2/1/2019	13,985,000	11,090,000
Utility Revenue Bonds, Series 2011A	2.00-3.00%	10/27/2011	2/1/2022	11,230,000	11,230,000
Total Revenue Bonds				<u>41,075,000</u>	<u>31,850,000</u>
Total bonded indebtedness - business-type activities				<u>\$ 41,075,000</u>	<u>\$ 31,850,000</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
2012	\$ 1,930,000	\$ 48,445	\$ 2,020,000	\$ 1,097,868	\$ 1,375,000	\$ 557,514
2013	550,000	9,350	2,000,000	1,030,105	1,625,000	527,869
2014	-	-	1,985,000	957,899	1,970,000	471,581
2015	-	-	2,080,000	882,868	2,025,000	408,772
2016	-	-	2,145,000	804,168	2,090,000	342,931
2017-2021	-	-	9,390,000	2,934,767	8,190,000	730,523
2022-2026	-	-	5,595,000	1,550,449	985,000	25,875
2027-2031	-	-	4,485,000	363,109	-	-
Total	<u>\$ 2,480,000</u>	<u>\$ 57,795</u>	<u>\$ 29,700,000</u>	<u>\$ 9,621,233</u>	<u>\$ 18,260,000</u>	<u>\$ 3,065,065</u>

Year Ending December 31	Governmental Activities		Business-type Activities	
	Public Project Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 345,000	\$ 565,388	\$ 2,880,000	\$ 916,990
2013	595,000	551,251	3,950,000	874,136
2014	615,000	532,811	3,380,000	763,275
2015	630,000	512,211	3,480,000	654,500
2016	650,000	489,524	3,605,000	537,963
2017-2021	3,590,000	2,034,566	12,005,000	1,202,145
2022-2026	4,340,000	1,163,288	1,920,000	212,725
2027-2031	2,395,000	263,913	630,000	51,400
Total	<u>\$ 13,160,000</u>	<u>\$ 6,112,952</u>	<u>\$ 31,850,000</u>	<u>\$ 5,213,134</u>

**CITY OF EDINA, MINNESOTA**  
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**CHANGE IN LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Tax increment	\$ 3,320,000	\$ -	\$ (840,000)	\$ 2,480,000	\$ 1,930,000
General obligation	31,800,000	-	(2,100,000)	29,700,000	2,020,000
PIR	16,270,000	3,320,000	(1,330,000)	18,260,000	1,375,000
Public project revenue	13,370,000	-	(210,000)	13,160,000	345,000
Less deferred amounts:					
Discount on bonds	(292,182)	-	28,170	(264,012)	-
Premiums	977,544	108,097	(97,740)	987,901	-
Total bonds payable	<u>65,445,362</u>	<u>3,428,097</u>	<u>(4,549,570)</u>	<u>64,323,889</u>	<u>5,670,000</u>
Compensated absences	<u>3,644,993</u>	<u>1,931,651</u>	<u>(1,748,970)</u>	<u>3,827,674</u>	<u>1,531,070</u>
Governmental activity Long-term liabilities	<u>\$ 69,090,355</u>	<u>\$ 5,359,748</u>	<u>\$ (6,298,540)</u>	<u>\$ 68,151,563</u>	<u>\$ 7,201,070</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 23,375,000	\$ 11,230,000	\$ (2,755,000)	\$ 31,850,000	\$ 2,880,000
Less deferred amounts:					
Discount on bonds	(9,972)	-	3,699	(6,273)	-
Premiums	200,732	360,448	(36,080)	525,100	-
Total bonds payable	<u>23,565,760</u>	<u>11,590,448</u>	<u>(2,787,381)</u>	<u>32,368,827</u>	<u>2,880,000</u>
Compensated absences	<u>978,085</u>	<u>226,460</u>	<u>(353,682)</u>	<u>850,863</u>	<u>340,344</u>
Business-type activity Long-term liabilities	<u>\$ 24,543,845</u>	<u>\$ 11,816,908</u>	<u>\$ (3,141,063)</u>	<u>\$ 33,219,690</u>	<u>\$ 3,220,344</u>

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

During 2011 the City issued \$14,550,000 of General Obligation bonds, Series 2011A to finance various street and utility infrastructure improvement projects. The City anticipates that utility revenues and special assessments to benefited properties will be sufficient to pay future debt service on this issue.

**CITY OF EDINA, MINNESOTA**  
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REVENUE PLEDGED

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Remaining Principal and Interest	Current Year	
			% of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
2009B Recreational Facility Bonds	Pool improvement	Pool	100%	2009-2017	\$ 638,250	\$ 140,950	\$ 913,383
2009B Recreational Facility Bonds	Golf course improvement	Golf	100%	2009-2013	607,150	294,700	3,281,225
2009C Recreational Facility Bonds	Arena improvements	Arena	100%	2010-2030	3,306,600	164,400	1,315,435
2003C Utility Revenue Bonds	Utility infrastructure	Utility	100%	2003-2013	755,913	376,248	15,871,102
2007B Utility Revenue Bonds	Utility infrastructure	Utility	100%	2007-2017	5,904,000	985,200	15,871,102
2008A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2008-2019	12,942,181	1,601,838	15,871,102
2011A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2012-2022	12,909,039	-	15,871,102

**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 2011 is computed as follows:

	<u>December 31, 2011</u>
Market Value (after fiscal disparities)	<u>\$ 9,431,940,900</u>
Debt Limit (3% of Market Value)	<u>\$ 282,958,227</u>
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 95,450,000
Less:	
Tax increment bonds	(2,480,000)
Public improvement revolving bonds	(18,260,000)
Revenue bonds	<u>(31,850,000)</u>
Total debt applicable to debt limit	<u>\$ 42,860,000</u>
Legal debt margin	<u>\$ 240,098,227</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 General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF) which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statute*, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, 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 PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all PEPFF and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF 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 GERS and PEPFF. That report may be obtained on the internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

## **B. FUNDING POLICY**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERS Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their covered salary in 2011. PEPFF members were required to contribute 9.6% of their covered salary in 2011. The City of Edina is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members, and 14.4% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2011, 2010, and 2009 were \$1,000,753, \$951,791, and \$930,938, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2011, 2010, and 2009 were \$1,024,566, \$920,988, and \$941,561, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

## **Note 8 OTHER POST-EMPLOYMENT BENEFITS PLAN**

### **A. Plan Description**

The City provides post-employment insurance benefits to certain eligible employees through City's Other Post-Employment Benefits Plan, a single-employer defined benefit plan administered by the City. All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements. These benefits are summarized as follows:

**Post-Employment Insurance Benefits** – All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical and dental insurance.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an “implicit rate subsidy.” This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City’s younger and statistically healthier active employees.

**B. Funding Policy**

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the City. Historically the City has chosen pay-as-you-go financing for OPEB, liquidated by all funds that employ full-time employees on a pro-rata basis.

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

The City’s annual OPEB cost (expense) is calculated based on annual required contributions (ARC) of the City, an amount determined on an actuarially determined basis in accordance with the parameters of GASB Statement Nos. 43 and 45. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the City’s net OPEB obligation to the plan:

Annual required contribution	\$ 314,628
Interest on net OPEB obligation	36,721
Adjustment to annual required contribution	<u>(29,559)</u>
Annual OPEB cost (expense)	321,790
Contributions made	<u>(110,471)</u>
Increase in net OPEB obligation	211,319
Net OPEB obligation - beginning of year	<u>816,026</u>
Net OPEB obligation - end of year	<u><u>\$ 1,027,345</u></u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the past four years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2009	\$ 443,317	\$ 167,209	37.7%	\$ 583,612
December 31, 2010	325,401	92,987	28.6%	816,026
December 31, 2011	321,790	110,471	34.3%	1,027,345

**D. Funded Status and Funding Progress**

As of January 1, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,966,250, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,966,250. The covered payroll (annual payroll of active employees covered by the plan) was \$17,786,616, and the ratio of the UAAL to the covered payroll was 16.7 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress immediately following the notes to the basic financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

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

In the January 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.5 percent investment rate of return (net of administrative expenses) based on the City's own investments; an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after twelve years. The UAAL is being amortized as a level percentage of payroll. The remaining amortization period at January 1, 2010 was 30 years on a "closed" basis.

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**Note 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of due from other funds and due to other funds account balances as of December 31, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	HRA	\$ 64,899
Police Special Revenue	Debt Service	43,277
	General	346,100
Braemar Memorial Special Revenue	CDBG	82,000
Liquor	Construction	593,597
	Utility	615,113
Aquatic Center	Debt Service	277,115
	Golf Course	84,247
Arena	Debt Service	20,868
Art Center	Utility	129,731
Centennial Lakes	Utility	6,703
Total		<u>\$2,263,650</u>

The composition of advances to other funds and advances from other funds account balances as of December 31, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Aquatic Center	Golf Course	<u>\$1,000,000</u>
Total		<u>\$1,000,000</u>

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

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	Transfer In:					Total
	General	Debt Service	Construction	Golf Course	Nonmajor Business-type	
Transfer out:						
General Fund	\$ -	\$ 1,328,530	\$ 1,155,000	\$ -	\$ -	\$ 2,483,530
HRA Fund	-	934,359	-	-	-	934,359
Construction Fund	-	-	-	-	320,894	320,894
Communications Fund	1,182,680	-	-	-	-	1,182,680
Utilities Fund	-	-	100,000	-	-	100,000
Liquor Fund	765,100	-	150,000	100,000	240,000	1,255,100
Nonmajor Business-type	-	-	-	-	4,129,693	4,129,693
	<u>\$1,947,780</u>	<u>\$2,262,889</u>	<u>\$ 1,405,000</u>	<u>\$ 100,000</u>	<u>\$ 4,690,587</u>	<u>\$10,406,256</u>

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

1. The liquor fund transferred \$765,100, \$100,000, \$160,000 and \$80,000 to the general fund, golf course fund, art center, and arena funds, respectively, to subsidize operations.
2. The construction fund transferred \$15,000, \$136,962 and \$168,932 to the art center, arena, and Edinborough/Centennial funds, respectively, to subsidize capital improvements to those facilities.
3. The HRA fund transferred \$934,359 of tax increment revenues to the debt service fund to pay principal and interest on outstanding tax increment debt.
4. The utilities fund and liquor fund transferred \$100,000 and \$150,000, respectively, to the construction fund to fund the capital improvement program, as planned in the 2011 budget.
5. The general fund transferred \$1,328,530 to the debt service fund; \$950,000 to call a portion of the Series 2009A G.O. Bond and \$378,530 to fund a portion of 2012 public works debt.
6. The general fund transferred \$1,155,000 of the 2010 unreserved and undesignated fund balance to the construction fund. \$700,000 to fund various projects within the construction fund, \$155,000 to prepay the special assessment for Pamela Park, and \$300,000 for human resources and technology improvements.
7. The communications fund transferred \$1,182,680 to the general fund as a result of the funds being consolidated at year end 2011.
8. The Edinborough/Centennial lakes fund transferred \$2,636,318 and \$1,493,375 to the Edinborough and Centennial lakes funds respectively due to the creation of two new funds to account for each facility individually.

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**Note 10 TAX INCREMENT DISTRICTS**

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

District number 1202 (Grandview Commercial Area) is a redevelopment district established in 1984 pursuant to Minnesota Statutes with a termination date of 2010. Although the main district is decertified, the City will continue to receive increments from a sub-district until the outstanding debt is retired. The debt is scheduled to mature in 2012.

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 (70<sup>th</sup> 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, 2011:

	TIF #1202	TIF #1203	Total
Original tax capacity	\$ 22,872	\$ 229,691	\$ 252,563
Current tax capacity	913,632	3,406,842	4,320,474
Tax capacity change	890,760	3,177,151	4,067,911
Captured tax capacity value:			
Retained captured tax capacity	\$ 890,760	\$ 3,177,151	\$ 4,067,911
Total bonds issued			
(general obligation)	\$ 9,637,555	\$ 35,894,724	\$ 45,532,279
Amounts redeemed	8,237,555	34,814,724	43,052,279
Outstanding bonds at			
December 31, 2011	\$ 1,400,000	\$ 1,080,000	\$ 2,480,000

**Note 11 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 2011.

**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, 2011.

**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 12 CONDUIT DEBT OBLIGATION**

As of December 31, 2011, the City of Edina had 4 series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$30,920,000. 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 13 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 equity interest in the capital assets of the PSTF was \$1,584,465. Complete financial statements for PSTF can be obtained from the City of Edina, 4801 West 50<sup>th</sup> Street, Edina, MN 55424.

**Note 14 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, 2011, the City paid a total of \$40,516 in membership fees to the PSTF.

The City also pays an annual membership fee to the I-494 Corridor Commission as part of the joint venture agreement. The membership fee is paid by the commissions and projects department and is based on a Cost Sharing Formula. For the year ended December 31, 2011, the City paid a total of \$11,383 in membership fees to the I-494 Corridor Commission.

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

**Note 15 FUND BALANCES**

During 2011, the City implemented the requirements of a new accounting pronouncement, GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

**A. Classifications**

At December 31, 2011, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	HRA Fund	Debt Service	Construction	Nonmajor Funds	Total
<b>Nonspendable</b>						
Prepaid items	\$ 10,871	\$ -	\$ -	\$ -	\$ -	\$ 10,871
<b>Restricted</b>						
Park dedication	178,295	-	-	-	-	178,295
Tax increments	-	16,190,129	-	-	-	16,190,129
Debt service	-	-	8,068,183	-	-	8,068,183
Unspent bond proceeds	-	-	-	2,087,548	-	2,087,548
Forfeitures	-	-	-	-	526,409	526,409
Grant funds	-	-	-	-	128,983	128,983
Donations	-	-	-	-	333,336	333,336
<b>Assigned</b>						
Unrealized investment gains	8,217	-	-	-	-	8,217
Compensated absences	1,531,069	-	-	-	-	1,531,069
Construction commitments	-	-	-	461,688	-	461,688
Special projects	-	-	-	714,243	-	714,243
Equipment	-	-	-	2,321,050	-	2,321,050
Construction	-	-	-	4,601,954	-	4,601,954
<b>Unassigned</b>	<u>11,744,764</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,744,764</u>
	<u>\$ 13,473,216</u>	<u>\$ 16,190,129</u>	<u>\$ 8,068,183</u>	<u>\$ 10,186,483</u>	<u>\$ 988,728</u>	<u>\$ 48,906,739</u>

**B. Unassigned Fund Balance Policy**

The City Council has formally adopted a fund balance policy regarding the desired range for unassigned fund balance for the general fund. The policy establishes a goal for unassigned general fund balance of 42%-47% of the subsequent year's budgeted property tax revenue. As of December 31, the City has \$11,744,764 of unassigned fund balance in the general fund, or 54.6% of 2012 budgeted property tax revenue. This amount is \$1,642,395 above the goal range identified in the policy.

**Note 16 SUBSEQUENT EVENT**

The Braemar Golf Dome collapsed on February 10, 2012 as the result of a fire. The fire and collapse resulted in a total loss according to the City's insurance carrier. The City believes the incident will be fully covered by insurance, including the physical building and lost revenue.

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For The Year Ended December 31, 2011

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
<b>Revenues:</b>				
General property taxes:				
Current	\$ 20,677,000	\$ 20,677,000	\$ 20,589,087	\$ (87,913)
Penalties and interest	12,000	12,000	18,558	6,558
Total general property taxes	<u>20,689,000</u>	<u>20,689,000</u>	<u>20,607,645</u>	<u>(81,355)</u>
Licenses and permits:	<u>2,309,490</u>	<u>2,309,490</u>	<u>2,688,324</u>	<u>378,834</u>
Intergovernmental:				
Federal:	36,000	36,000	68,241	32,241
State:				
Municipal state aid	195,000	195,000	195,000	-
Other	51,000	51,000	175,777	124,777
State aid - police	355,000	355,000	330,944	(24,056)
Health programs	120,000	120,000	148,764	28,764
Total intergovernmental	<u>757,000</u>	<u>757,000</u>	<u>918,726</u>	<u>161,726</u>
Charges for services:				
City Clerk	6,000	6,000	9,630	3,630
Planning Department	27,500	27,500	33,125	5,625
Housing Foundation Contract	26,000	26,000	29,921	3,921
HRA Services	22,000	22,000	20,230	(1,770)
Police Department	200,000	200,000	360,907	160,907
Fire Department	30,000	30,000	26,549	(3,451)
Ambulance fees	1,545,000	1,545,000	1,692,232	147,232
Health Department	7,700	7,700	10,852	3,152
Building Department	25,000	25,000	3,462	(21,538)
Engineering	180,000	180,000	265,493	85,493
Park Registration	98,000	98,000	104,324	6,324
Senior Center	98,000	98,000	84,616	(13,384)
Other fees	4,000	4,000	1,921	(2,079)
50th & France Assessment	69,000	69,000	69,000	-
Charges to other funds	395,604	395,604	395,604	-
Total charges for services	<u>2,733,804</u>	<u>2,733,804</u>	<u>3,107,866</u>	<u>374,062</u>
Fines and forfeits	<u>975,000</u>	<u>975,000</u>	<u>1,128,328</u>	<u>153,328</u>
Miscellaneous:				
Rental of property	325,000	325,000	538,269	213,269
Investment income	115,919	115,919	59,849	(56,070)
Donations	12,000	12,000	38,815	26,815
Other	6,000	6,000	-	(6,000)
Total miscellaneous	<u>458,919</u>	<u>458,919</u>	<u>636,933</u>	<u>178,014</u>
Total revenues	<u>27,923,213</u>	<u>27,923,213</u>	<u>29,087,822</u>	<u>1,164,609</u>

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)**  
For The Year Ended December 31, 2011

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
<b>Expenditures:</b>				
General government:				
Mayor and Council:				
Current:				
Personal services	\$ 48,106	\$ 48,106	\$ 45,813	\$ 2,293
Contractual services	12,100	12,100	13,163	(1,063)
Commodities	1,225	1,225	2,076	(851)
Central services	28,008	28,008	25,452	2,556
Total mayor and council	<u>89,439</u>	<u>89,439</u>	<u>86,504</u>	<u>2,935</u>
Administration:				
Current:				
Personal services	912,370	912,370	858,794	53,576
Contractual services	162,000	162,000	209,726	(47,726)
Commodities	3,100	3,100	2,320	780
Central services	75,108	75,108	68,362	6,746
Total administration	<u>1,152,578</u>	<u>1,152,578</u>	<u>1,139,202</u>	<u>13,376</u>
Planning:				
Current:				
Personal services	385,053	385,053	380,416	4,637
Contractual services	36,950	36,950	39,254	(2,304)
Commodities	4,500	4,500	1,645	2,855
Central services	51,288	51,288	46,555	4,733
Total planning	<u>477,791</u>	<u>477,791</u>	<u>467,870</u>	<u>9,921</u>
Finance:				
Current:				
Personal services	526,618	526,618	488,556	38,062
Contractual services	105,650	105,650	99,993	5,657
Commodities	3,400	3,400	4,423	(1,023)
Central services	59,976	59,976	54,433	5,543
Total finance	<u>695,644</u>	<u>695,644</u>	<u>647,405</u>	<u>48,239</u>
Election:				
Current:				
Personal services	153,462	153,462	102,605	50,857
Contractual services	23,300	23,300	16,679	6,621
Commodities	17,000	17,000	10,984	6,016
Central services	15,948	15,948	14,460	1,488
Total election	<u>209,710</u>	<u>209,710</u>	<u>144,728</u>	<u>64,982</u>
Assessing:				
Current:				
Personal services	673,269	673,269	603,369	69,900
Contractual services	112,100	112,100	93,335	18,765
Commodities	2,900	2,900	1,101	1,799
Central services	64,920	64,920	59,482	5,438
Total assessing	<u>853,189</u>	<u>853,189</u>	<u>757,287</u>	<u>95,902</u>
Legal and court services:				
Current:				
Contractual services	<u>388,000</u>	<u>388,000</u>	<u>343,594</u>	<u>44,406</u>

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)**  
For The Year Ended December 31, 2011

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Commissions and projects:				
Current:				
Personal services	\$ 135,000	\$ 135,000	\$ 330,850	\$ (195,850)
Contractual services	460,848	460,848	265,453	195,395
Commodities	2,000	2,000	6,096	(4,096)
Total commissions and projects	<u>597,848</u>	<u>597,848</u>	<u>602,399</u>	<u>(4,551)</u>
Total general government	<u>4,464,199</u>	<u>4,464,199</u>	<u>4,188,989</u>	<u>275,210</u>
Public safety:				
Police protection:				
Current:				
Personal services	6,432,673	6,432,673	6,669,470	(236,797)
Contractual services	407,357	407,357	385,262	22,095
Commodities	68,524	68,524	69,731	(1,207)
Central services	1,016,220	1,016,220	963,617	52,603
Total police protection	<u>7,924,774</u>	<u>7,924,774</u>	<u>8,088,080</u>	<u>(163,306)</u>
Fire protection:				
Current:				
Personal services	3,635,550	3,635,550	3,722,966	(87,416)
Contractual services	334,700	334,700	384,217	(49,517)
Commodities	168,800	168,800	197,604	(28,804)
Central services	328,164	328,164	314,506	13,658
Total fire protection	<u>4,467,214</u>	<u>4,467,214</u>	<u>4,619,293</u>	<u>(152,079)</u>
Civil defense:				
Current:				
Personal services	37,347	37,347	37,806	(459)
Contractual services	10,227	10,227	9,666	561
Commodities	8,956	8,956	8,804	152
Total civil defense	<u>56,530</u>	<u>56,530</u>	<u>56,276</u>	<u>254</u>
Animal Control:				
Current:				
Personal services	71,833	71,833	73,429	(1,596)
Contractual services	8,592	8,592	13,329	(4,737)
Commodities	2,448	2,448	2,545	(97)
Central services	9,108	9,108	8,682	426
Total animal control	<u>91,981</u>	<u>91,981</u>	<u>97,985</u>	<u>(6,004)</u>
Public health:				
Current:				
Personal services	279,289	279,289	281,236	(1,947)
Contractual services	198,980	198,980	187,446	11,534
Commodities	2,325	2,325	225	2,100
Central services	31,008	31,008	28,504	2,504
Total public health	<u>511,602</u>	<u>511,602</u>	<u>497,411</u>	<u>14,191</u>

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)**  
For The Year Ended December 31, 2011

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Inspections:				
Current:				
Personal services	\$ 904,287	\$ 904,287	\$ 915,071	\$ (10,784)
Contractual services	75,989	75,989	112,875	(36,886)
Commodities	8,200	8,200	9,374	(1,174)
Central services	101,016	101,016	93,752	7,264
Total inspections	<u>1,089,492</u>	<u>1,089,492</u>	<u>1,131,072</u>	<u>(41,580)</u>
Total public safety	<u>14,141,593</u>	<u>14,141,593</u>	<u>14,490,117</u>	<u>(348,524)</u>
Public works:				
Administration:				
Current:				
Personal services	196,742	196,742	167,593	29,149
Contractual services	6,800	6,800	5,747	1,053
Commodities	500	500	287	213
Central services	24,912	24,912	23,015	1,897
Total administration	<u>228,954</u>	<u>228,954</u>	<u>196,642</u>	<u>32,312</u>
Engineering:				
Current:				
Personal services	860,555	860,555	889,220	(28,665)
Contractual services	74,250	74,250	30,786	43,464
Commodities	16,700	16,700	10,599	6,101
Central services	100,740	100,740	96,234	4,506
Total engineering	<u>1,052,245</u>	<u>1,052,245</u>	<u>1,026,839</u>	<u>25,406</u>
Street maintenance:				
Current:				
Personal services	2,272,327	2,272,327	1,954,833	317,494
Contractual services	757,000	757,000	737,307	19,693
Commodities	1,001,650	1,001,650	911,674	89,976
Central services	913,932	913,932	928,988	(15,056)
Total street maintenance	<u>4,944,909</u>	<u>4,944,909</u>	<u>4,532,802</u>	<u>412,107</u>
Total public works	<u>6,226,108</u>	<u>6,226,108</u>	<u>5,756,283</u>	<u>469,825</u>

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)**  
For The Year Ended December 31, 2011

	Budgeted Amounts		2011 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Parks:				
Administration:				
Current:				
Personal services	\$ 664,931	\$ 664,931	\$ 657,592	\$ 7,339
Contractual services	28,604	28,604	20,434	8,170
Commodities	3,045	3,045	2,447	598
Central services	82,836	82,836	75,169	7,667
Total administration	<u>779,416</u>	<u>779,416</u>	<u>755,642</u>	<u>23,774</u>
Recreation:				
Current:				
Personal services	187,127	187,127	159,843	27,284
Contractual services	180,887	180,887	127,526	53,361
Commodities	52,688	52,688	41,620	11,068
Total recreation	<u>420,702</u>	<u>420,702</u>	<u>328,989</u>	<u>91,713</u>
Maintenance:				
Current:				
Personal services	1,602,414	1,602,414	1,572,392	30,022
Contractual services	529,171	529,171	379,545	149,626
Commodities	203,602	203,602	163,001	40,601
Central services	321,108	321,108	323,108	(2,000)
Total maintenance	<u>2,656,295</u>	<u>2,656,295</u>	<u>2,438,046</u>	<u>218,249</u>
Total parks	<u>3,856,413</u>	<u>3,856,413</u>	<u>3,522,677</u>	<u>333,736</u>
Total expenditures	<u>28,688,313</u>	<u>28,688,313</u>	<u>27,958,066</u>	<u>730,247</u>
Revenues over (under) expenditures	<u>(765,100)</u>	<u>(765,100)</u>	<u>1,129,756</u>	<u>1,894,856</u>
Other financing sources (uses):				
Transfer from other funds	765,100	1,752,879	1,947,780	194,901
Transfer to other funds	-	(2,483,530)	(2,483,530)	-
Total financing sources (uses)	<u>765,100</u>	<u>(730,651)</u>	<u>(535,750)</u>	<u>194,901</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ (1,495,751)</u>	594,006	<u>\$ 2,089,757</u>
Fund balance - January 1			<u>12,879,210</u>	
Fund balance - December 31			<u>\$ 13,473,216</u>	

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - HRA FUND**  
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Over (Under)
	Original	Final		
<b>Revenues:</b>				
Tax increment collections	\$ 3,972,190	\$ 3,972,190	\$ 4,083,345	\$ 111,155
Investment income	122,000	122,000	319,825	197,825
Total revenues	<u>4,094,190</u>	<u>4,094,190</u>	<u>4,403,170</u>	<u>308,980</u>
<b>Expenditures:</b>				
Personal services	20,771	20,771	20,230	(541)
Contractual services	674,174	674,174	555,966	(118,208)
Capital outlay	<u>4,000,000</u>	<u>4,000,000</u>	<u>27,183</u>	<u>(3,972,817)</u>
Total expenditures	<u>4,694,945</u>	<u>4,694,945</u>	<u>603,379</u>	<u>(4,091,566)</u>
<b>Other financing uses:</b>				
Transfers out	<u>(934,359)</u>	<u>(934,359)</u>	<u>(934,359)</u>	<u>-</u>
Net increase (decrease) in fund balance	<u>\$ (1,535,114)</u>	<u>\$ (1,535,114)</u>	2,865,432	<u>\$ 4,400,546</u>
Fund balance - January 1			<u>13,324,697</u>	
Fund balance - December 31			<u>\$ 16,190,129</u>	

**CITY OF EDINA, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST-EMPLOYMENT BENEFITS PLAN  
 SCHEDULE OF FUNDING PROGRESS  
 For The Year Ended December 31, 2011

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<u>Actuarial Valuation Date</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Value of Plan Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as a Percentage of Payroll</u>
January 1, 2008	\$ 4,638,477	\$ -	\$ 4,638,477	0.0%	\$ 17,071,318	27.2%
January 1, 2010	\$ 2,966,250	\$ -	\$ 2,966,250	0.0%	\$ 17,786,616	16.7%

**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, HRA, debt service, construction, CDBG, communications, police special revenue, and Braemar memorial funds 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, 2011

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**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 Fund			
General Government			
Commissions and projects	\$ 597,848	\$ 602,399	\$ 4,551
Public Safety			
Police protection	7,924,774	8,088,080	163,306
Fire protection	4,467,214	4,619,293	152,079
Animal control	91,981	97,985	6,004
Inspections	1,089,492	1,131,072	41,580

Excess expenditures in the commissions and projects department are due to employee severance payments made during the year and are funded by available general fund balance assigned for compensated absences.

Excess expenditures in the police protection, fire protection, and animal control departments are due to labor contracts that were settled after the budget was set for higher than expected amounts. These expenditures are funded by available general fund balance.

Excess expenditures in the inspections department are due to higher than anticipated permit applications during the year and are funded by the additional permit revenue received.

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## 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. The fund was consolidated into the General Fund on December 31, 2011.

Police Special Revenue Fund - This fund was established to account for funds received for specific purposes within the police department, including E-911 and forfeiture funds.

Braemar Memorial Fund - This fund was established to account for funds donated to the City for the purpose of enhancing the Braemar golf course with equipment and amenities that might not otherwise be affordable or viewed as a necessity to the golf course.

**CITY OF EDINA, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
December 31, 2011

	Community Development Block Grant	Communication	Police Special Revenue	Braemar Memorial	Total Nonmajor Special Revenue Funds
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 5,053	\$ 5,053
Unrestricted investments	-	-	244,838	244,782	489,620
Accrued interest receivable	-	-	468	401	869
Accounts receivable	-	-	-	1,100	1,100
Due from other funds	-	-	389,377	82,000	471,377
Due from other governments	82,000	-	23,781	-	105,781
<b>Total assets</b>	<b><u>\$ 82,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 658,464</u></b>	<b><u>\$ 333,336</u></b>	<b><u>\$ 1,073,800</u></b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ 3,072	\$ -	\$ 3,072
Due to other funds	82,000	-	-	-	82,000
<b>Total liabilities</b>	<b><u>82,000</u></b>	<b><u>-</u></b>	<b><u>3,072</u></b>	<b><u>-</u></b>	<b><u>85,072</u></b>
<b>Fund balance:</b>					
Restricted	-	-	655,392	333,336	988,728
<b>Total fund balance</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>655,392</u></b>	<b><u>333,336</u></b>	<b><u>988,728</u></b>
<b>Total liabilities and fund balance</b>	<b><u>\$ 82,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 658,464</u></b>	<b><u>\$ 333,336</u></b>	<b><u>\$ 1,073,800</u></b>

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**For The Year Ended December 31, 2011**

	Community Development Block Grant	Communication	Police Special Revenue	Braemar Memorial	Total Nonmajor Special Revenue Funds
<b>Revenues:</b>					
Franchise fees	\$ -	\$ 722,160	\$ -	\$ -	\$ 722,160
Intergovernmental	108,067	-	63,364	-	171,431
Charges for services	-	15,413	-	-	15,413
Fines and forfeitures	-	-	115,098	-	115,098
Investment income	-	57,111	944	744	58,799
Other	-	44,665	-	28,743	73,408
Total revenues	<u>108,067</u>	<u>839,349</u>	<u>179,406</u>	<u>29,487</u>	<u>1,156,309</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	108,067	775,532	-	-	883,599
Public safety	-	-	103,973	-	103,973
Parks	-	-	-	6,092	6,092
Total expenditures	<u>108,067</u>	<u>775,532</u>	<u>103,973</u>	<u>6,092</u>	<u>993,664</u>
Revenues over expenditures	<u>-</u>	<u>63,817</u>	<u>75,433</u>	<u>23,395</u>	<u>162,645</u>
<b>Other financing uses:</b>					
Transfers out	-	(1,182,680)	-	-	(1,182,680)
Total other financing uses	<u>-</u>	<u>(1,182,680)</u>	<u>-</u>	<u>-</u>	<u>(1,182,680)</u>
Net increase (decrease) in fund balance	-	(1,118,863)	75,433	23,395	(1,020,035)
Fund balance - January 1	<u>-</u>	<u>1,118,863</u>	<u>579,959</u>	<u>309,941</u>	<u>2,008,763</u>
Fund balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,392</u>	<u>\$ 333,336</u>	<u>\$ 988,728</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, 2011

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	Budgeted Amounts		Actual Amounts	Variance with Final budget - Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	<u>\$ 161,303</u>	<u>\$ 161,303</u>	<u>\$ 108,067</u>	<u>\$ (53,236)</u>
Expenditures:				
Current:				
Contractual services	<u>161,303</u>	<u>161,303</u>	<u>108,067</u>	<u>(53,236)</u>
Net increase in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - January 1			<u>-</u>	
Fund balance - December 31			<u>\$ -</u>	

**CITY OF EDINA, MINNESOTA**  
**SPECIAL REVENUE FUND - COMMUNICATIONS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Over (Under)
	Original	Final		
Revenues:				
Franchise fees	\$ 650,000	\$ 650,000	\$ 722,160	\$ 72,160
Charges for services	-	-	15,413	15,413
Investment income	24,000	24,000	57,111	33,111
Other	66,500	66,500	44,665	(21,835)
Total revenues	<u>740,500</u>	<u>740,500</u>	<u>839,349</u>	<u>98,849</u>
Expenditures:				
Current:				
Personal services	367,973	367,973	356,009	(11,964)
Contractual services	326,070	326,070	308,795	(17,275)
Commodities	38,500	38,500	29,544	(8,956)
Central services	61,212	61,212	25,105	(36,107)
Capital outlay	14,000	14,000	56,079	42,079
Total expenditures	<u>807,755</u>	<u>807,755</u>	<u>775,532</u>	<u>(32,223)</u>
Revenues over (under) expenditures	<u>(67,255)</u>	<u>(67,255)</u>	<u>63,817</u>	<u>131,072</u>
Other financing uses:				
Transfers out	<u>-</u>	<u>(987,779)</u>	<u>(1,182,680)</u>	<u>(194,901)</u>
Net increase in fund balance	<u>\$ (67,255)</u>	<u>\$ (1,055,034)</u>	<u>(1,118,863)</u>	<u>\$ (63,829)</u>
Fund balance - January 1			<u>1,118,863</u>	
Fund balance - December 31			<u>\$ -</u>	

**CITY OF EDINA, MINNESOTA****SPECIAL REVENUE FUND - POLICE SPECIAL REVENUE  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 104,760	\$ 104,760	\$ 63,364	\$ (41,396)
Fines and forfeiture	52,103	52,103	115,098	62,995
Investment income	600	600	944	344
Total revenues	<u>157,463</u>	<u>157,463</u>	<u>179,406</u>	<u>21,943</u>
Expenditures:				
Current:				
Contractual services	86,695	86,695	36,063	(50,632)
Commodities	2,133	2,133	28,485	26,352
Capital outlay	<u>52,764</u>	<u>52,764</u>	<u>39,425</u>	<u>(13,339)</u>
Total expenditures	<u>141,592</u>	<u>141,592</u>	<u>103,973</u>	<u>(37,619)</u>
Net increase in fund balance	<u>\$ 15,871</u>	<u>\$ 15,871</u>	<u>75,433</u>	<u>\$ 59,562</u>
Fund balance - January 1			<u>579,959</u>	
Fund balance - December 31			<u>\$ 655,392</u>	

**CITY OF EDINA, MINNESOTA**  
**SPECIAL REVENUE FUND - BRAEMAR MEMORIAL**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Over (Under)
	Original	Final		
Revenues:				
Investment income	\$ 300	\$ 300	\$ 744	\$ 444
Donations	3,000	3,000	28,743	25,743
Total revenues	<u>3,300</u>	<u>3,300</u>	<u>29,487</u>	<u>26,187</u>
Expenditures:				
Current:				
Contractual services	7,500	7,500	-	(7,500)
Commodities	-	-	251	251
Capital outlay	-	-	5,841	5,841
Total expenditures	<u>7,500</u>	<u>7,500</u>	<u>6,092</u>	<u>(1,408)</u>
Net increase (decrease) in fund balance	<u>\$ (4,200)</u>	<u>\$ (4,200)</u>	<u>23,395</u>	<u>\$ 27,595</u>
Fund balance - January 1			<u>309,941</u>	
Fund balance - December 31			<u>\$ 333,336</u>	

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## 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. The fund was discontinued on December 31, 2011 due to the creation of two new funds to account for each facility individually.

Edinburgh Park Fund - This fund was created on December 31, 2011 to account for activities related to Edinburgh Park.

Centennial Lakes Park Fund - This fund was created on December 31, 2011 to account for activities related to Centennial Lakes Park.

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
December 31, 2011

	Arena	Art Center	Edinborough Park Centennial Lakes	Edinborough Park	Centennial Lakes	Total Nonmajor Proprietary Funds
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 16,093	\$ -	\$ -	\$ 16,571	\$ 8,468	\$ 41,132
Unrestricted investments	-	-	-	1,333,541	1,333,541	2,667,082
Interest receivable	-	-	-	6,483	6,483	12,966
Accounts receivable	112,097	-	-	5,186	4,066	121,349
Due from other funds	20,868	129,731	-	-	6,703	157,302
Inventory	-	12,325	-	-	-	12,325
Total current assets	<u>149,058</u>	<u>142,056</u>	<u>-</u>	<u>1,361,781</u>	<u>1,359,261</u>	<u>3,012,156</u>
Noncurrent assets:						
Deferred charges	25,354	-	-	-	-	25,354
Net capital assets	4,431,707	222,688	-	1,409,653	258,360	6,322,408
Total noncurrent assets	<u>4,457,061</u>	<u>222,688</u>	<u>-</u>	<u>1,409,653</u>	<u>258,360</u>	<u>6,347,762</u>
Total assets	<u>4,606,119</u>	<u>364,744</u>	<u>-</u>	<u>2,771,434</u>	<u>1,617,621</u>	<u>9,359,918</u>
<b>Liabilities:</b>						
Current liabilities:						
Accounts payable	40,342	12,578	-	50,015	11,999	114,934
Salaries payable	31,040	7,056	-	23,048	23,048	84,192
Accrued interest payable	34,833	-	-	-	-	34,833
Due to other governments	3,245	740	-	9,309	1,011	14,305
Unearned revenue	-	8,095	-	30	10	8,135
Compensated absences payable	36,157	1,745	-	17,142	31,328	86,372
Bonds payable - current	100,000	-	-	-	-	100,000
Total current liabilities	<u>245,617</u>	<u>30,214</u>	<u>-</u>	<u>99,544</u>	<u>67,396</u>	<u>442,771</u>
Noncurrent liabilities:						
OPEB payable	12,301	3,335	-	9,858	9,858	35,352
Compensated absences	54,236	2,617	-	25,714	46,992	129,559
Bonds payable, net of unamortized discounts	<u>2,272,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,272,301</u>
Total noncurrent liabilities	<u>2,338,838</u>	<u>5,952</u>	<u>-</u>	<u>35,572</u>	<u>56,850</u>	<u>2,437,212</u>
Total liabilities	<u>2,584,455</u>	<u>36,166</u>	<u>-</u>	<u>135,116</u>	<u>124,246</u>	<u>2,879,983</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	2,059,406	222,688	-	1,409,653	258,360	3,950,107
Unrestricted	(37,742)	105,890	-	1,226,665	1,235,015	2,529,828
Total net assets	<u>\$ 2,021,664</u>	<u>\$ 328,578</u>	<u>\$ -</u>	<u>\$ 2,636,318</u>	<u>\$ 1,493,375</u>	<u>\$ 6,479,935</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, 2011**

	Arena	Art Center	Edinborough Park Centennial Lakes	Edinborough Park	Centennial Lakes	Total Nonmajor Proprietary Funds
<b>Operating revenues:</b>						
Sales - retail	\$ 2,000	\$ 39,706	\$ -	\$ -	\$ -	\$ 41,706
Sales - concessions	4,183	938	80,435	-	-	85,556
Memberships	7,324	25,731	54,437	-	-	87,492
Admissions	112,151	-	654,972	-	-	767,123
Building rental	1,062,949	-	314,622	-	-	1,377,571
Rental of equipment	2,407	-	116,823	-	-	119,230
Greens fees	-	-	179,615	-	-	179,615
Class registration & other fees	124,421	384,968	478,889	-	-	988,278
Total operating revenues	<u>1,315,435</u>	<u>451,343</u>	<u>1,879,793</u>	<u>-</u>	<u>-</u>	<u>3,646,571</u>
<b>Operating expenses:</b>						
Cost of sales and services	1,172	21,376	82,305	-	-	104,853
Personal services	613,222	213,937	1,164,053	-	-	1,991,212
Contractual services	593,432	276,069	463,522	-	-	1,333,023
Commodities	89,989	42,966	289,641	-	-	422,596
Central Services	40,553	36,163	93,062	-	-	169,778
Depreciation	350,633	24,661	206,705	-	-	581,999
Total operating expenses	<u>1,689,001</u>	<u>615,172</u>	<u>2,299,288</u>	<u>-</u>	<u>-</u>	<u>4,603,461</u>
Operating loss	<u>(373,566)</u>	<u>(163,829)</u>	<u>(419,495)</u>	<u>-</u>	<u>-</u>	<u>(956,890)</u>
<b>Nonoperating revenues (expenses):</b>						
Investment income	135	-	191,732	-	-	191,867
Donations	-	13,537	3,540	-	-	17,077
Interest and fiscal charges	(83,733)	-	-	-	-	(83,733)
Amortization of bond discount	(722)	-	-	-	-	(722)
Total nonoperating revenues (expenses)	<u>(84,320)</u>	<u>13,537</u>	<u>195,272</u>	<u>-</u>	<u>-</u>	<u>124,489</u>
Income (loss) before transfers	<u>(457,886)</u>	<u>(150,292)</u>	<u>(224,223)</u>	<u>-</u>	<u>-</u>	<u>(832,401)</u>
<b>Transfers:</b>						
Transfers in	216,962	175,000	168,932	2,636,318	1,493,375	4,690,587
Transfers out	-	-	(4,129,693)	-	-	(4,129,693)
Total transfers	<u>216,962</u>	<u>175,000</u>	<u>(3,960,761)</u>	<u>2,636,318</u>	<u>1,493,375</u>	<u>560,894</u>
Change in net assets	(240,924)	24,708	(4,184,984)	2,636,318	1,493,375	(271,507)
Net assets - January 1	<u>2,262,588</u>	<u>303,870</u>	<u>4,184,984</u>	<u>-</u>	<u>-</u>	<u>6,751,442</u>
Net assets - December 31	<u>\$ 2,021,664</u>	<u>\$ 328,578</u>	<u>\$ -</u>	<u>\$ 2,636,318</u>	<u>\$ 1,493,375</u>	<u>\$ 6,479,935</u>

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
For The Year Ended December 31, 2011

	Arena	Art Center	Edinborough Park Centennial Lakes	Edinborough Park	Centennial Lakes	Total Nonmajor Proprietary Funds
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 1,318,184	\$ 451,576	\$ 1,829,782	\$ -	\$ -	\$ 3,599,542
Payment to suppliers	(830,406)	(377,308)	(962,527)	-	-	(2,170,241)
Payment to employees	(609,136)	(263,021)	(1,202,781)	-	-	(2,074,938)
Donations received	-	13,537	3,540	-	-	17,077
Net cash provided by (used in) operating activities	<u>(121,358)</u>	<u>(175,216)</u>	<u>(331,986)</u>	<u>-</u>	<u>-</u>	<u>(628,560)</u>
<b>Cash flows from noncapital financing activities:</b>						
Transfer from other funds	80,000	160,000	-	16,571	15,171	271,742
Transfer to other funds	-	-	(31,742)	-	-	(31,742)
Proceeds from interfund borrowing	80,000	140,000	-	-	-	220,000
Payment of interfund borrowing	(20,868)	(129,731)	(8,000)	-	(6,703)	(165,302)
Net cash provided by noncapital financing activities	<u>139,132</u>	<u>170,269</u>	<u>(39,742)</u>	<u>16,571</u>	<u>8,468</u>	<u>294,698</u>
<b>Cash flows from capital and related financing activities:</b>						
Transfer from other funds	136,962	15,000	168,932	-	-	320,894
Acquisition of capital assets	(264,408)	(15,681)	(197,597)	-	-	(477,686)
Principal paid on bonds	(80,000)	-	-	-	-	(80,000)
Interest paid on bonds	(84,400)	-	-	-	-	(84,400)
Net cash used in capital and related financing activities	<u>(291,846)</u>	<u>(681)</u>	<u>(28,665)</u>	<u>-</u>	<u>-</u>	<u>(321,192)</u>
<b>Cash flows from investing activities:</b>						
Proceeds from sales of investments	288,706	-	276,273	-	-	564,979
Interest received	135	-	123,726	-	-	123,861
Net cash flows provided by (used in) investing activities	<u>288,841</u>	<u>-</u>	<u>399,999</u>	<u>-</u>	<u>-</u>	<u>688,840</u>
Net increase (decrease) in cash and cash equivalents	14,769	(5,628)	(394)	16,571	8,468	33,786
Cash and cash equivalents - January 1	1,324	5,628	394	-	-	7,346
Cash and cash equivalents - December 31	<u>\$ 16,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,571</u>	<u>\$ 8,468</u>	<u>\$ 41,132</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>						
Operating loss	\$ (373,566)	\$ (163,829)	\$ (419,495)	\$ -	\$ -	\$ (956,890)
<b>Adjustments to reconcile operating loss to net cash flows from operating activities:</b>						
Depreciation	350,633	24,661	206,705	-	-	581,999
Donations	-	13,537	3,540	-	-	17,077
<b>Changes in assets and liabilities:</b>						
Decrease (increase) in receivables	2,749	-	(1,734)	-	-	1,015
Decrease (increase) in inventory	-	754	-	-	-	754
Increase (decrease) in accounts payable	(106,869)	(1,444)	(35,498)	-	-	(143,811)
Increase (decrease) in salaries payable	776	(1,687)	(3,840)	-	-	(4,751)
Increase (decrease) in due to other governments	1,609	(44)	1,501	-	-	3,066
Increase (decrease) in unearned revenue	-	233	(48,277)	-	-	(48,044)
Increase (decrease) in OPEB payable	2,464	645	3,798	-	-	6,907
Increase (decrease) in compensated absences	846	(48,042)	(38,686)	-	-	(85,882)
Total adjustments	<u>252,208</u>	<u>(11,387)</u>	<u>87,509</u>	<u>-</u>	<u>-</u>	<u>328,330</u>
Net cash provided by (used in) operating activities	<u>\$ (121,358)</u>	<u>\$ (175,216)</u>	<u>\$ (331,986)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (628,560)</u>
<b>Noncash investing activities:</b>						
Increase (decrease) in fair value of investments	-	-	74,241	-	-	74,241
<b>Noncash noncapital financing activities:</b>						
Transfer net assets to new fund	-	-	(4,097,951)	-	-	(4,097,951)
Transfer of net assets from old fund	-	-	-	2,619,747	1,478,204	4,097,951

## 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.

I-494 Corridor Commission - This fund accounts for assets and liabilities of the I-494 Corridor Commission, which is a joint venture that the City had fiduciary responsibilities for from 2009-2011.

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**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For The Year Ended December 31, 2011

	Balance January 1	Additions	Deductions	Balance December 31
<b>POLICE SEIZURE</b>				
Assets:				
Cash	\$ 22,689	\$ -	\$ -	\$ 22,689
Liabilities:				
Due to other governmental units	\$ 22,689	\$ -	\$ -	\$ 22,689
<b>PUBLIC SAFETY TRAINING FACILITY</b>				
Assets:				
Cash	\$ 7,552	\$ 1,517,793	\$ 1,516,912	\$ 8,433
Investments	260,000	610,000	560,000	310,000
Total Assets	<u>\$ 267,552</u>	<u>\$ 2,127,793</u>	<u>\$ 2,076,912</u>	<u>\$ 318,433</u>
Liabilities:				
Accounts payable	\$ 14,025	\$ 289,731	\$ 298,418	\$ 5,338
Salaries payable	5,018	166,559	164,561	7,016
Due to other governmental units	248,509	1,671,503	1,613,933	306,079
Total Liabilities	<u>\$ 267,552</u>	<u>\$ 2,127,793</u>	<u>\$ 2,076,912</u>	<u>\$ 318,433</u>
<b>PAYROLL</b>				
Assets:				
Cash	\$ 30,867	\$ 15,995,138	\$ 15,999,089	\$ 26,916
Liabilities:				
Accounts payable	\$ 30,867	\$ 15,995,138	\$ 15,999,089	\$ 26,916
<b>I-494 CORRIDOR COMMISSION</b>				
Assets:				
Cash	\$ 110,051	\$ 54,370	\$ 164,421	\$ -
Liabilities:				
Due to other governmental units	\$ 110,051	\$ 54,370	\$ 164,421	\$ -
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets:				
Cash	\$ 171,159	\$ 17,567,301	\$ 17,680,422	\$ 58,038
Investments	260,000	610,000	560,000	310,000
Total Assets	<u>\$ 431,159</u>	<u>\$ 18,177,301</u>	<u>\$ 18,240,422</u>	<u>\$ 368,038</u>
Liabilities:				
Accounts payable	\$ 44,892	\$ 16,284,869	\$ 16,297,507	\$ 32,254
Salaries payable	5,018	166,559	164,561	7,016
Due to other governmental units	381,249	1,725,873	1,778,354	328,768
Total Liabilities	<u>\$ 431,159</u>	<u>\$ 18,177,301</u>	<u>\$ 18,240,422</u>	<u>\$ 368,038</u>

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total tax capacity	\$ 120,084,430	\$ 122,532,149	\$ 120,816,822	\$ 113,981,017	\$ 109,012,566
Increment valuation	(9,771,137)	(10,307,195)	(4,960,337)	(4,043,859)	(3,917,958)
Contribution to fiscal disparities pool	<u>(9,358,999)</u>	<u>(10,393,526)</u>	<u>(10,942,782)</u>	<u>(11,039,952)</u>	<u>(10,283,433)</u>
Tax capacity used for rate calculation	<u>100,954,294</u>	<u>101,831,428</u>	<u>104,913,703</u>	<u>98,897,206</u>	<u>94,811,175</u>
Fiscal disparities distribution	<u>2,895,523</u>	<u>3,298,549</u>	<u>3,537,906</u>	<u>3,421,345</u>	<u>3,068,256</u>
Adjusted net tax capacity	<u>\$ 103,849,817</u>	<u>\$ 105,129,977</u>	<u>\$ 108,451,609</u>	<u>\$ 102,318,551</u>	<u>\$ 97,879,431</u>
Tax levies:					
General fund	\$ 20,314,404	\$ 21,202,691	\$ 20,737,472	\$ 21,004,000	\$ 21,604,402
Equipment	-	-	940,494	992,072	992,072
Debt service	<u>1,695,827</u>	<u>2,351,030</u>	<u>3,212,757</u>	<u>3,174,308</u>	<u>3,040,890</u>
Total certified tax levies	<u>22,010,231</u>	<u>23,553,721</u>	<u>24,890,723</u>	<u>25,170,380</u>	<u>25,637,364</u>
Referendum market value levy	<u>595,438</u>	<u>600,212</u>	<u>602,250</u>	<u>615,837</u>	<u>610,862</u>
Total levy	<u>\$ 22,605,669</u>	<u>\$ 24,153,933</u>	<u>\$ 25,492,973</u>	<u>\$ 25,786,217</u>	<u>\$ 26,248,226</u>
Tax capacity rate:					
General fund revenue	19.563	20.204	20.004	21.548	23.131
Bonds & interest	<u>1.634</u>	<u>2.243</u>	<u>2.968</u>	<u>3.112</u>	<u>3.116</u>
Total tax capacity rate	<u>21.197</u>	<u>22.447</u>	<u>22.972</u>	<u>24.660</u>	<u>26.247</u>
Market value rate	<u>0.00601</u>	<u>0.00597</u>	<u>0.00606</u>	<u>0.00654</u>	<u>0.00667</u>

**CITY OF EDINA, MINNESOTA**  
**COMBINED SCHEDULE OF BONDED INDEBTEDNESS**  
December 31, 2011

	Interest Rates	Date	Final Maturity Date	Prior Years	
				Original Issue	Redeemed
<b>Tax Increment Bonds:</b>					
Tax Increment Bonds, Series 2000A	4.30 - 4.80	09/06/00	02/01/11	\$ 2,620,000	\$ 2,295,000
Tax Increment Bonds, Series 2002B	3.00%	08/05/02	02/01/12	1,400,000	-
Tax Increment Refunding Bonds, Series 2005D	3.00 - 3.40	07/19/05	02/01/13	3,505,000	1,910,000
<b>Total Tax Increment Bonds</b>				<u>7,525,000</u>	<u>4,205,000</u>
<b>General Obligation Bonds:</b>					
GO Park & Recreation Refunding Bonds, Series 2005A	3.50 - 4.00	07/19/05	02/01/17	5,375,000	1,710,000
GO Capital Improvement Plan, Series 2007A	4.00 - 4.25	05/24/07	02/01/28	5,865,000	400,000
GO Capital Improvement Plan, Series 2009A	3.00 - 4.40	04/29/09	02/01/30	14,000,000	-
GO Equipment Certificates, Series 2009B	2.00 - 3.00	04/29/09	01/01/12	230,000	75,000
GO Capital Improvement Plan, Series 2010A	2.00 - 4.00	11/18/10	02/01/21	8,285,000	-
GO Equipment Certificates, Series 2010B	2.00	11/18/10	02/01/13	230,000	-
<b>Total General Obligation Bonds</b>				<u>33,985,000</u>	<u>2,185,000</u>
<b>Permanent Improvement Revolving (PIR) Bonds:</b>					
GO Permanent Improvement Revolving, Series 2005E	3.00 - 3.75	09/13/05	02/01/16	1,460,000	615,000
GO Permanent Improvement Revolving Series 2007C	3.60 - 4.25	05/24/07	02/01/19	5,870,000	505,000
GO Permanent Improvement Revolving Series 2008B	3.00 - 4.00	08/28/08	02/01/20	7,755,000	-
GO Permanent Improvement Revolving Series 2010B	2.00 - 3.00	11/18/10	02/01/22	2,305,000	-
GO Permanent Improvement Revolving Series 2011A	2.00 - 3.00	10/27/11	02/01/23	-	-
<b>Total PIR Bonds</b>				<u>17,390,000</u>	<u>1,120,000</u>
<b>Public Project Revenue Bonds:</b>					
Public Project Revenue, Series 2005	3.00 - 4.13	09/13/05	05/01/26	5,425,000	775,000
Taxable Public Project Revenue, Series 2009A	2.10 - 4.55	11/24/09	02/01/30	2,595,000	-
Taxable Public Project Revenue, Series 2009B	1.95 - 5.80	11/24/09	02/01/30	6,125,000	-
<b>Total Public Project Revenue Bonds</b>				<u>14,145,000</u>	<u>775,000</u>
<b>Revenue Bonds:</b>					
Recreational Facility Bonds, Series 2009B	2.00 - 3.00	04/29/09	01/01/17	2,010,000	415,000
Recreational Facility Bonds, Series 2009C	2.00 - 4.00	12/10/09	02/01/30	2,440,000	-
Utility Revenue Bonds, Series 2003C	1.10 - 3.55	03/01/03	02/01/13	3,200,000	2,125,000
Utility Revenue Bonds, Series 2007B	4.00%	05/24/07	02/01/17	8,210,000	2,200,000
Utility Revenue Bonds, Series 2008A	3.00 - 4.00	08/28/08	02/01/19	13,985,000	1,730,000
Utility Revenue Bonds, Series 2011A	2.00 - 3.00	10/27/11	02/01/22	-	-
<b>Total Public Project Revenue Bonds</b>				<u>29,845,000</u>	<u>6,470,000</u>
<b>Total - Bonded indebtedness</b>				<u>\$ 102,890,000</u>	<u>\$ 14,755,000</u>

Outstanding 12/31/10	2011		Payable 12/31/11	Principal Due In 2012	Interest Due In 2012	Interest Payable to Maturity
	Issued	Payments				
\$ 325,000	\$ -	\$ 325,000	\$ -	\$ -	\$ -	\$ -
1,400,000	-	-	1,400,000	1,400,000	21,000	21,000
1,595,000	-	515,000	1,080,000	530,000	27,445	36,795
<u>3,320,000</u>	<u>-</u>	<u>840,000</u>	<u>2,480,000</u>	<u>1,930,000</u>	<u>48,445</u>	<u>57,795</u>
3,665,000	-	470,000	3,195,000	485,000	114,350	390,794
5,465,000	-	210,000	5,255,000	220,000	210,144	2,048,759
14,000,000	-	510,000	13,490,000	525,000	484,999	5,578,855
155,000	-	75,000	80,000	80,000	800	800
8,285,000	-	755,000	7,530,000	635,000	285,325	1,599,025
230,000	-	80,000	150,000	75,000	2,250	3,000
<u>31,800,000</u>	<u>-</u>	<u>2,100,000</u>	<u>29,700,000</u>	<u>2,020,000</u>	<u>1,097,868</u>	<u>9,621,233</u>
845,000	-	150,000	695,000	145,000	22,294	62,047
5,365,000	-	525,000	4,840,000	555,000	175,756	765,906
7,755,000	-	655,000	7,100,000	675,000	244,019	1,278,742
2,305,000	-	-	2,305,000	-	54,100	357,725
-	<u>3,320,000</u>	<u>-</u>	<u>3,320,000</u>	<u>-</u>	<u>61,345</u>	<u>600,645</u>
<u>16,270,000</u>	<u>3,320,000</u>	<u>1,330,000</u>	<u>18,260,000</u>	<u>1,375,000</u>	<u>557,514</u>	<u>3,065,065</u>
4,650,000	-	210,000	4,440,000	220,000	175,044	1,496,072
2,595,000	-	-	2,595,000	-	100,203	1,185,411
6,125,000	-	-	6,125,000	125,000	290,141	3,431,469
<u>13,370,000</u>	<u>-</u>	<u>210,000</u>	<u>13,160,000</u>	<u>345,000</u>	<u>565,388</u>	<u>6,112,952</u>
1,595,000	-	405,000	1,190,000	420,000	22,400	55,400
2,440,000	-	80,000	2,360,000	100,000	82,600	946,600
1,075,000	-	345,000	730,000	360,000	19,345	25,913
6,010,000	-	760,000	5,250,000	795,000	194,100	654,000
12,255,000	-	1,165,000	11,090,000	1,205,000	399,781	1,852,182
-	<u>11,230,000</u>	<u>-</u>	<u>11,230,000</u>	<u>-</u>	<u>198,764</u>	<u>1,679,039</u>
<u>23,375,000</u>	<u>11,230,000</u>	<u>2,755,000</u>	<u>31,850,000</u>	<u>2,880,000</u>	<u>916,990</u>	<u>5,213,134</u>
<u>\$ 88,135,000</u>	<u>\$ 14,550,000</u>	<u>\$ 7,235,000</u>	<u>\$ 95,450,000</u>	<u>\$ 8,550,000</u>	<u>\$ 3,186,205</u>	<u>\$ 24,070,179</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, 2011

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
<b>Source of funds:</b>					
Bond proceeds	\$ 4,500,000	\$ 9,900,000	\$ 9,475,915	\$ -	\$ 424,085
Tax increments received	-	29,737,107	17,764,833	897,273	11,075,001
Real estate sales *	-	4,700,000	5,402,344	-	(702,344)
Interest on invested funds	-	300,000	1,100,026	48,061	(848,087)
Other	-	-	61,068	-	(61,068)
Total sources of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>33,804,186</u>	<u>945,334</u>	<u>9,887,587</u>
<b>Uses of funds:</b>					
Land acquisition	-	6,500,000	4,984,728	-	1,515,272
Installation of public utilities and improvements	4,310,000	17,127,000	9,738,935	-	7,388,065
<b>Bond payments:</b>					
Principal	-	9,900,000	7,912,555	325,000	1,662,445
Interest	-	9,190,000	3,274,104	49,800	5,866,096
Loan/note interest	-	-	5,150,288	-	(5,150,288)
Paid to other governments	-	-	203,984	1,944	(205,928)
Administrative costs	190,000	1,920,107	1,375,023	428	544,656
Total uses of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>32,639,617</u>	<u>377,172</u>	<u>11,620,318</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,164,569</u>	<u>\$ 568,162</u>	<u>\$ (1,732,731)</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	1,447,043	2,070,119
Project area	23,832	4,005,694
	<u>\$ 4,598,131</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, 2011

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
<b>Source of funds:</b>					
Bond proceeds	\$ 41,400,000	\$ 34,400,000	\$ 33,761,677	\$ -	\$ 638,323
Tax increments received	80,000,000	90,000,000	45,329,718	3,186,072	41,484,210
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	4,255,507	256,719	(2,012,226)
Transfer in	-	40,000,000	38,646,971	-	1,353,029
Sale of material	-	255,710	255,710	-	-
Developer payments	-	297,826	297,826	-	-
Other	-	20,000	21,799	-	(1,799)
<b>Total sources of funds:</b>	<b>126,400,000</b>	<b>180,431,702</b>	<b>134,206,278</b>	<b>3,442,791</b>	<b>42,782,633</b>
<b>Uses of funds:</b>					
Land acquisition	13,900,000	22,981,425	22,981,425	-	-
Installation of public utilities and improvements	26,677,000	25,871,230	21,186,039	25,321	4,659,870
<b>Bond payments:</b>					
Principal	41,400,000	41,400,000	34,299,724	515,000	6,585,276
Interest	38,000,000	38,000,000	34,215,802	44,559	3,739,639
Administrative costs	1,140,800	1,600,000	1,398,185	40,238	161,577
Paid to other governments	-	42,000	45,837	4,346	(8,183)
Loan/note interest	-	14,684,711	6,250,273	529,415	7,905,023
Parkland dedication fees	-	2,030,345	2,030,345	-	-
<b>Total uses of funds:</b>	<b>121,117,800</b>	<b>146,609,711</b>	<b>122,407,630</b>	<b>1,158,879</b>	<b>23,043,202</b>
<b>Funds remaining (deficit)</b>	<b>\$ 5,282,200</b>	<b>\$ 33,821,991</b>	<b>\$ 11,798,648</b>	<b>\$ 2,283,912</b>	<b>\$ 19,739,431</b>

	Cost to authority	Price paid by developer
<b>* Real estate sales</b>		
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
	<b>\$ 11,637,070</b>	<b>\$ 11,637,070</b>

**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, 2011

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Accounted for in prior years</u>	<u>Current year</u>	<u>Amount remaining</u>
<b>Source of funds:</b>					
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	-	-	276,490	15,220	(291,710)
Total sources of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>1,023,353</u>	<u>15,220</u>	<u>3,050,282</u>
<b>Uses of funds:</b>					
Land acquisition	529,400	529,400	43,937	1,862	483,601
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>661,776</u>	<u>1,862</u>	<u>3,425,217</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,577</u>	<u>\$ 13,358</u>	<u>\$ (374,935)</u>

# 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.

<b>Contents</b>	<b>Page</b>
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>	98
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	106
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 debt in the future.</i>	110
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 take place.</i>	115
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>	117

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 NINE FISCAL YEARS**  
*(accrual basis of accounting)*

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

<b>Fiscal Year</b>				
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 67,680,882	\$ 71,601,227	\$ 69,622,370	\$ 69,783,162	\$ 75,045,018
-	3,362,446	7,132,865	9,952,443	22,915,776
25,136,312	29,577,462	30,705,600	41,709,528	29,544,149
\$ 92,817,194	\$ 104,541,135	\$ 107,460,835	\$ 121,445,133	\$ 127,504,943
\$ 43,046,160	\$ 46,851,736	\$ 47,333,794	\$ 48,807,806	\$ 56,877,100
-	954,486	624,837	618,852	623,099
13,649,355	12,071,776	15,158,720	17,041,122	12,926,674
\$ 56,695,515	\$ 59,877,998	\$ 63,117,351	\$ 66,467,780	\$ 70,426,873
\$ 110,727,042	\$ 118,452,963	\$ 116,956,164	\$ 118,590,968	\$ 131,922,118
-	4,316,932	7,757,702	10,571,295	23,538,875
38,785,667	41,649,238	45,864,320	58,750,650	42,470,823
\$ 149,512,709	\$ 164,419,133	\$ 170,578,186	\$ 187,912,913	\$ 197,931,816

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

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities:				
General government	\$ 5,839,893	\$ 6,934,045	\$ 4,967,008	\$ 5,414,961
Public safety	10,784,215	11,063,767	12,019,027	13,300,351
Public works	5,621,291	5,834,490	7,185,784	8,973,031
Parks	4,484,685	4,248,060	5,901,648	5,341,682
Interest on long-term debt	<u>2,760,022</u>	<u>2,399,682</u>	<u>2,288,524</u>	<u>2,973,749</u>
Total governmental activities expenses	<u>29,490,106</u>	<u>30,480,044</u>	<u>32,361,991</u>	<u>36,003,774</u>
Business-type activities:				
Utilities	7,930,502	7,801,580	8,254,409	9,234,651
Liquor	8,764,081	9,110,888	9,749,313	9,968,963
Aquatic center	711,061	701,768	725,936	795,614
Golf course	3,555,243	3,508,741	3,580,307	3,652,169
Community activity centers	<u>3,833,026</u>	<u>3,850,192</u>	<u>3,825,562</u>	<u>4,048,649</u>
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>
Total primary government expenses	<u>\$ 54,284,019</u>	<u>\$ 55,453,213</u>	<u>\$ 58,497,518</u>	<u>\$ 63,703,820</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 930,391	\$ 454,603	\$ 619,526	\$ 731,613
Public safety	4,213,081	4,634,744	5,614,406	6,146,114
Other activities	898,141	748,398	630,157	793,796
Operating grants and contributions	1,215,745	1,154,808	1,512,366	1,423,302
Capital grants and contributions	<u>7,214,393</u>	<u>4,192,947</u>	<u>2,252,491</u>	<u>4,013,617</u>
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>
Business-type activities:				
Charges for services:				
Utilities	9,694,981	9,875,078	10,240,381	11,421,474
Liquor	9,659,631	10,030,067	10,752,724	11,029,445
Aquatic center	861,340	764,134	849,380	867,626
Golf course	3,684,079	3,538,122	3,482,999	3,646,620
Community activity centers	2,966,731	3,254,012	3,251,860	3,337,153
Operating grants and contributions	<u>132,031</u>	<u>138,447</u>	<u>131,408</u>	<u>122,358</u>
Total business-type activities program revenues	<u>26,998,793</u>	<u>27,599,860</u>	<u>28,708,752</u>	<u>30,424,676</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>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (15,018,355)	\$ (19,294,544)	\$ (21,733,045)	\$ (22,895,332)
Business-type activities	<u>2,204,880</u>	<u>2,626,691</u>	<u>2,573,225</u>	<u>2,724,630</u>
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>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Property taxes	\$ 17,815,426	\$ 17,865,757	\$ 19,071,202	\$ 20,414,298
Tax increment collections	7,342,270	6,761,934	7,060,744	7,228,002
Franchise taxes	-	450,956	457,421	499,206
Unrestricted investment earnings	286,209	443,074	977,956	1,230,264
Gain on disposal of capital assets	26,669	-	63,674	8,418
Transfers	<u>(4,053,805)</u>	<u>655,227</u>	<u>841,500</u>	<u>838,230</u>
Total governmental activities	<u>21,416,769</u>	<u>26,176,948</u>	<u>28,472,497</u>	<u>30,218,418</u>
Business-type activities:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted investment earnings	387,117	227,167	236,654	283,771
Gain (loss) on disposal of capital assets	(177,051)	6,490	22,538	25,210
Transfers	<u>4,053,805</u>	<u>(655,227)</u>	<u>(841,500)</u>	<u>(838,230)</u>
Total business-type activities	<u>4,263,871</u>	<u>(421,570)</u>	<u>(582,308)</u>	<u>(529,249)</u>
Total primary government	<u>\$ 25,680,640</u>	<u>\$ 25,755,378</u>	<u>\$ 27,890,189</u>	<u>\$ 29,689,169</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ 6,398,414	\$ 6,882,404	\$ 6,739,452	\$ 7,323,086
Business-type activities	<u>6,468,751</u>	<u>2,205,121</u>	<u>1,990,917</u>	<u>2,195,381</u>
Total primary government	<u>\$ 12,867,165</u>	<u>\$ 9,087,525</u>	<u>\$ 8,730,369</u>	<u>\$ 9,518,467</u>

Fiscal Year					
2007	2008	2009	2010	2011	
\$ 7,039,298	\$ 6,836,248	\$ 7,362,560	\$ 6,961,082	\$ 7,013,231	
13,743,194	14,833,647	14,751,479	15,543,594	16,024,575	
8,757,022	9,046,873	8,993,290	8,558,363	9,193,336	
5,025,560	5,971,565	7,732,777	5,608,758	5,540,585	
<u>1,887,633</u>	<u>1,923,821</u>	<u>2,129,490</u>	<u>2,528,424</u>	<u>2,339,370</u>	
<u>36,452,707</u>	<u>38,612,154</u>	<u>40,969,596</u>	<u>39,200,221</u>	<u>40,111,097</u>	
10,036,844	10,625,811	11,833,994	11,848,538	12,130,685	
10,361,998	11,049,223	11,449,194	11,594,643	11,727,106	
780,981	787,663	798,369	769,608	718,027	
3,621,977	3,612,482	3,588,831	3,561,573	3,390,949	
<u>4,168,534</u>	<u>4,502,849</u>	<u>4,636,375</u>	<u>4,492,779</u>	<u>4,687,916</u>	
<u>28,970,334</u>	<u>30,578,028</u>	<u>32,306,763</u>	<u>32,267,141</u>	<u>32,654,683</u>	
<u>\$ 65,423,041</u>	<u>\$ 69,190,182</u>	<u>\$ 73,276,359</u>	<u>\$ 71,467,362</u>	<u>\$ 72,765,780</u>	
\$ 784,659	\$ 840,070	\$ 811,087	\$ 946,107	\$ 969,745	
5,632,642	5,839,683	5,081,563	5,448,505	5,988,485	
736,329	763,130	804,500	723,559	775,676	
1,384,024	1,170,183	1,377,785	1,162,411	1,392,892	
<u>4,299,509</u>	<u>7,710,015</u>	<u>2,582,999</u>	<u>13,325,431</u>	<u>5,770,912</u>	
<u>12,837,163</u>	<u>16,323,081</u>	<u>10,657,934</u>	<u>21,606,013</u>	<u>14,897,710</u>	
13,125,773	13,713,249	14,858,488	15,036,016	15,873,937	
11,436,175	12,122,599	12,655,777	12,857,064	13,172,484	
868,833	925,388	859,816	945,529	913,383	
3,630,538	3,680,584	3,660,466	3,443,204	3,285,741	
3,517,111	3,517,218	3,606,684	3,495,982	3,646,571	
<u>127,492</u>	<u>147,456</u>	<u>135,917</u>	<u>373,230</u>	<u>135,428</u>	
<u>32,705,922</u>	<u>34,106,494</u>	<u>35,777,148</u>	<u>36,151,025</u>	<u>37,027,544</u>	
<u>\$ 45,543,085</u>	<u>\$ 50,429,575</u>	<u>\$ 46,435,082</u>	<u>\$ 57,757,038</u>	<u>\$ 51,925,254</u>	
\$ (23,615,544)	\$ (22,289,073)	\$ (30,311,662)	\$ (17,594,208)	\$ (25,213,387)	
<u>3,735,588</u>	<u>3,528,466</u>	<u>3,470,385</u>	<u>3,883,884</u>	<u>4,372,861</u>	
<u>\$ (19,879,956)</u>	<u>\$ (18,760,607)</u>	<u>\$ (26,841,277)</u>	<u>\$ (13,710,324)</u>	<u>\$ (20,840,526)</u>	
\$ 21,459,001	\$ 22,242,276	\$ 23,834,274	\$ 25,122,113	\$ 25,040,871	
7,793,577	8,578,434	7,587,386	4,488,073	4,083,345	
570,871	647,466	667,791	692,288	722,160	
1,581,702	1,185,899	387,177	474,444	601,250	
58,377	1,265	11,709	35,594	131,365	
<u>919,625</u>	<u>967,800</u>	<u>743,025</u>	<u>765,994</u>	<u>694,206</u>	
<u>32,383,153</u>	<u>33,623,140</u>	<u>33,231,362</u>	<u>31,578,506</u>	<u>31,273,197</u>	
\$ -	\$ -	\$ 300,372	\$ -	\$ -	
510,678	607,312	209,371	205,965	280,438	
7,604	14,505	2,250	26,574	-	
<u>(919,625)</u>	<u>(967,800)</u>	<u>(743,025)</u>	<u>(765,994)</u>	<u>(694,206)</u>	
<u>(401,343)</u>	<u>(345,983)</u>	<u>(231,032)</u>	<u>(533,455)</u>	<u>(413,768)</u>	
<u>\$ 31,981,810</u>	<u>\$ 33,277,157</u>	<u>\$ 33,000,330</u>	<u>\$ 31,045,051</u>	<u>\$ 30,859,429</u>	
\$ 8,767,609	\$ 11,334,067	\$ 2,919,700	\$ 13,984,298	\$ 6,059,810	
<u>3,334,245</u>	<u>3,182,483</u>	<u>3,239,353</u>	<u>3,350,429</u>	<u>3,959,093</u>	
<u>\$ 12,101,854</u>	<u>\$ 14,516,550</u>	<u>\$ 6,159,053</u>	<u>\$ 17,334,727</u>	<u>\$ 10,018,903</u>	

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

	Fiscal Year			
	2002	2003 <sup>a</sup>	2004	2005 <sup>b</sup>
General fund				
Reserved	\$ 417,093	\$ 412,991	\$ 390,771	\$ 223,351
Unreserved	14,325,972	9,961,074	10,226,055	11,595,433
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 14,743,065</u>	<u>\$ 10,374,065</u>	<u>\$ 10,616,826</u>	<u>\$ 11,818,784</u>
All other governmental funds				
Reserved	\$ 4,186,436	\$ 4,084,987	\$ 3,465,440	\$ 13,792,312
Unreserved, reported in:				
Special revenue funds	1,589,518	686,777	781,458	731,027
Capital projects funds	26,750,351	19,608,849	16,651,788	17,032,750
Restricted, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Construction funds	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 32,526,305</u>	<u>\$ 24,380,613</u>	<u>\$ 20,898,686</u>	<u>\$ 31,556,089</u>

<sup>a</sup> 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.

<sup>b</sup> 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.

<sup>c</sup> The substantial decrease in general fund unreserved fund balance in 2009 is due to the transfer of the equipment replacement program to the construction fund.

The substantial increase in other governmental funds reserved fund balance in 2009 is due to unspent bond proceeds related to the new Public Works Facility, which is under construction.

<sup>d</sup> The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in 2011. The City did not apply the statement retroactively.

<b>Fiscal Year</b>					
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009<sup>c</sup></b>	<b>2010</b>	<b>2011<sup>d</sup></b>
\$ 36,849	\$ 28,637	\$ 13,982	\$ 18,241	\$ 10,258	\$ -
13,797,189	14,078,220	14,365,021	12,031,358	12,868,952	-
-	-	-	-	-	10,871
-	-	-	-	-	178,295
-	-	-	-	-	1,539,286
-	-	-	-	-	11,744,764
<u>\$ 13,834,038</u>	<u>\$ 14,106,857</u>	<u>\$ 14,379,003</u>	<u>\$ 12,049,599</u>	<u>\$ 12,879,210</u>	<u>\$ 13,473,216</u>
\$ 2,682,238	\$ 6,247,539	\$ 8,467,918	\$ 15,223,353	\$ 9,460,834	\$ -
13,179,904	14,750,448	14,950,538	12,813,439	15,333,460	-
3,160,085	5,853,322	4,270,440	6,683,668	12,150,968	-
-	-	-	-	-	17,178,857
-	-	-	-	-	8,068,183
-	-	-	-	-	2,087,548
-	-	-	-	-	8,098,935
<u>\$ 19,022,227</u>	<u>\$ 26,851,309</u>	<u>\$ 27,688,896</u>	<u>\$ 34,720,460</u>	<u>\$ 36,945,262</u>	<u>\$ 35,433,523</u>

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

	<b>Fiscal Year</b>			
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Revenues</b>				
General property taxes	\$ 24,735,336	\$ 17,903,618	\$ 17,865,757	\$ 19,071,202
Tax increment collections	-	7,342,270	6,761,934	7,060,744
Special assessments	998,908	1,019,461	966,879	1,354,264
Franchise fees	418,153	393,627	450,956	457,421
License and permits	1,939,207	2,182,263	2,247,759	3,240,622
Intergovernmental	2,254,968	4,678,735	3,933,540	1,539,169
Charges for services	2,096,806	2,076,519	2,279,302	2,466,663
Fines and forfeitures	910,407	785,227	863,073	742,917
Investment income	1,178,211	286,209	443,074	977,956
Rental of property	1,782,063	354,266	385,707	315,542
Other revenues	180,081	200,551	294,136	227,446
<b>Total revenues</b>	<b>36,494,140</b>	<b>37,222,746</b>	<b>36,492,117</b>	<b>37,453,946</b>
<b>Expenditures</b>				
General government	5,372,431	5,709,741	5,213,469	5,477,308
Public safety	9,893,428	10,352,816	11,125,388	11,373,763
Public works	4,161,373	4,142,668	4,386,669	4,882,811
Parks	2,602,266	2,974,164	2,954,372	3,146,029
Capital outlay	11,059,757	15,539,676	7,772,321	8,227,191
Debt service				
Principal	5,885,000	5,700,000	6,450,000	6,830,000
Interest and other charges	3,094,480	2,908,787	2,484,291	2,543,639
<b>Total expenditures</b>	<b>42,068,735</b>	<b>47,327,852</b>	<b>40,386,510</b>	<b>42,480,741</b>
Revenues over (under) expenditures	(5,574,595)	(10,105,106)	(3,894,393)	(5,026,795)
<b>Other Financing Sources (Uses)</b>				
Transfers in	12,308,480	8,752,126	8,367,595	7,797,369
Transfers out	(11,552,990)	(12,805,931)	(7,712,368)	(6,955,869)
Sale of capital assets	-	-	-	135,045
Bonds issued	13,637,416	1,540,000	-	15,816,165
Premium on bonds issued	-	59,219	-	-
Discount on bonds issued	-	-	-	(36,275)
Refunding bonds issued	-	6,570,000	-	16,764,721
Payment to refunding escrow	(2,550,000)	(6,525,000)	-	(16,635,000)
Principal paid by escrow	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>11,842,906</b>	<b>(2,409,586)</b>	<b>655,227</b>	<b>16,886,156</b>
<b>Net change in fund balances</b>	<b>\$ 6,268,311</b>	<b>\$ (12,514,692)</b>	<b>\$ (3,239,166)</b>	<b>\$ 11,859,361</b>
Debt service as a percentage of noncapital expenditures	29.0%	27.1%	27.4%	27.4%

<sup>a</sup> 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.

<b>Fiscal Year</b>					
<b>2006</b>	<b>2007<sup>a</sup></b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 20,414,298	\$ 21,459,001	\$ 22,242,276	\$ 23,834,274	\$ 25,122,113	\$ 24,972,166
7,228,002	7,793,577	8,578,434	7,587,386	4,488,073	4,083,345
1,751,219	1,750,444	2,442,490	2,703,833	6,746,186	4,502,112
499,206	570,871	647,466	667,791	692,288	722,160
3,488,897	2,909,521	2,915,455	2,104,967	2,410,314	2,724,763
2,773,350	3,699,006	3,005,883	1,507,170	3,726,849	3,059,964
2,691,354	2,748,709	3,093,941	2,905,410	3,014,894	3,181,961
1,023,935	971,486	1,073,174	1,224,983	1,203,767	1,243,426
1,230,264	1,581,702	1,185,899	387,177	474,444	601,250
310,145	355,734	255,607	343,616	426,517	539,091
246,797	225,839	126,723	160,035	413,400	156,231
<u>41,657,467</u>	<u>44,065,890</u>	<u>45,567,348</u>	<u>43,426,642</u>	<u>48,718,845</u>	<u>45,786,469</u>
5,995,804	6,544,307	6,235,352	6,895,329	6,523,398	5,739,481
12,431,114	12,985,215	13,788,797	13,692,686	14,177,387	14,668,772
5,233,907	5,787,619	6,189,594	5,911,758	5,898,023	6,000,539
3,300,375	3,455,789	3,693,595	3,688,063	3,524,950	3,633,922
8,980,526	11,991,122	14,666,907	22,997,065	13,505,827	14,235,496
5,985,000	6,190,000	7,090,000	7,415,000	2,975,000	4,480,000
2,107,036	1,677,770	1,967,021	1,841,342	2,584,006	2,278,068
<u>44,033,762</u>	<u>48,631,822</u>	<u>53,631,266</u>	<u>62,441,243</u>	<u>49,188,591</u>	<u>51,036,278</u>
(2,376,295)	(4,565,932)	(8,063,918)	(19,014,601)	(469,746)	(5,249,809)
6,865,258	7,290,391	7,983,585	11,347,773	2,903,762	5,615,669
(6,027,028)	(6,370,766)	(7,015,785)	(10,604,748)	(2,137,768)	(4,921,463)
54,457	66,845	96,825	34,592	134,329	209,773
-	11,735,000	7,755,000	22,950,000	2,535,000	3,320,000
-	-	-	64,765	898,658	108,097
-	(53,637)	(35,848)	(75,621)	-	-
-	-	-	-	8,285,000	-
-	-	-	-	(9,094,822)	-
(9,035,000)	-	-	-	-	-
<u>(8,142,313)</u>	<u>12,667,833</u>	<u>8,783,777</u>	<u>23,716,761</u>	<u>3,524,159</u>	<u>4,332,076</u>
<u>\$ (10,518,608)</u>	<u>\$ 8,101,901</u>	<u>\$ 719,859</u>	<u>\$ 4,702,160</u>	<u>\$ 3,054,413</u>	<u>\$ (917,733)</u>
23.1%	20.9%	22.6%	21.7%	15.4%	17.8%

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

Fiscal Year	Market Value (In Thousands) <sup>a</sup>			Tax Capacity (In Thousands)			City Tax Capacity Rate	City Referendum Rate	Estimated Direct Rate <sup>b</sup>
	Estimated	Limited	Taxable	Total	Used for Rate	Adjusted Net			
2002	\$5,821,567	DNA	DNA	\$ 72,584	\$ 59,176	\$ 61,007	27.806%	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
2008	9,986,738	9,933,166	9,928,907	120,084	100,954	103,850	21.197%	0.00601%	2.204
2009	10,112,498	10,091,005	10,079,499	122,532	101,831	105,130	22.447%	0.00597%	2.334
2010	9,960,341	9,960,341	9,949,807	120,817	104,914	108,452	22.972%	0.00606%	2.501
2011	9,441,688	9,441,688	9,431,941	113,981	98,897	102,319	24.660%	0.00654%	2.672

Source: Hennepin County Taxpayer Services. 2002-2004 estimated market values obtained from previous CAFRs and do not include personal property.

DNA: Historical data is not available

<sup>a</sup> 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.

<sup>b</sup> 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.

**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		
<b>2002</b>	26.116%	1.690%	27.806%	0.012%	50.409%	18.504%	DNA	9.847%	106.566%
<b>2003</b>	24.586%	2.553%	27.139%	0.011%	50.607%	23.312%	DNA	8.993%	110.051%
<b>2004</b>	23.183%	2.382%	25.565%	0.010%	47.324%	22.670%	DNA	8.256%	103.815%
<b>2005</b>	22.536%	1.549%	24.085%	0.009%	44.172%	19.694%	0.166%	8.547%	96.498%
<b>2006</b>	20.755%	1.858%	22.613%	0.007%	41.016%	19.226%	0.154%	8.104%	90.959%
<b>2007</b>	19.636%	1.514%	21.150%	0.006%	39.110%	18.244%	0.147%	8.417%	86.921%
<b>2008</b>	19.563%	1.634%	21.197%	0.006%	38.571%	16.951%	0.177%	8.546%	85.265%
<b>2009</b>	20.204%	2.243%	22.447%	0.006%	40.413%	17.766%	0.183%	8.413%	89.039%
<b>2010</b>	20.004%	2.968%	22.972%	0.006%	42.640%	18.746%	0.194%	9.431%	93.789%
<b>2011</b>	21.548%	3.112%	24.660%	0.007%	45.840%	21.786%	0.196%	10.489%	102.775%

Source: Hennepin County Taxpayer Services. Some 2002-2004 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.

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

<b>Taxpayer</b>	<b>2011</b>			<b>2002</b>		
	<b>Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Capacity</b>	<b>Tax Capacity</b>	<b>Rank</b>	<b>Percentage of Total Capacity</b>
Southdale Shopping Center	\$ 2,308,500	1	2.03%	\$ 1,950,996	1	2.69%
Galleria Shopping Center	1,188,800	2	1.04%	784,882	3	1.08%
Southdale Office Park	686,102	3	0.60%	848,094	2	1.17%
Centennial Lakes Retail	679,250	4	0.60%	344,974	9	0.48%
Southdale Medical Building	620,285	5	0.54%	451,904	8	0.62%
Centennial Lakes Phase V	571,370	6	0.50%	553,106	5	0.76%
Centennial Lakes Phase IV	560,290	7	0.49%	568,808	4	0.78%
National Car	536,870	8	0.47%	-		0.00%
Target	439,250	9	0.39%	-		0.00%
Hellmuth & Johnson	397,956	10	0.35%	-		0.00%
Centennial Lakes Phase II	-		0.00%	344,974	10	0.48%
United Healthcare Corporation	-		0.00%	539,116	6	0.74%
7700 France	-		0.00%	473,950	7	0.65%
<b>Totals</b>	<b>\$ 7,988,673</b>		<b>7.01%</b>	<b>\$ 6,860,804</b>		<b>9.45%</b>

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
2002	\$ 17,728,603	\$ 16,985,098	95.81%	\$ 85,589	\$ 17,070,687	96.29%
2003	18,506,442	17,808,469	96.23%	50,633	17,859,102	96.50%
2004	18,808,903	18,066,892	96.06%	22,734	18,089,626	96.18%
2005	19,667,551	19,090,016	97.06%	82,177	19,172,193	97.48%
2006	20,820,130	20,310,889	97.55%	66,489	20,377,378	97.87%
2007	21,530,528	21,347,789 <sup>a</sup>	99.15% <sup>a</sup>	58,673	21,406,462	99.42%
2008	22,605,669	22,178,719 <sup>b</sup>	98.11% <sup>b</sup>	159,682	22,338,401	98.82%
2009	24,153,933	23,484,137 <sup>c</sup>	97.23% <sup>c</sup>	71,373	23,555,510	97.52%
2010	25,492,973	24,904,346	97.69%	(52,537)	24,851,810	97.48%
2011	25,786,217	25,067,625	97.21%	-	25,067,625	97.21%

Source: Hennepin County Taxpayer Services.

<sup>a</sup> In 2007 the State of Minnesota reimbursed the City for MVHC after five years of not making payments.

<sup>b</sup> In 2008 the State of Minnesota reimbursed the City for only 50% of MVHC.

<sup>c</sup> In 2009 the State of Minnesota once again quit reimbursing the City for MVHC.

**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			
2002	\$ 6,950	\$ 12,410	\$ 40,855	\$ -	\$ 7,890	\$ 2,630	\$ 70,735	3.31%	\$ 1,490
2003	8,165	12,035	35,900	-	7,145	5,495	68,740	2.97%	1,445
2004	7,295	11,595	30,760	-	6,325	4,860	60,835	2.58%	1,263
2005	11,765	16,560	28,905	1,460	5,475	4,215	68,380	2.92%	1,441
2006	5,670	16,080	20,460	1,460	4,595	3,550	51,815	2.19%	1,105
2007	10,990	15,390	15,665	7,170	3,690	11,070	63,975	2.39%	1,359
2008	10,420	14,675	10,015	14,770	2,845	23,570	76,295	3.00%	1,584
2009	24,020	22,650	4,125	14,620	4,450	21,525	91,390	3.54%	1,897
2010	31,800	13,370	3,320	16,270	4,035	19,340	88,135	3.41%	1,830
2011	29,700	13,160	2,480	18,260	3,550	28,300	95,450	3.62%	1,978

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 <sup>a</sup>	Per Capita
	General Obligation Debt	Public Project Revenue	Tax Increment Bonds			
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%	893
2008	10,420	14,675	10,015	35,110	0.35%	729
2009	24,020	22,650	4,125	50,795	0.50%	1,055
2010	31,800	13,370	3,320	48,490	0.49%	1,007
2011	29,700	13,160	2,480	45,340	0.48%	939

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

<sup>a</sup> 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, 2011**

	<u>Net General Obligation Bonded Debt Outstanding<sup>a</sup></u>	<u>Percentage Applicable in City<sup>b</sup></u>	<u>City Share of Debt</u>
<b>Overlapping Debt:</b>			
Hennepin County	\$ 723,889,101	7.57%	\$ 54,798,405
Hennepin Suburban Park District	64,252,898	10.16%	6,528,094
Hennepin Regional Rail Authority	40,128,161	7.57%	3,037,702
School Districts:			
ISD No. 273 (Edina)	69,167,442	98.66%	68,240,598
ISD No. 270 (Hopkins)	181,415,841	8.43%	15,293,355
ISD No. 272 (Eden Prairie)	72,112,436	1.05%	757,181
ISD No. 280 (Richfield)	25,696,510	22.66%	5,822,829
ISD No. 283 (St. Louis Park)	44,284,075	0.02%	8,857
Metro Council	<u>142,956,525</u>	3.28%	<u>4,688,974</u>
Total Overlapping Debt	1,363,902,989		159,175,995
<b>Direct Debt:</b>			
City of Edina	<u>27,635,989</u>	100.00%	<u>27,635,989</u>
Total Overlapping and Direct Debt	<u>\$ 1,391,538,978</u>		<u>\$ 186,811,984</u>
<b>Debt Ratios:</b>			
Ratio of debt per capita (48,262 population)			\$ 3,871
Ratio of debt to estimated market valuation of \$9,441,688,000			1.98%

Source: Hennepin County Taxpayer Services

<sup>a</sup> Calculation excludes revenue and special assessment bonds as well as sinking fund balance, if any.

<sup>b</sup> 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)*

	<b>Fiscal Year</b>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008<sup>a</sup></u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 138,279	\$ 138,190	\$ 160,674	\$ 173,867	\$ 191,974	\$ 199,775	\$ 302,385	\$ 301,369	\$ 298,494	\$ 282,958
Total net debt applicable to limit	<u>19,360</u>	<u>20,200</u>	<u>18,890</u>	<u>29,785</u>	<u>21,750</u>	<u>26,380</u>	<u>25,095</u>	<u>46,670</u>	<u>45,170</u>	<u>42,860</u>
Legal debt margin	\$ <u>118,919</u>	\$ <u>117,990</u>	\$ <u>141,784</u>	\$ <u>144,082</u>	\$ <u>170,224</u>	\$ <u>173,395</u>	\$ <u>277,290</u>	\$ <u>254,699</u>	\$ <u>253,324</u>	\$ <u>240,098</u>
Total net debt applicable to the limit as a percentage of debt limit	14.00%	14.62%	11.76%	17.13%	11.33%	13.20%	8.30%	15.49%	15.13%	15.15%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Market value (after fiscal disparities)	\$ 9,431,940,900
Debt limit (3% of market value)	282,958,227
Debt applicable to limit:	
General obligation bonds	29,700,000
Public project revenue bonds	<u>13,160,000</u>
Total debt applicable to limit	<u>42,860,000</u>
Legal debt margin	<u>\$ 240,098,227</u>

<sup>a</sup> The State of Minnesota changed the legal debt limit from 2% of taxable market value to 3% during 2008.

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

Fiscal Year	Less: operating		Net available revenue	Debt service requirements			Coverage
	Revenue	expenses		Principal	Interest	Total	
<b>Public Project Revenue Bonds (Annual Appropriation Lease Revenue)</b>							
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
2008	1,425,186	-	1,425,186	715,000	696,118	1,411,118	1.01
2009	1,424,405	-	1,424,405	745,000	665,193	1,410,193	1.01
2010	1,421,354	-	1,421,354	9,280,000	901,535	10,181,535	0.14
2011	1,346,294	-	1,346,294	210,000	574,681	784,681	1.72
<b>Tax Increment Bonds</b>							
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
2008	8,578,434	-	8,578,434	5,650,000	445,694	6,095,694	1.41
2009	7,587,386	-	7,587,386	5,890,000	244,236	6,134,236	1.24
2010	4,488,073	-	4,488,073	805,000	125,820	930,820	4.82
2011	4,083,345	-	4,083,345	840,000	94,359	934,359	4.37
<b>Permanent Improvement Revolving Bonds (Special Assessment)</b>							
2006	85,656	-	85,656	-	43,366	43,366	1.98
2007	391,921	-	391,921	160,000	46,694	206,694	1.90
2008	564,534	-	564,534	155,000	306,759	461,759	1.22
2009	1,508,662	-	1,508,662	150,000	513,708	663,708	2.27
2010	1,339,350	-	1,339,350	655,000	520,278	1,175,278	1.14
2011	2,466,395	-	2,466,395	1,330,000	524,964	1,854,964	1.33
<b>Utility Bond</b>							
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
2008	13,544,728	10,076,422	3,468,306	1,485,000	459,983	1,944,983	1.78
2009	14,857,798	10,815,216	4,042,582	2,045,000	803,157	2,848,157	1.42
2010	15,034,881	11,119,053	3,915,828	2,185,000	768,160	2,953,160	1.33
2011	15,871,102	11,438,288	4,432,814	2,270,000	693,285	2,963,285	1.50
<b>Recreational Facility Bonds</b>							
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
2008	6,005,571	5,972,558	33,013	845,000	135,956	980,956	0.03
2009	5,932,900	5,977,793	(44,893)	860,000	92,128	952,128	(0.05)
2010	5,690,239	5,822,861	(132,622)	415,000	100,926	515,926	(0.26)
2011	5,510,043	5,760,947	(250,904)	485,000	115,050	600,050	(0.42)

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

<b>Fiscal Year</b>	<b>Population</b>	<b>Estimated Personal Income (In thousands)</b>	<b>Per Capita Personal Income</b>	<b>High School Graduation Rate</b>	<b>Unemployment Rate</b>
2002	47,465	\$ 2,134,976	\$ 44,980	91.5%	4.00%
2003	47,570	2,317,801	48,724	91.5%	4.10%
2004	48,156	2,356,369	48,932	93.3%	3.90%
2005	47,448	2,341,464	49,348	92.1%	3.30%
2006	46,896	2,365,434	50,440	92.0%	3.00%
2007	47,090	2,673,959	56,784	92.0%	3.45%
2008	48,169	2,547,369	52,884	92.0%	4.33%
2009	48,169	2,582,436	53,612	92.4%	6.38%
2010	47,941	2,622,564	54,704	91.6%	5.56%
2011	48,262	2,640,124	54,704	92.2%	5.25%

Sources:

Population data from U.S. Census Bureau/Metropolitan Council.

Personal income and per capita income estimates based on MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. 2010 is the most recent.

High school graduation rate data from U.S. Census Bureau for all of Hennepin County.

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**

<b>Employer</b>	<b>2011</b>			<b>2002</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Fairview Southdale Hospital	1,000	1	4.58%	2,400	1	10.30%
Macy's (Marshall Field's or Dayton's)	1,000	2	4.58%	500	5	2.15%
BI Worldwide	1,000	3	4.58%	DNA	DNA	DNA
Edina Public Schools ISD #273	600	4	2.75%	DNA	DNA	DNA
Promenade Salon Concepts	500	5	2.29%	DNA	DNA	DNA
Regis Salons Division	500	6	2.29%	DNA	DNA	DNA
Regis Franchise Division	500	7	2.29%	DNA	DNA	DNA
Regis Corp.	500	8	2.29%	DNA	DNA	DNA
Master Cuts Division	500	9	2.29%	DNA	DNA	DNA
Smart Style Family Hair Care	500	10	2.29%	DNA	DNA	DNA
Jerry's Enterprises, Inc.	-		0.00%	2,000	2	8.58%
Golden Valley Microwave Foods	-		0.00%	650	3	2.79%
Health Risk Management Inc.	-		0.00%	552	4	2.37%
JC Penny Co.	-		0.00%	400	6	1.72%
Norwest Funding	-		0.00%	358	7	1.54%
Nash Finch Co.	-		0.00%	350	8	1.50%
International Dairy Queen Inc.	-		0.00%	300	9	1.29%
Roach Organization Inc.	-		0.00%	140	10	0.60%
<b>Totals</b>	<b>6,600</b>		<b>30.24%</b>	<b>7,650</b>		<b>32.83%</b>

Sources:

2011 data from www.mnprospector.com and ISD #273's annual report. For data obtained from www.mnprospector.com, low number in the range was used.

2002 data from 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 <sup>a</sup>									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
Administration	8.25	8.25	8.25	8.25	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	3.85	3.85	3.85
Finance	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.25
Elections	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assessing	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
<b>Public Works</b>										
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Engineering	7.50	6.50	7.50	7.50	7.50	8.50	8.50	8.50	8.50	8.50
Supervision	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.30
Maintenance	28.00	28.00	28.00	28.00	28.00	28.00	28.00	27.00	27.00	27.00
<b>Public Safety</b>										
Police Protection	69.00	68.00	66.00	69.00	69.00	70.00	70.00	71.00	70.00	67.50
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Protection	32.00	32.00	32.00	32.00	32.00	33.00	33.00	33.00	33.00	32.00
Public Health	3.75	2.75	2.75	2.75	2.75	2.75	2.75	2.65	2.65	2.65
Inspections	6.50	6.50	6.50	6.50	6.50	7.50	7.50	7.50	7.50	7.50
<b>Parks &amp; Recreation</b>										
Administration	7.00	7.00	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80
Maintenance	17.00	16.00	16.50	16.40	16.40	16.40	16.40	16.40	16.40	16.40
<b>Central Services</b>										
General	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	5.00
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	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
<b>Utilities</b>	14.50	14.50	15.50	15.75	15.75	15.25	15.75	18.75	18.75	17.20
<b>Liquor</b>	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
<b>Aquatic Center</b>	-	-	0.20	0.55	0.55	0.55	0.55	0.55	0.55	0.55
<b>Golf Course</b>	15.00	15.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	11.00
<b>Arena</b>	5.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00	5.00
<b>Art Center</b>	3.00	3.00	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00
<b>Edinborough Park</b>	7.00	7.00	7.00	7.00	6.00	7.00	7.00	7.00	7.00	7.00
<b>Centennial Lakes</b>	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Other</b>	2.00	2.00	2.00	2.00	2.00	4.00	4.00	5.00	5.00	4.50
<b>Total</b>	273.00	270.00	268.50	271.50	270.00	277.50	278.00	281.00	280.00	274.00

Source: City of Edina Finance Department

<sup>a</sup> 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Government</b>										
Total City employees	860	879	870	909	887	890	918	885	869	892
Votes cast <sup>a</sup>	28,156	10,721	31,730	1,367	26,270	7,930	31,512	2,733	25,463	7,957
<b>Public Works</b>										
Asphalt placed (tons)	-	-	-	-	9,000	8,000	7,500	9,500	7,643	8,500
Concrete (cu. yds.)	-	-	-	-	650	850	480	640	503	558
<b>Public Safety</b>										
Crimes reported	2,139	2,073	1,983	1,908	1,937	2,010	2,025	1,985	1,890	NA
Fire calls	1,106	1,062	1,060	1,055	963	1,012	913	852	910	960
Medical calls	3,153	3,030	3,199	3,423	3,470	3,510	3,516	3,496	3,599	3,652
<b>Central Services</b>										
Vehicle fixes	-	-	-	-	2,398	2,460	2,967	2,539	2,431	2,331
<b>Utilities</b>										
Daily consumption <sup>b</sup>	-	-	-	-	7,209	7,372	7,376	7,596	6,790	6,909
<b>Aquatic Center</b>										
Attendance	111,056	96,419	88,636	139,415	120,406	114,173	110,000	64,836	86,654	77,696
<b>Golf Course</b>										
Total rounds played	112,078	123,770	116,734	113,679	114,737	112,821	112,663	117,819	101,314	95,771

Source: Various City departments

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

NA: Data not available when this report was compiled.

<sup>a</sup> 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.

<sup>b</sup> 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public Works</b>										
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
<b>Public Safety</b>										
Fire stations	2	2	2	2	2	2	2	2	2	2
<b>Parks &amp; Recreation</b>										
City parks	39	40	40	40	40	40	40	40	40	40
Acreage of parks	1,552	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Park buildings	27	27	27	27	27	27	27	27	27	27
<b>Utilities</b>										
Wells	18	18	18	18	18	19	19	19	18	18
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	14,851	14,851	14,851	14,851	14,851	13,933	13,933	13,933
<b>Arena</b>										
Ice sheets	3	3	3	3	3	3	3	3	3	3

Source: Various City departments