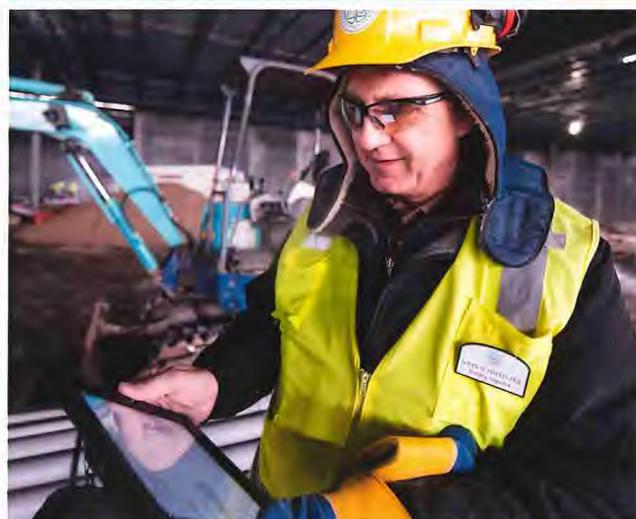
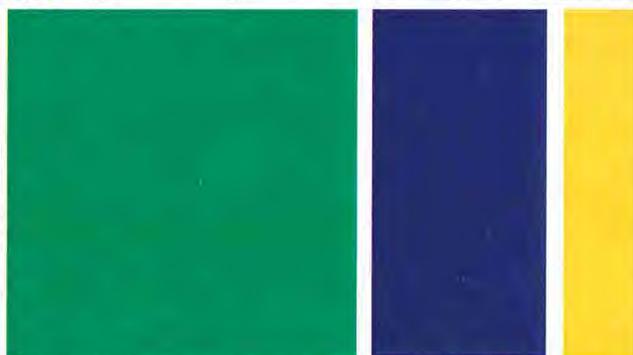




# Comprehensive Annual Financial Report for the Fiscal Year Ended Dec. 31, 2014

## CITY OF EDINA, MINNESOTA



# **CITY OF EDINA, MINNESOTA**

Comprehensive Annual Financial Report  
For the fiscal year ended  
December 31, 2014

Prepared by:  
Department of Finance

Eric Roggeman – Treasurer and Finance Director  
Kyle Sawyer – Assistant Finance Director  
Jake Bosley – Accountant



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June 1, 2015

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, 2014.

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 unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2014. 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. The 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 49,216. 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 available 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 \$11,429,444 unassigned fund balance in the general fund. This amount is \$708,294 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, 2013. This was the seventh 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.

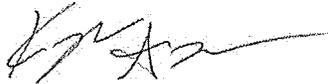
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Eric Roggeman  
Finance Director



Kyle Sawyer  
Assistant Finance Director



Government Finance Officers Association

**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, 2013**

Executive Director/CEO

**CITY OF EDINA, MINNESOTA**

ORGANIZATION

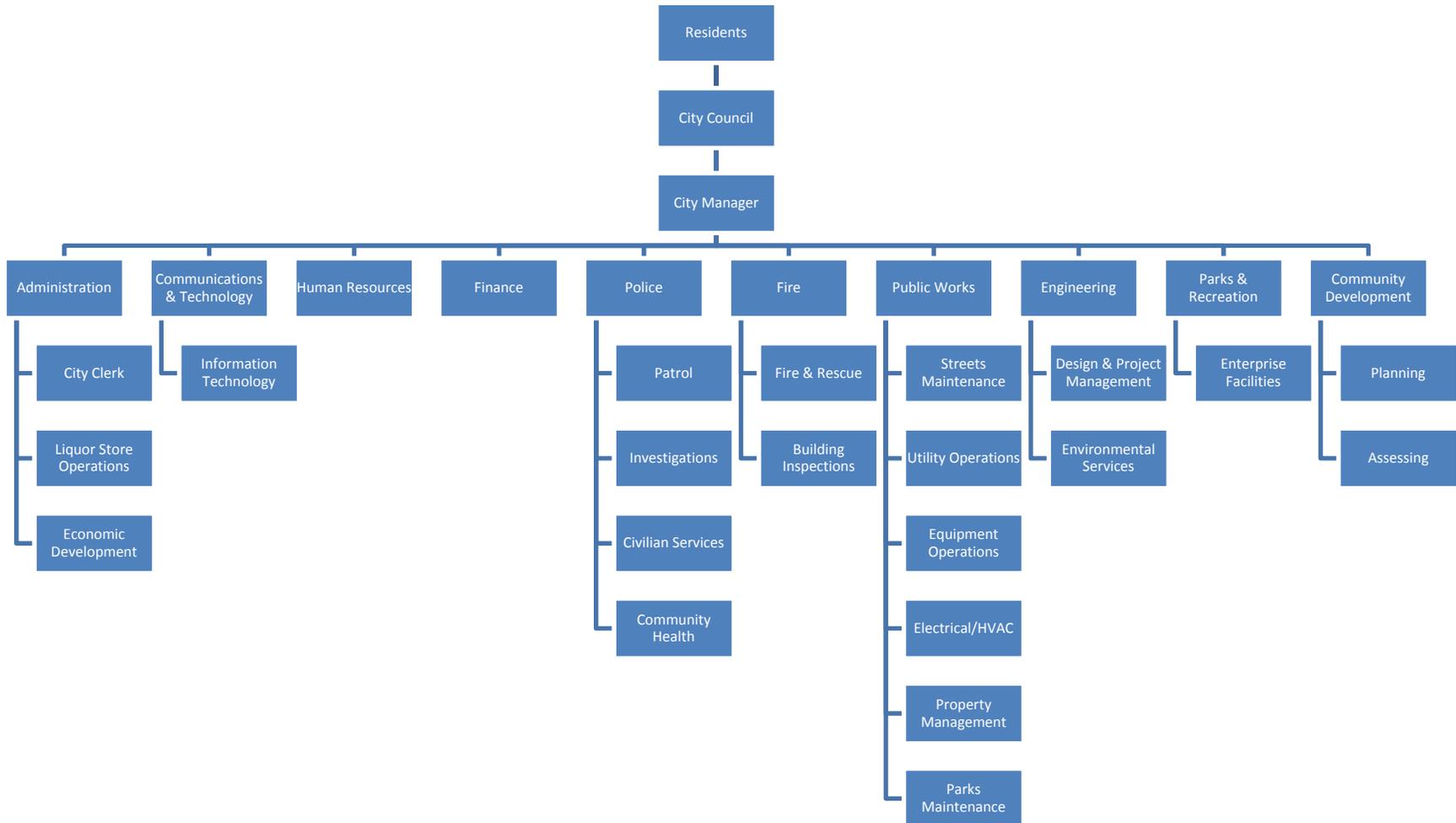
December 31, 2014

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	<u>Term Expires</u>
Mayor: James Hovland	December 31, 2016
Council Members: Mary Brindle	December 31, 2016
Ann Swenson	December 31, 2016
Joni Bennett	December 31, 2014
Josh Sprague	December 31, 2014
City Manager: Scott Neal	Appointed
Finance Director/Treasurer: Eric Roggeman	Appointed
City Clerk: Debra Mangen	Appointed

# CITY OF EDINA, MINNESOTA

9





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 Management  
City of Edina, Minnesota

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

**AUDITOR'S RESPONSIBILITY**

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

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

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

(continued)

## **OPINIONS**

In our opinion, the financial statements referred to on the previous page 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **OTHER MATTERS**

### **Required Supplementary Information**

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

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual fund financial statements and schedules, the supplementary financial information, and the 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 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are 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.

(continued)

**OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota  
June 1, 2015

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## 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, 2014. 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 \$232,892,436 (net position). Of this amount, \$52,492,631 (unrestricted net position) 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 position increased by \$11,912,347 from current year operations. \$4,606,010 of this increase is due to special assessment revenues, which help support our road reconstruction program. Also, \$3,797,402 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 \$50,036,779, an increase of \$4,744,644 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,429,444 or 34% of total general fund expenditures.
- The City's total bonded debt increased by \$26,498,625 during the current fiscal year, from \$90,612,345 to \$117,110,970. The City issued new debt during the year consisting of \$5,680,000 general obligation bonds to finance various utility infrastructure improvement projects, \$12,720,000 general obligation bonds to refund old debt, and \$16,155,000 public project revenue bonds to finance the new sports dome, outdoor ice rink at the arena, and improvements to Pamela Park.

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

## Management's Discussion and Analysis (Continued)

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works and parks. The business-type activities of the City include utilities, liquor, aquatic center, golf course, arena, 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 four 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, debt service fund, construction fund and all of its special revenue funds and proprietary funds. A budgetary comparison statement has been provided for the general fund, debt service fund, construction fund and all the special revenue funds to demonstrate compliance with these budgets.

**Proprietary funds.** The City maintains five 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, golf course and arena 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 position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$232,892,436 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$161,511,786 or 69%) 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 Position

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 74,584,744	\$ 66,664,337	\$ 34,082,921	\$ 21,429,233	\$108,667,665	\$ 88,093,570
Capital assets	148,079,729	137,809,952	114,997,600	102,514,577	263,077,329	240,324,529
Total assets	<u>\$222,664,473</u>	<u>\$ 204,474,289</u>	<u>\$149,080,521</u>	<u>\$ 123,943,810</u>	<u>\$371,744,994</u>	<u>\$ 328,418,099</u>
Long-term liabilities outstanding	\$ 67,962,254	\$ 56,200,689	\$ 33,901,645	\$ 32,914,580	\$101,863,899	\$ 89,115,269
Other liabilities	19,408,776	10,898,734	17,579,883	7,424,007	36,988,659	18,322,741
Total liabilities	<u>\$ 87,371,030</u>	<u>\$ 67,099,423</u>	<u>\$ 51,481,528</u>	<u>\$ 40,338,587</u>	<u>\$138,852,558</u>	<u>\$ 107,438,010</u>
Net position:						
Net investment in capital assets	\$ 85,708,114	\$ 83,842,970	\$ 75,803,672	\$ 66,126,387	\$161,511,786	\$ 149,969,357
Restricted	18,268,724	20,289,579	619,295	611,377	18,888,019	20,900,956
Unrestricted	31,316,605	33,242,317	21,176,026	16,867,459	52,492,631	50,109,776
Total net position	<u>\$135,293,443</u>	<u>\$ 137,374,866</u>	<u>\$ 97,598,993</u>	<u>\$ 83,605,223</u>	<u>\$232,892,436</u>	<u>\$ 220,980,089</u>

An additional portion of the City's net position (\$18,888,019) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$52,492,631) 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 position reported, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was also an increase of \$2,382,855 in unrestricted net position, largely due to positive operating results in the Utility fund and a large new assessment for the Lake Edina neighborhood reconstruction project.

## Management's Discussion and Analysis (Continued)

As shown below, the City's net position increased by \$11,912,347 during the current fiscal year. Factors contributing to this change are discussed in the next two sections.

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

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 10,592,168	\$ 9,517,662	\$ 39,889,554	\$ 39,751,184	\$ 50,481,722	\$ 49,268,846
Operating grants and contributions	1,578,538	2,283,007	428,416	516,242	2,006,954	2,799,249
Capital grants and contributions	8,244,695	6,372,735	-	-	8,244,695	6,372,735
<b>General revenues:</b>						
Property taxes	27,062,224	26,894,161	-	-	27,062,224	26,894,161
Other taxes	7,119,402	5,873,905	-	-	7,119,402	5,873,905
Gain on disposal of assets	29,037	16,654	-	14,587	29,037	31,241
Insurance recovery	-	816,654	-	-	-	816,654
Unrestricted investment earnings	440,051	(96,390)	191,974	(77,848)	632,025	(174,238)
<b>Total revenues</b>	<b>55,066,115</b>	<b>51,678,388</b>	<b>40,509,944</b>	<b>40,204,165</b>	<b>95,576,059</b>	<b>91,882,553</b>
<b>Expenses:</b>						
General government	8,522,319	8,256,261	-	-	8,522,319	8,256,261
Public safety	18,145,498	17,117,693	-	-	18,145,498	17,117,693
Public works	15,553,852	11,502,250	-	-	15,553,852	11,502,250
Parks	3,330,781	6,132,709	-	-	3,330,781	6,132,709
Interest on long-term debt	1,989,863	2,024,749	-	-	1,989,863	2,024,749
Utilities	-	-	14,207,197	13,748,186	14,207,197	13,748,186
Liquor	-	-	12,393,218	12,261,413	12,393,218	12,261,413
Aquatic center	-	-	827,485	822,932	827,485	822,932
Golf course	-	-	3,342,544	3,199,815	3,342,544	3,199,815
Arena	-	-	2,375,173	2,272,510	2,375,173	2,272,510
Community activity centers	-	-	2,975,782	2,967,115	2,975,782	2,967,115
<b>Total expenses</b>	<b>47,542,313</b>	<b>45,033,662</b>	<b>36,121,399</b>	<b>35,271,971</b>	<b>83,663,712</b>	<b>80,305,633</b>
<b>Increase in net position before transfers</b>	<b>7,523,802</b>	<b>6,644,726</b>	<b>4,388,545</b>	<b>4,935,194</b>	<b>11,912,347</b>	<b>11,579,920</b>
<b>Transfers</b>	<b>(9,605,225)</b>	<b>133,907</b>	<b>9,605,225</b>	<b>(133,907)</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>(2,081,423)</b>	<b>6,778,633</b>	<b>13,993,770</b>	<b>4,801,287</b>	<b>11,912,347</b>	<b>11,579,920</b>
<b>Net position - January 1</b>	<b>137,374,866</b>	<b>130,596,233</b>	<b>83,605,223</b>	<b>78,803,936</b>	<b>220,980,089</b>	<b>209,400,169</b>
<b>Net position - December 31</b>	<b>\$135,293,443</b>	<b>\$ 137,374,866</b>	<b>\$ 97,598,993</b>	<b>\$ 83,605,223</b>	<b>\$232,892,436</b>	<b>\$ 220,980,089</b>

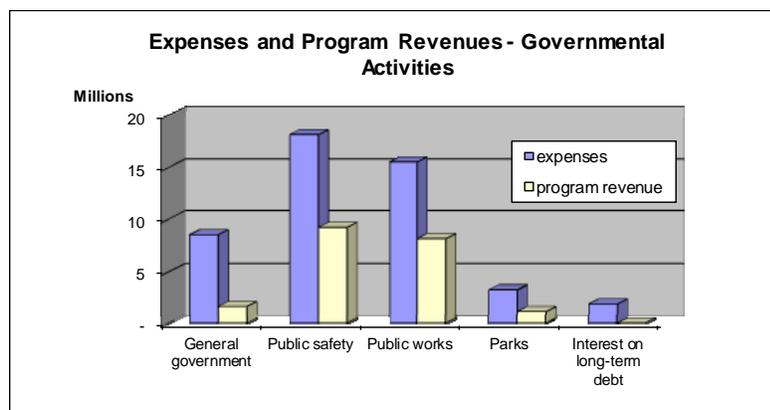
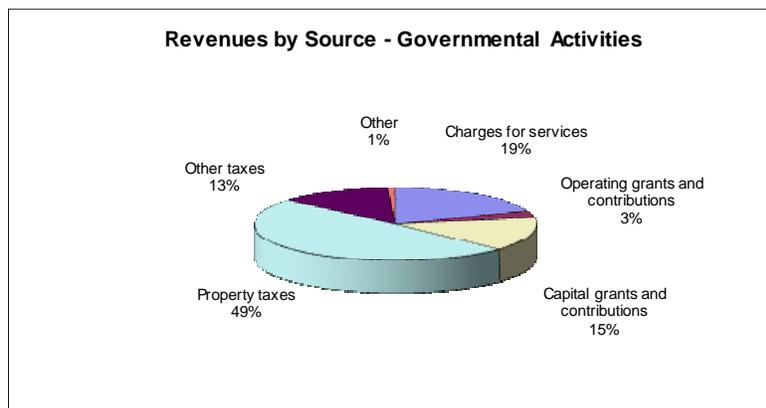
## Management's Discussion and Analysis (Continued)

### Governmental Activities

Governmental activities decreased the City's net position by \$2,081,423 including transfers of \$9,605,225. The large net transfer made to business-type activities is a result of the construction fund transferring \$2,093,836 and \$6,409,391, respectively, to the arena and sports dome funds to reimburse for debt proceeds initially received in the construction fund for capital projects at those facilities. In addition, the general fund transferred \$1,100,000 of the 2013 unassigned fund balance to the golf course to assist in stabilizing the fund deficit. Before transfers the governmental activities increased the City's net position by \$7,523,802 accounting for 63% of the total growth in net position. Key elements of the increase before transfers are as follows:

- Charges for services increased by \$1,074,506, or 11% in 2014. This is primarily a result of increased building and permit revenue due to continuing residential and commercial redevelopment growth throughout the City.
- Tax increment collections increased by \$1,070,767, or 27% in 2014. This is a result of increased collections in the Southdale 2 Tax Increment Financing District for the purpose of funding ongoing redevelopment in this district.
- Capital grants and contributions increased by \$1,871,960, or 29% in 2014. This is a result of increased federal aid received for various infrastructure projects, most notably the France Avenue pedestrian corridor project.
- Public works expenses increased by \$4,051,602, while parks expenses decreased by \$2,801,928 in 2014 compared to 2013. These changes by function are due to the City completing a major departmental reorganization in 2014, moving parks maintenance activities from parks to public works.

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

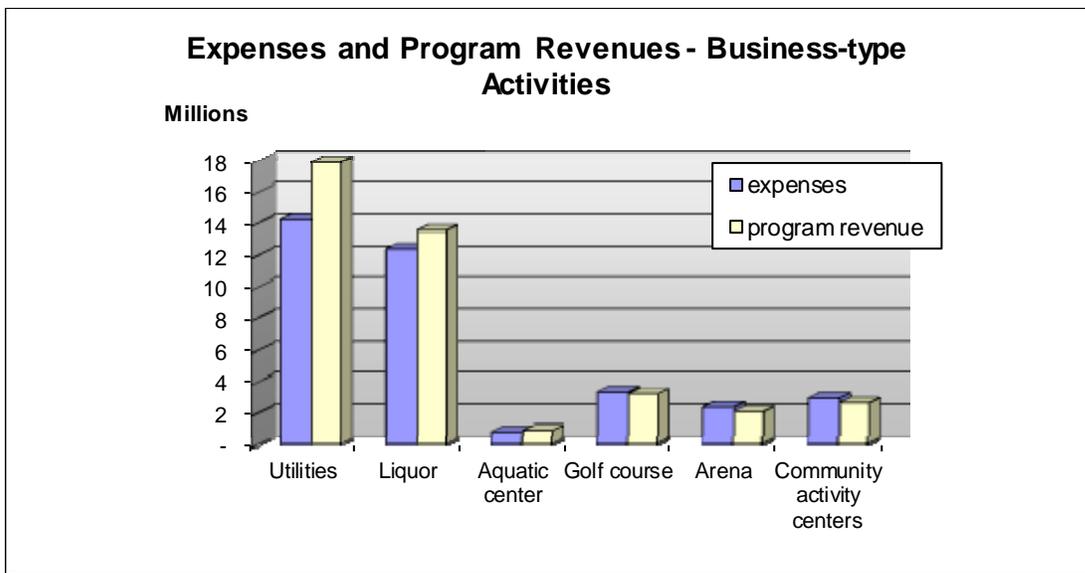
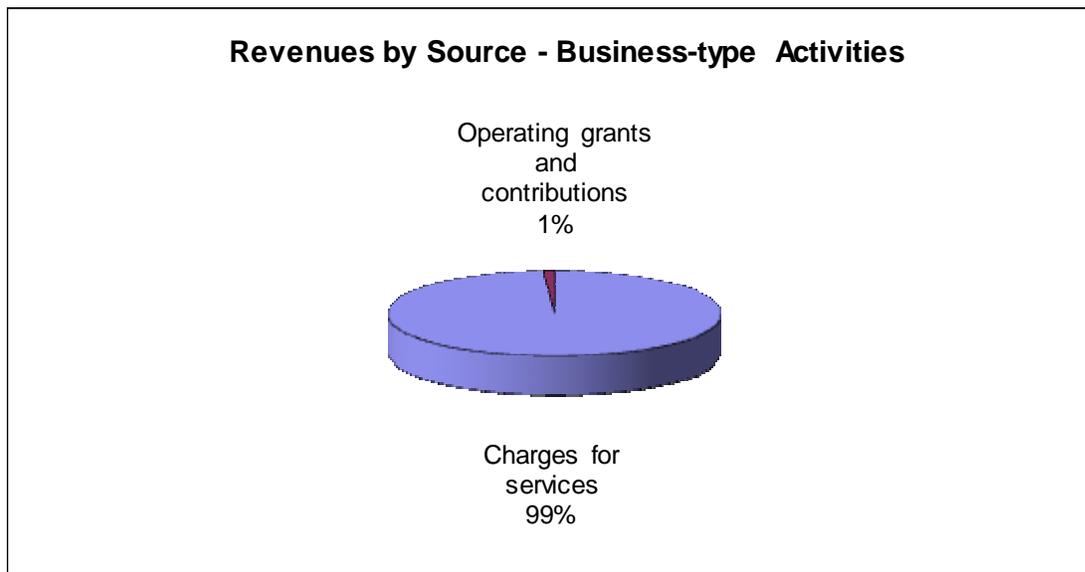


## Management's Discussion and Analysis (Continued)

### Business-type Activities

As previously noted, business-type activities received net transfers of \$9,605,225 from governmental activities during 2014, providing reimbursement for capital projects at the arena and sports dome and assistance in stabilizing fund balance at the golf course. Business-type activities increased net position by \$4,388,545 before transfers, accounting for 37% of the City's growth in net position. Key elements of the current year increase before transfers are as follows:

- The utility fund had income before transfers of \$3,797,402 for 2014. This additional revenue is used to invest in new and rebuilt utility infrastructure according to the City's CIP and utility rate study.



## 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 \$50,036,779, an increase of \$4,744,644 in comparison with the prior year. Approximately 23% of this total amount (\$11,429,444) constitutes unassigned fund balance. The remainder of the fund balance is 1) nonspendable due to prepaid items (\$240,291), 2) restricted by external creditors, grantors, laws or regulations (\$29,754,105), or 3) assigned by internal constraints (\$8,612,939).

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 \$11,429,444. As a measure of the general fund's liquidity, unassigned fund balance represents 34% of total general fund expenditures.

The fund balance of the City's general fund decreased by \$337,898 during the current fiscal year. Key factors in this decrease are as follows:

- Total general fund revenues were \$2,190,783 over budget, including higher than expected building permit activity. General fund license and permit revenues increased by 8.9% in the current fiscal year after a 31.8% and 16.3% increase in 2013 and 2012, respectively.
- Total general fund expenditures were \$491,387 under budget. The majority of this occurred in the police department as a result of turnover and various positions being vacant throughout the year.
- The liquor fund did not transfer \$765,100 of profits to the general fund as planned in the initial 2014 budget, due to increased competition in the market resulting in decreased profits.
- Transfers out of the general fund totaled \$2,254,968 with the majority being related to the 2013 unassigned fund balance transfer that was made to fund various constructions projects, equipment replacement, and assist in stabilizing the golf course fund deficit.

The Housing and Redevelopment Authority fund balance decreased by \$3,565,643 in the current fiscal year due to spending on projects at 50<sup>th</sup> and France and along France Avenue.

The debt service fund has a total fund balance of \$12,678,291, 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 \$6,431,522. Fund balance increased during the year as a result of debt proceeds held for multiple refunding's that take place in February 2015.

The construction fund balance increased by \$1,969,955 in 2014 due to new debt that was issued to help finance the new sports dome, outdoor ice rink at the arena, and improvements to Pamela Park.

## **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 position of the utility fund at the end of the year amounted to \$16,003,565. The total growth in net position from current year operations was \$3,697,402. Operating revenues in the utilities fund decreased by 1.6% while expenses increased by 4.3% in 2014. Revenues decreased due to an abundance of rain in 2014 that resulted in flooding and less water consumed for irrigation. Expenses increased as a result of higher depreciation expenses related to infrastructure projects completed in recent years. The City invested \$5,662,939 in utility fund capital assets during 2014.

Unrestricted net position of the liquor fund at the end of the year amounted to \$1,563,252. Total net position increased by \$110,606. The liquor fund continues to transfer profits back into other City funds, including the construction, golf course, arena and art center funds. The liquor fund made transfers totaling \$1,035,000 to other funds during 2014. The majority of this amount (\$485,000) was transferred to the golf course fund according to the budget.

Unrestricted net position of the aquatic center fund at the end of the year amounted to \$462,392. Aquatic center revenues decreased by 1.0% from 2013 due to less favorable weather for the aquatic center in 2014. The aquatic center remains profitable.

Unrestricted net position of the golf course fund at the end of the year amounted to \$607,411 an increase of \$1,969,486 from the prior year. Prior to 2012, unrestricted net position had 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 and declining rounds played at the City's courses. The large increase in 2012 was the result of insurance proceeds received for the collapse of the golf dome which was spent in 2013 to rebuild the structure. The large increase in 2014 is the result of \$1,699,021 in transfers received from the general fund 2013 unassigned fund balance along with a transfer from the liquor fund; both with the goal of stabilizing fund balance.

Unrestricted net position of the arena fund at the end of the year amounted to a deficit of (\$41,412), an increase of \$180,143 from the prior year. The increase in 2014 is the result of the completed remodel in 2013 which increased revenues by 7.7% and 33.8% in 2014 and 2013, respectively, mostly in building rental and concession sales.

### **General Fund Budgetary Highlights**

During the year there was a \$2,815,068 increase in appropriations between the original and final amended budget. The majority of the increase was a transfer to the construction and golf course funds of unassigned general fund balance according to the City's fund balance policy.

During the year, revenues were \$2,190,783 more than budget, as the continued commercial and residential redevelopment of the City increased our licenses and permits and parkland dedication revenues, which exceeded budget by \$1,970,406.

During the year, expenses were \$491,387 under budget due to turnover of tenured employees in various departments; most notably police, resulting in numerous positions being vacant throughout the year.

## Management's Discussion and Analysis (Continued)

### 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, 2014, amounted to \$263,077,329 (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, equipment, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 9.5% (a 7.5% increase for governmental activities and a 12.2% increase for business-type activities).

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

- The City continued construction on the sports dome; construction in progress as of the close of the fiscal year reached \$8,058,659.
- The City continued construction on the outdoor rink at the arena, construction in progress as of the close of the fiscal year reached \$2,842,504.
- A variety of street construction, sidewalk and park projects; construction in progress as of the close of the fiscal year reached \$16,623,018.
- The City purchased a property for \$1,553,288 using tax increments previously collected from Centennial Tax Increment Financing District.
- A variety of utility infrastructure improvements, including watermain, sanitary and storm sewer, construction in progress as of the close of the fiscal year reached \$5,416,470.
- The City completed the water meter replacement project; total construction cost was \$3,467,875.

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

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
Land and land improvements	\$ 27,104,500	\$ 26,204,303	\$ 4,645,595	\$ 4,984,372	\$ 31,750,095	\$ 31,188,675
Easements	111,000	111,000	-	-	111,000	111,000
Buildings and structures	45,431,238	47,247,194	14,234,412	11,009,519	59,665,650	58,256,713
Machinery and equipment	6,256,555	6,487,848	5,906,900	2,657,310	12,163,455	9,145,158
Infrastructure	45,685,016	43,539,660	73,845,503	69,364,146	119,530,519	112,903,806
Parks	6,868,402	7,472,349	-	-	6,868,402	7,472,349
Construction in progress	16,623,018	6,747,598	16,365,190	14,499,230	32,988,208	21,246,828
<b>Total</b>	<b>\$148,079,729</b>	<b>\$137,809,952</b>	<b>\$114,997,600</b>	<b>\$102,514,577</b>	<b>\$263,077,329</b>	<b>\$240,324,529</b>

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 \$117,110,970, an increase of \$26,498,625 from 2013. This increase resulted from \$34,555,000 in new debt, offset by payment of previously scheduled principal payments.

\$30,200,000 is for general obligation improvement debt that is supported by property tax levies and special assessments. This amount decreased from 2013 due to previously scheduled principal payments exceeding issued debt that will ultimately decrease debt in this category via refunding to be completed February 2015.

\$20,880,000 is for permanent improvement revolving (PIR) bonds, which finance the City's special assessment program. This amount increased from 2013 due to regularly scheduled principal payments on outstanding issues offset by issued debt of \$4,075,000 to be used for a refunding to be completed February 2015.

## Management's Discussion and Analysis (Continued)

Also outstanding is \$21,560,000 public project revenue bonds which financed two gymnasiums and the new public works facility. This amount increased in 2014 due to a new issuance in 2014 for \$16,155,000 to finance the new sports dome, outdoor ice rink at the arena, and improvements to Pamela Park.

There is a total of \$44,420,000 in revenue bonds for improvements to the enterprise funds. This amount increased \$9,260,000 during the year due to \$13,220,000 in issued debt offset by regularly scheduled principal payments on outstanding issues. \$5,680,000 of the issued debt is to finance various utility infrastructure improvement projects with the remaining issuance reducing debt in this category via a refunding to be completed February 2015.

### City of Edina's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 30,200,000	\$ 31,390,000	\$ -	\$ -	\$ 30,200,000	\$ 31,390,000
Public improvement bonds	20,880,000	18,360,000	-	-	20,880,000	18,360,000
Public project revenue bonds	21,560,000	5,640,000	-	-	21,560,000	5,640,000
Edina emerald energy program bonds	50,970	62,345	-	-	50,970	62,345
Revenue bonds	-	-	44,420,000	35,160,000	44,420,000	35,160,000
Total	<u>\$ 72,690,970</u>	<u>\$ 55,452,345</u>	<u>\$ 44,420,000</u>	<u>\$ 35,160,000</u>	<u>\$ 117,110,970</u>	<u>\$ 90,612,345</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 \$267,350,840. Only \$51,760,000 of the City's outstanding debt is counted within the statutory limitation.

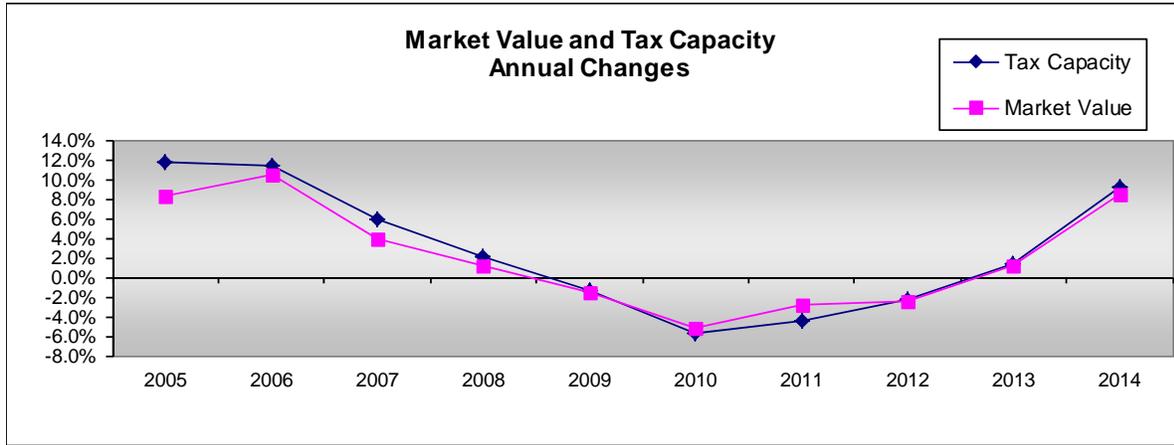
Additional information on the City's long-term debt can be found in Note 5.

### 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 2014 was 3.10%, 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-eight percent of students graduate, with ninety-four percent pursuing some sort of post-secondary education.

## Management's Discussion and Analysis (Continued)

Property values in Edina increased for several years through 2008, but values declined from 2009-2012 and are back on the rise in 2013-2014. Estimated market value of real estate increased 8.5% for taxes payable in 2014.



The City collects property taxes based on tax capacity, which roughly equals estimated market value multiplied by class rates for different types of parcels (commercial, residential, etc.). Class rates are set by state statute. Tax capacity for real estate increased 9.1% for taxes payable in 2014, and remained positive for the second consecutive year.

All of these factors above were considered in preparing the City's budget for the 2015 fiscal year. The City's adopted 2015 budget includes a property tax levy of \$29,700,010 for all funds, an increase of 8.2% from the 2014 levy with approximately half of this increase resulting from the issuance of debt to finance the new sports dome, outdoor ice rink at the arena, and improvements to Pamela Park.

### **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 POSITION**  
December 31, 2014

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>Assets:</b>			
Current assets:			
Cash and investments	\$ 43,073,088	\$ 18,097,587	\$ 61,170,675
Restricted cash and investments	11,485,381	9,692,860	21,178,241
Accrued interest	65,913	31,043	96,956
Accounts receivable, net	1,099,285	4,030,064	5,129,349
Special assessments receivable	15,725,506	461,278	16,186,784
Due from other governments	1,310,815	2,886	1,313,701
Prepaid items	240,291	463,831	704,122
Inventory	-	1,303,372	1,303,372
Total current assets	<u>73,000,279</u>	<u>34,082,921</u>	<u>107,083,200</u>
Noncurrent assets:			
Investment in joint powers agreement	1,584,465	-	1,584,465
Nondepreciable capital assets	36,924,427	17,454,155	54,378,582
Depreciable capital assets (net)	<u>111,155,302</u>	<u>97,543,445</u>	<u>208,698,747</u>
Total noncurrent assets	<u>149,664,194</u>	<u>114,997,600</u>	<u>264,661,794</u>
Total assets	<u>222,664,473</u>	<u>149,080,521</u>	<u>371,744,994</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	3,355,934	478,417	3,834,351
Salaries payable	1,391,831	370,275	1,762,106
Accrued interest payable	956,711	481,552	1,438,263
Contracts payable	1,020,886	3,005,429	4,026,315
Due to other governments	26,448	164,775	191,223
Deposits payable	1,361,924	5,000	1,366,924
Unearned revenue	4,835	94,128	98,963
Compensated absences payable	1,540,207	330,307	1,870,514
Bonds payable	<u>9,750,000</u>	<u>12,650,000</u>	<u>22,400,000</u>
Total current liabilities	<u>19,408,776</u>	<u>17,579,883</u>	<u>36,988,659</u>
Noncurrent liabilities:			
Net OPEB obligation	1,544,947	174,825	1,719,772
Compensated absences payable	2,310,311	495,461	2,805,772
Bonds payable, net	<u>64,106,996</u>	<u>33,231,359</u>	<u>97,338,355</u>
Total noncurrent liabilities	<u>67,962,254</u>	<u>33,901,645</u>	<u>101,863,899</u>
Total liabilities	<u>87,371,030</u>	<u>51,481,528</u>	<u>138,852,558</u>
<b>Net position:</b>			
Net investment in capital assets	85,708,114	75,803,672	161,511,786
Restricted for tax increments	7,929,998	-	7,929,998
Restricted for debt service	6,972,816	619,295	7,592,111
Restricted for pedestrian and cyclist improvements	729,496	-	729,496
Restricted for energy efficiency projects	818,926	-	818,926
Restricted for parkland dedication	757,673	-	757,673
Restricted for police special revenue	744,008	-	744,008
Restricted for braemar golf donations	310,223	-	310,223
Restricted for arts and culture donations	5,584	-	5,584
Unrestricted	<u>31,316,605</u>	<u>21,176,026</u>	<u>52,492,631</u>
Total net position	<u>\$ 135,293,443</u>	<u>\$ 97,598,993</u>	<u>\$ 232,892,436</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, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,522,319	\$ 1,529,555	\$ 224,184	\$ -
Public safety	18,145,498	8,102,352	1,131,628	-
Public works	15,553,852	469,284	208,868	7,484,622
Parks	3,330,781	490,977	13,858	760,073
Interest on long-term debt	1,989,863	-	-	-
Total government activities	<u>47,542,313</u>	<u>10,592,168</u>	<u>1,578,538</u>	<u>8,244,695</u>
Business-type activities:				
Utilities	14,207,197	17,550,802	333,490	-
Liquor	12,393,218	13,515,168	3,000	-
Aquatic center	827,485	918,412	-	-
Golf course	3,342,544	3,229,348	17,850	-
Arena	2,375,173	2,092,567	-	-
Community activity centers	2,975,782	2,583,257	74,076	-
Total business-type activities	<u>36,121,399</u>	<u>39,889,554</u>	<u>428,416</u>	<u>-</u>
Total primary government	<u>\$ 83,663,712</u>	<u>\$ 50,481,722</u>	<u>\$ 2,006,954</u>	<u>\$ 8,244,695</u>

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
	\$ (6,768,580)	\$ -	\$ (6,768,580)
	(8,911,518)	-	(8,911,518)
	(7,391,078)	-	(7,391,078)
	(2,065,873)	-	(2,065,873)
	(1,989,863)	-	(1,989,863)
	<u>(27,126,912)</u>	<u>-</u>	<u>(27,126,912)</u>
	-	3,677,095	3,677,095
	-	1,124,950	1,124,950
	-	90,927	90,927
	-	(95,346)	(95,346)
	-	(282,606)	(282,606)
	-	(318,449)	(318,449)
	<u>-</u>	<u>4,196,571</u>	<u>4,196,571</u>
	<u>(27,126,912)</u>	<u>4,196,571</u>	<u>(22,930,341)</u>
General revenues:			
Property taxes	27,062,224	-	27,062,224
Tax increment collections	5,052,705	-	5,052,705
Franchise taxes	2,055,396	-	2,055,396
Lodging taxes	11,301	-	11,301
Unrestricted investment earnings	440,051	191,974	632,025
Gain on disposal of capital assets	29,037	-	29,037
Transfers	(9,605,225)	9,605,225	-
Total general revenues and transfers	<u>25,045,489</u>	<u>9,797,199</u>	<u>34,842,688</u>
Change in net position	(2,081,423)	13,993,770	11,912,347
Net position - beginning	<u>137,374,866</u>	<u>83,605,223</u>	<u>220,980,089</u>
Net position - ending	<u>\$ 135,293,443</u>	<u>\$ 97,598,993</u>	<u>\$ 232,892,436</u>

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**CITY OF EDINA, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2014

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Investments	\$ 16,722,406	\$ 9,021,855	\$ 6,927,400	\$ 8,070,050	\$ 2,331,377	\$ 43,073,088
Restricted cash and investments	-	-	5,705,475	5,779,906	-	11,485,381
Accrued interest	21,554	25,015	-	15,804	3,540	65,913
Accounts receivable	541,361	-	-	270,339	287,585	1,099,285
Special assessments receivable	-	-	15,234,873	490,633	-	15,725,506
Due from other governments	502,473	10,873	55,538	712,585	29,346	1,310,815
Prepaid items	240,291	-	-	-	-	240,291
<b>Total assets</b>	<b>\$ 18,028,085</b>	<b>\$ 9,057,743</b>	<b>\$ 27,923,286</b>	<b>\$ 15,339,317</b>	<b>\$ 2,651,848</b>	<b>\$ 73,000,279</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,201,038	\$ 1,121,774	\$ -	\$ 1,006,618	\$ 26,504	\$ 3,355,934
Salaries payable	1,378,767	5,971	-	7,093	-	1,391,831
Contracts payable	-	-	-	1,003,779	17,107	1,020,886
Due to other governments	26,448	-	-	-	-	26,448
Deposits payable	1,361,924	-	-	-	-	1,361,924
Unearned revenue	4,835	-	-	-	-	4,835
<b>Total liabilities</b>	<b>3,973,012</b>	<b>1,127,745</b>	<b>-</b>	<b>2,017,490</b>	<b>43,611</b>	<b>7,161,858</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - taxes	61,336	-	10,122	4,678	-	76,136
Unavailable revenue - special assessments	-	-	15,234,873	490,633	-	15,725,506
<b>Total deferred inflows of resources</b>	<b>61,336</b>	<b>-</b>	<b>15,244,995</b>	<b>495,311</b>	<b>-</b>	<b>15,801,642</b>
<b>Fund balance:</b>						
Nonspendable	240,291	-	-	-	-	240,291
Restricted	757,673	7,929,998	12,678,291	5,779,906	2,608,237	29,754,105
Assigned	1,566,329	-	-	7,046,610	-	8,612,939
Unassigned	11,429,444	-	-	-	-	11,429,444
<b>Total fund balance</b>	<b>13,993,737</b>	<b>7,929,998</b>	<b>12,678,291</b>	<b>12,826,516</b>	<b>2,608,237</b>	<b>50,036,779</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,028,085</b>	<b>\$ 9,057,743</b>	<b>\$ 27,923,286</b>	<b>\$ 15,339,317</b>	<b>\$ 2,651,848</b>	<b>\$ 73,000,279</b>
Fund balance reported above						\$ 50,036,779
Amounts reported for governmental activities in the statement of net position are different because:						
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.						148,079,729
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.						15,801,642
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.						(80,209,172)
<b>Net position of governmental activities (page 23)</b>						<b>\$ 135,293,443</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, 2014

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
General property taxes	\$ 22,147,135	\$ -	\$ 3,866,611	\$ 974,747	\$ -	\$ 26,988,493
Tax increment collections	-	5,052,705	-	-	-	5,052,705
Franchise taxes	808,738	-	-	102,491	1,144,167	2,055,396
Lodging tax	11,301	-	-	-	-	11,301
Special assessments	-	-	2,870,102	1,735,908	-	4,606,010
License and permits	4,490,993	-	-	92,190	-	4,583,183
Intergovernmental	1,197,284	-	-	2,673,563	90,662	3,961,509
Charges for services	4,236,442	-	-	34,278	-	4,270,720
Fines and forfeitures	993,954	-	-	-	169,953	1,163,907
Investment income	144,127	158,945	11,408	106,630	18,941	440,051
Rental of property	546,874	-	-	-	-	546,874
Parkland dedication	757,278	-	-	-	-	757,278
Other revenues	22,291	-	-	51,846	4,638	78,775
Total revenues	<u>35,356,417</u>	<u>5,211,650</u>	<u>6,748,121</u>	<u>5,771,653</u>	<u>1,428,361</u>	<u>54,516,202</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	6,024,288	1,558,360	-	24,478	18,700	7,625,826
Public safety	16,462,293	-	-	48,429	137,099	16,647,821
Public works	9,669,174	-	-	435,551	96,610	10,201,335
Parks	1,283,592	-	-	9,964	48,328	1,341,884
<b>Capital outlay:</b>						
General government	-	1,566,533	-	392,057	-	1,958,590
Public safety	-	-	-	845,796	78,352	924,148
Public works	-	5,652,400	-	8,268,264	818,213	14,738,877
Parks	-	-	-	2,257,171	4,358	2,261,529
<b>Debt service:</b>						
Bond principal	-	-	4,096,375	-	-	4,096,375
Interest and fiscal charges	-	-	1,923,647	-	-	1,923,647
Total expenditures	<u>33,439,347</u>	<u>8,777,293</u>	<u>6,020,022</u>	<u>12,281,710</u>	<u>1,201,660</u>	<u>61,720,032</u>
Revenues over (under) expenditures	<u>1,917,070</u>	<u>(3,565,643)</u>	<u>728,099</u>	<u>(6,510,057)</u>	<u>226,701</u>	<u>(7,203,830)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	1,384,968	20,007	1,404,975
Transfers out	(2,254,968)	-	-	(8,755,232)	-	(11,010,200)
Sale of capital assets	-	-	-	70,603	-	70,603
Bonds issued	-	-	270,599	15,884,401	-	16,155,000
Refunding bonds issued	-	-	5,180,000	-	-	5,180,000
Premium (discounts) on bonds issued	-	-	252,824	(104,728)	-	148,096
Total other financing sources (uses)	<u>(2,254,968)</u>	<u>-</u>	<u>5,703,423</u>	<u>8,480,012</u>	<u>20,007</u>	<u>11,948,474</u>
Net increase (decrease) in fund balance	(337,898)	(3,565,643)	6,431,522	1,969,955	246,708	4,744,644
Fund balance - January 1	<u>14,331,635</u>	<u>11,495,641</u>	<u>6,246,769</u>	<u>10,856,561</u>	<u>2,361,529</u>	<u>45,292,135</u>
Fund balance - December 31	<u>\$ 13,993,737</u>	<u>\$ 7,929,998</u>	<u>\$ 12,678,291</u>	<u>\$ 12,826,516</u>	<u>\$ 2,608,237</u>	<u>\$ 50,036,779</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, 2014

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Amounts reported for governmental activities in the statement of activities (page 24-25) are different because:

Net changes in fund balances - total governmental funds (page 28)	\$ 4,744,644
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.	10,311,343
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 position differs from the change in fund balance by the net book value of the capital assets sold.	(41,566)
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.	520,876
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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(17,386,721)
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.	<u>(229,999)</u>
Change in net position of governmental activities (page 25)	<u>\$ (2,081,423)</u>

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

**CITY OF EDINA, MINNESOTA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
December 31, 2014

	Business-type Activities - Enterprise Funds						Total
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	
<b>Assets:</b>							
<b>Current assets:</b>							
Cash and investments	\$12,252,960	\$ 1,068,311	\$ 1,006,839	\$ 905,645	\$ 1,092	\$ 2,862,740	\$18,097,587
Restricted cash and investments	9,692,860	-	-	-	-	-	9,692,860
Interest receivable	19,849	3,289	2,132	650	-	5,123	31,043
Accounts receivable, net	3,738,301	-	-	40	236,156	55,567	4,030,064
Special assessments receivable	461,278	-	-	-	-	-	461,278
Due from other funds	-	-	-	-	-	22,718	22,718
Due from other governments	2,886	-	-	-	-	-	2,886
Prepaid expenses	385,231	-	78,600	-	-	-	463,831
Inventory	7,294	1,193,054	-	94,764	-	8,260	1,303,372
<b>Total current assets</b>	<b>26,560,659</b>	<b>2,264,654</b>	<b>1,087,571</b>	<b>1,001,099</b>	<b>237,248</b>	<b>2,954,408</b>	<b>34,105,639</b>
<b>Noncurrent assets:</b>							
Net capital assets	84,022,766	1,672,078	2,097,520	7,153,525	10,290,484	9,761,227	114,997,600
<b>Total assets</b>	<b>110,583,425</b>	<b>3,936,732</b>	<b>3,185,091</b>	<b>8,154,624</b>	<b>10,527,732</b>	<b>12,715,635</b>	<b>149,103,239</b>
<b>Liabilities:</b>							
<b>Current liabilities:</b>							
Accounts payable	159,992	128,791	2,010	29,139	86,434	72,051	478,417
Salaries payable	105,704	86,495	-	42,625	52,818	82,633	370,275
Accrued interest payable	405,821	-	3,564	14,569	57,598	-	481,552
Contracts payable	509,222	46,439	19,454	22,820	735,882	1,671,612	3,005,429
Due to other funds	-	-	-	-	-	22,718	22,718
Due to other governments	5,317	135,666	310	3,259	9,787	10,436	164,775
Deposits payable	-	-	-	5,000	-	-	5,000
Unearned revenue	-	10,009	-	73,970	314	9,835	94,128
Compensated absences payable	55,654	123,696	-	73,053	20,754	57,150	330,307
Bonds payable - current	12,300,000	-	75,000	50,000	225,000	-	12,650,000
<b>Total current liabilities</b>	<b>13,541,710</b>	<b>531,096</b>	<b>100,338</b>	<b>314,435</b>	<b>1,188,587</b>	<b>1,926,435</b>	<b>17,602,601</b>
<b>Noncurrent liabilities:</b>							
Net OPEB obligation	48,264	31,201	-	42,494	19,825	33,041	174,825
Compensated absences payable	83,482	185,544	-	109,579	31,130	85,726	495,461
Bonds payable, net of unamortized discounts and premiums	27,332,777	-	166,079	1,087,442	4,645,061	-	33,231,359
<b>Total noncurrent liabilities</b>	<b>27,464,523</b>	<b>216,745</b>	<b>166,079</b>	<b>1,239,515</b>	<b>4,696,016</b>	<b>118,767</b>	<b>33,901,645</b>
<b>Total liabilities</b>	<b>41,006,233</b>	<b>747,841</b>	<b>266,417</b>	<b>1,553,950</b>	<b>5,884,603</b>	<b>2,045,202</b>	<b>51,504,246</b>
<b>Net position:</b>							
Net investment in capital assets	53,573,627	1,625,639	1,836,987	5,993,263	4,684,541	8,089,615	75,803,672
Restricted for debt service	-	-	619,295	-	-	-	619,295
Unrestricted	16,003,565	1,563,252	462,392	607,411	(41,412)	2,580,818	21,176,026
<b>Total net position</b>	<b>\$69,577,192</b>	<b>\$ 3,188,891</b>	<b>\$ 2,918,674</b>	<b>\$ 6,600,674</b>	<b>\$ 4,643,129</b>	<b>\$10,670,433</b>	<b>\$97,598,993</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 POSITION**  
**PROPRIETARY FUNDS**  
For The Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds						Total
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	
Operating revenues:							
Sales - liquor	\$ -	\$13,276,929	\$ -	\$ 177,915	\$ -	\$ -	\$ 13,454,844
Sales - retail	-	238,239	4,883	202,339	30,768	42,403	518,632
Sales - utilities	16,953,915	-	-	-	-	-	16,953,915
Sales - concessions	-	-	108,195	201,507	242,309	145,983	697,994
Memberships	-	-	399,218	61,280	2,010	88,128	550,636
Admissions	-	-	361,156	338,148	103,935	684,965	1,488,204
Building rental	-	-	44,960	65,511	1,588,579	356,122	2,055,172
Rental of equipment	-	-	-	348,762	3,709	156,336	508,807
Greens fees	-	-	-	1,571,900	-	196,147	1,768,047
Other fees	594,968	-	-	261,986	120,375	913,173	1,890,502
Total operating revenues	<u>17,548,883</u>	<u>13,515,168</u>	<u>918,412</u>	<u>3,229,348</u>	<u>2,091,685</u>	<u>2,583,257</u>	<u>39,886,753</u>
Operating expenses:							
Cost of sales and services	-	9,936,468	31,873	299,949	93,323	78,586	10,440,199
Personal services	1,698,648	1,433,920	315,794	1,468,190	748,750	1,642,579	7,307,881
Contractual services	6,603,552	527,025	148,971	527,891	746,959	563,701	9,118,099
Commodities	820,879	180,576	56,649	378,257	103,107	321,109	1,860,577
Central Services	678,743	220,594	25,857	123,729	55,061	131,210	1,235,194
Depreciation	3,642,118	88,269	241,671	502,528	489,471	234,513	5,198,570
Total operating expenses	<u>13,443,940</u>	<u>12,386,852</u>	<u>820,815</u>	<u>3,300,544</u>	<u>2,236,671</u>	<u>2,971,698</u>	<u>35,160,520</u>
Operating income (loss)	<u>4,104,943</u>	<u>1,128,316</u>	<u>97,597</u>	<u>(71,196)</u>	<u>(144,986)</u>	<u>(388,441)</u>	<u>4,726,233</u>
Nonoperating revenues (expenses):							
Intergovernmental	333,490	-	-	-	-	-	333,490
Investment income	120,307	20,656	12,830	4,155	-	34,026	191,974
Donations	-	-	-	-	-	13,200	13,200
Interest and fiscal charges	(896,672)	-	(7,210)	(42,832)	(138,486)	-	(1,085,200)
Amortization of bond premiums (discounts)	133,415	-	540	883	(16)	-	134,822
Gain (loss) on sale of capital assets	-	(6,366)	-	(51)	-	(4,084)	(10,501)
Miscellaneous	1,919	3,000	-	17,850	882	60,876	84,527
Total nonoperating revenues (expenses)	<u>(307,541)</u>	<u>17,290</u>	<u>6,160</u>	<u>(19,995)</u>	<u>(137,620)</u>	<u>104,018</u>	<u>(337,688)</u>
Income (loss) before transfers	<u>3,797,402</u>	<u>1,145,606</u>	<u>103,757</u>	<u>(91,191)</u>	<u>(282,606)</u>	<u>(284,423)</u>	<u>4,388,545</u>
Transfers:							
Transfers in	-	-	-	1,699,021	2,351,395	6,689,809	10,740,225
Transfers out	(100,000)	(1,035,000)	-	-	-	-	(1,135,000)
Total transfers	<u>(100,000)</u>	<u>(1,035,000)</u>	<u>-</u>	<u>1,699,021</u>	<u>2,351,395</u>	<u>6,689,809</u>	<u>9,605,225</u>
Change in net position	3,697,402	110,606	103,757	1,607,830	2,068,789	6,405,386	13,993,770
Net position - January 1	<u>65,879,790</u>	<u>3,078,285</u>	<u>2,814,917</u>	<u>4,992,844</u>	<u>2,574,340</u>	<u>4,265,047</u>	<u>83,605,223</u>
Net position - December 31	<u>\$69,577,192</u>	<u>\$ 3,188,891</u>	<u>\$ 2,918,674</u>	<u>\$ 6,600,674</u>	<u>\$ 4,643,129</u>	<u>\$10,670,433</u>	<u>\$ 97,598,993</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, 2014

	Business-type Activities - Enterprise Funds						Total
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	
<b>Cash flows from operating activities:</b>							
Receipts from customers and users	\$ 17,653,956	\$ 13,515,441	\$ 918,412	\$ 3,233,550	\$ 2,038,379	\$ 2,535,578	\$ 39,895,316
Payment to suppliers	(8,309,135)	(11,184,979)	(341,057)	(1,344,632)	(976,216)	(1,094,859)	(23,250,878)
Payment to employees	(1,679,553)	(1,393,417)	(315,794)	(1,558,200)	(738,078)	(1,638,541)	(7,323,583)
Donations received	-	-	-	-	-	13,200	13,200
Miscellaneous received	1,919	3,000	-	17,850	882	60,876	84,527
Net cash provided by (used in) operating activities	<u>7,667,187</u>	<u>940,045</u>	<u>261,561</u>	<u>348,568</u>	<u>324,967</u>	<u>(123,746)</u>	<u>9,418,582</u>
<b>Cash flows from noncapital financing activities:</b>							
State grant	333,490	-	-	-	-	-	333,490
Transfer from other funds	-	-	-	1,699,021	2,351,395	6,689,809	10,740,225
Transfer to other funds	(100,000)	(1,035,000)	-	-	-	-	(1,135,000)
Proceeds from interfund borrowing	442,991	491,452	1,000,000	-	-	22,718	1,957,161
Payment of interfund borrowing	-	-	(171,184)	(1,588,910)	(157,403)	(39,664)	(1,957,161)
Net cash provided by (used in) noncapital financing activities	<u>676,481</u>	<u>(543,548)</u>	<u>828,816</u>	<u>110,111</u>	<u>2,193,992</u>	<u>6,672,863</u>	<u>9,938,715</u>
<b>Cash flows from capital and related financing activities:</b>							
Proceeds from capital debt	13,801,287	-	-	-	-	-	13,801,287
Acquisition of capital assets	(5,662,939)	(346,161)	(8,338)	(919,246)	(2,168,133)	(6,574,350)	(15,679,167)
Proceeds from disposals of capital assets	-	-	-	629,391	-	-	629,391
Principal paid on bonds	(3,670,000)	-	(80,000)	-	(210,000)	-	(3,960,000)
Interest and fiscal charges paid on bonds	(884,075)	-	(8,200)	(28,263)	(139,734)	-	(1,060,272)
Net cash provided by (used in) capital and related financing activities	<u>3,584,273</u>	<u>(346,161)</u>	<u>(96,538)</u>	<u>(318,118)</u>	<u>(2,517,867)</u>	<u>(6,574,350)</u>	<u>(6,268,761)</u>
<b>Cash flows from investing activities:</b>							
Interest received	122,421	22,241	13,000	4,878	-	36,893	199,433
Net increase (decrease) in cash and investments	12,050,362	72,577	1,006,839	145,439	1,092	11,660	13,287,969
Cash and investments - January 1	<u>9,895,458</u>	<u>995,734</u>	<u>-</u>	<u>760,206</u>	<u>-</u>	<u>2,851,080</u>	<u>14,502,478</u>
Cash and investments - December 31	<u>\$ 21,945,820</u>	<u>\$ 1,068,311</u>	<u>\$ 1,006,839</u>	<u>\$ 905,645</u>	<u>\$ 1,092</u>	<u>\$ 2,862,740</u>	<u>\$ 27,790,447</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, 2014

	Business-type Activities - Enterprise Funds						Total
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	
Reconciliation of operating income to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 4,104,943	\$ 1,128,316	\$ 97,597	\$ (71,196)	\$ (144,986)	\$ (388,441)	\$ 4,726,233
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:							
Depreciation	3,642,118	88,269	241,671	502,528	489,471	234,513	5,198,570
Donations	-	-	-	-	-	13,200	13,200
Miscellaneous revenue (expense)	1,919	3,000	-	17,850	882	60,876	84,527
Changes in assets and liabilities:							
Decrease (increase) in receivables	368,055	-	-	9,033	(53,620)	(47,739)	275,729
Decrease (increase) in special assessments	(152,378)	-	-	-	-	-	(152,378)
Decrease (increase) in due from other governments	1,612	-	-	-	-	-	1,612
Decrease (increase) in inventory	5,198	(7,743)	-	(10,142)	-	2,463	(10,224)
Decrease (increase) in prepaid expenses	(19,708)	-	(78,600)	-	-	-	(98,308)
Increase (decrease) in accounts payable	(185,037)	(294,809)	629	(4,667)	20,450	(1,272)	(464,706)
Increase (decrease) in salaries payable	33,766	10,276	-	(8,874)	6,743	4,638	46,549
Increase (decrease) in due to other governments	(6,414)	(17,764)	264	3	1,784	(1,444)	(23,571)
Increase (decrease) in deposits payable	(112,216)	-	-	5,000	-	-	(107,216)
Increase (decrease) in unearned revenue	-	273	-	(9,831)	314	60	(9,184)
Increase (decrease) in net OPEB obligation	4,160	3,850	-	4,604	2,197	5,068	19,879
Increase (decrease) in compensated absences	(18,831)	26,377	-	(85,740)	1,732	(5,668)	(82,130)
Total adjustments	<u>3,562,244</u>	<u>(188,271)</u>	<u>163,964</u>	<u>419,764</u>	<u>469,953</u>	<u>264,695</u>	<u>4,692,349</u>
Net cash provided by (used in) operating activities	\$ <u>7,667,187</u>	\$ <u>940,045</u>	\$ <u>261,561</u>	\$ <u>348,568</u>	\$ <u>324,967</u>	\$ <u>(123,746)</u>	\$ <u>9,418,582</u>
Noncash investing activities:							
Increase (decrease) in fair value of investments	43,280	8,253	4,599	1,989	-	13,204	71,325
Noncash capital and related financing activities:							
Acquisition of capital assets with contracts payable	(253,128)	(46,439)	(19,454)	572,622	(735,813)	(1,549,716)	(2,031,928)
Increase (decrease) in accounts receivable related to insurance recoveries	-	-	-	(610,391)	-	-	(610,391)

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

**CITY OF EDINA, MINNESOTA**  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUNDS  
December 31, 2014

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	<u>Agency Funds</u>
Assets	
Cash and investments	\$ <u>390,007</u>
Liabilities	
Accounts payable	\$ 26,330
Salaries payable	13,050
Due to other governmental units	<u>350,627</u>
Total liabilities	<u>\$ 390,007</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 for two reasons. First, the HRA's governing body is substantively the same as the governing body of the City. Specifically, the HRA board consists of five members, all of which are City Council members. Second, management of the City has operational responsibility for the HRA. Specifically, sales of bonds or other obligations of the HRA are approved by the City Council; the HRA follows the budget process for City departments in accordance with City policy; the annual HRA budget is approved by City Council; the HRA submits its plan for development and redevelopment to the City Council for approval; lastly, the administrative structure and management practices and policies of the HRA are approved by the City Council. 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 position and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

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

**CITY OF EDINA, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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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 restricted for housing and redevelopment.

The *debt service fund* accounts for the payment of principal and interest on General Obligation, Permanent Improvement Revolving, Public Project Revenue Bonds, and Edina Emerald Energy Program 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 restricted 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.

The *arena fund* accounts for the operation of the City's ice arena.

Additionally, the City reports the following fund type:

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

**CITY OF EDINA, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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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, and sports dome 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**

Cash and Investments

The cash balances of the City and its component units fund are pooled and invested for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at year end, except for investments in 2a7-like external investment pools, which are stated at amortized cost. The City has the ability and intent to hold its investments to maturity. The individual funds' portions of the pool's fair value are presented as "Cash and investments." Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. The City provides temporary advances to funds that have insufficient cash and investment 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.

Restricted Cash and Investments

Restricted cash and investments represent bond proceeds held for specific purposes. Earnings on these investments are allocated directly to these funds.

**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, 2014 are planned to be eliminated in 2015. 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 inflows of resources 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 inflows of resources. The following is a breakdown of special assessments receivable at December 31, 2014:

	<u>Governmental Funds</u>		<u>Enterprise Funds</u>
	<u>Debt</u>		
	<u>Service</u>	<u>Construction</u>	<u>Utilities</u>
Special assessments receivable			
Delinquent	\$67,810	\$0	\$107,325
Deferred	15,167,063	490,633	353,953
Total	<u>\$15,234,873</u>	<u>\$490,633</u>	<u>\$461,278</u>

**G. INVENTORIES AND PREPAID ITEMS**

Inventories of the proprietary funds are stated at cost and are recorded as expenses when consumed rather than when purchased. All inventories use the first-in/first-out (FIFO) method.

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

**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 are 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

Capital assets that are not depreciated include land, easements, and construction in progress.

**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 generally accepted accounting principles 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 position. Bond premiums and discounts 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.

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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting and qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**L. INTERFUND TRANSACTIONS**

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

#### M. 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. In the fund balance policy, authority to assign amounts for specific purposes is limited to 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.

#### N. NET POSITION

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

- **Net investment in capital assets** - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.
- **Restricted net position** – Consists of net position 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 position** – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."



**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 position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.” The details of this difference are as follows:

Capital outlay	\$ 17,896,949
Depreciation expense	<u>(7,585,606)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental funds	<u>\$ 10,311,343</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 position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	\$ (1,105,000)
Issuance of permanent improvement revolving bonds	(4,075,000)
Issuance of public project revenue bonds	(16,155,000)
Less discounts	179,891
Plus premiums	(327,987)
Principal repayments:	
General obligation debt	2,295,000
Permanent improvement revolving debt	1,555,000
Public project revenue debt	235,000
Edina emerald energy program revenue bonds	<u>11,375</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$(17,386,721)</u>

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

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

OPEB obligation	\$ (211,918)
Compensated absences	48,135
Accrued interest	(209,409)
Amortization of bond discounts and premiums	<u>143,193</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (229,999)</u>

**Note 3 CASH AND INVESTMENTS**

**A. COMPONENTS OF CASH AND INVESTMENTS**

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

Deposits	\$ 2,040,090
Cash on hand	19,960
Investments	<u>80,678,873</u>
	<u>\$ 82,738,923</u>

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

Cash and investments - Statement of Net Position	\$ 61,170,675
Restricted cash and investments - Statement of Net Position	21,178,241
Cash and investments - Statement of Fiduciary Net Position	<u>390,007</u>
	<u>\$ 82,738,923</u>

The City had restricted investments of \$21,178,241 as of December 31, 2014 that represent unspent bond proceeds to be used for construction projects and debt payments.

**B. DEPOSITS**

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

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

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

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. 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 \$2,040,090 while the balance on the bank records was \$2,799,963. At December 31, 2014, 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**  
December 31, 2014

**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	6 to 10	> 10	
U.S. Treasuries	AA+	S&P	\$ 65,109	\$ 74,525	\$ -	\$ 680,376	\$ 820,010
SBA Notes	AAA	Mdy's	12,350	89,652	-	-	102,002
SBA Notes	N/R	N/A	-	50,209	8,091	12,036	70,336
U.S. Agencies	AA+	S&P	4,807,627	7,878,377	1,671,314	1,781,433	16,138,751
Bankers Acceptance	A1	S&P	5,014,687	-	-	-	5,014,687
Commerical Paper	A1	S&P	6,000,000	-	-	-	6,000,000
Repurchase Agreement (commerical paper underlying security)	AAA	S&P	6,982,371	-	-	-	6,982,371
Municipals	AAA	S&P	55,100	104,864	31,768	-	191,732
Municipals	AA+	S&P	-	73,557	-	-	73,557
Municipals	Aa2	Mdy's	-	117,879	-	-	117,879
Municipals	AA	S&P	505,435	127,747	-	1,645,000	2,278,182
Municipals	AA-	S&P	251,748	329,183	-	-	580,931
Municipals	N/R	N/A	501,745	-	-	-	501,745
Negotiable CD's	N/R	N/A	9,308,745	4,146,312	-	-	13,455,057
			<u>\$33,504,917</u>	<u>\$12,992,305</u>	<u>\$ 1,711,173</u>	<u>\$ 4,118,845</u>	<u>52,327,240</u>
Money Market*	AAAm	S&P					6,885,205
Money Market*	AA+	S&P					124,168
4M Fund*	N/R	N/A					<u>21,342,260</u>
Total investments							<u>\$80,678,873</u>

N/A - Not Applicable

N/R - Not Rated

\* - The City's money market investments do not 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 22.3% in bankers’ acceptances and commercial paper with U.S. Bank, 10.8% in securities issued by FNMA, and 5.1% in securities issued by FHLB.

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

**CITY OF EDINA, MINNESOTA**  
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**Note 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 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	\$ 18,637,121	\$ 1,553,288	\$ -	\$ 20,190,409
Easements	111,000	-	-	111,000
Construction in progress	6,747,598	15,232,061	(5,356,641)	16,623,018
Total capital assets not being depreciated	<u>25,495,719</u>	<u>16,785,349</u>	<u>(5,356,641)</u>	<u>36,924,427</u>
Capital assets being depreciated:				
Land improvements	22,918,782	47,548	-	22,966,330
Buildings and structures	63,799,864	-	-	63,799,864
Furniture and office equipment	3,844,835	219,142	(55,726)	4,008,251
Vehicles and equipment	15,296,907	1,162,081	(822,828)	15,636,160
Infrastructure	94,180,443	5,023,465	(992,468)	98,211,440
Parks	15,883,053	16,005	(70,875)	15,828,183
Total capital assets being depreciated	<u>215,923,884</u>	<u>6,468,241</u>	<u>(1,941,897)</u>	<u>220,450,228</u>
Less accumulated depreciation for:				
Land improvements	(15,351,600)	(700,639)	-	(16,052,239)
Buildings and structures	(16,552,670)	(1,815,956)	-	(18,368,626)
Furniture and office equipment	(2,529,592)	(295,522)	55,726	(2,769,388)
Vehicles and equipment	(10,124,302)	(1,280,342)	786,176	(10,618,468)
Infrastructure	(50,640,783)	(2,878,109)	992,468	(52,526,424)
Parks	(8,410,704)	(615,038)	65,961	(8,959,781)
Total accumulated depreciation	<u>(103,609,651)</u>	<u>(7,585,606)</u>	<u>1,900,331</u>	<u>(109,294,926)</u>
Total capital assets being depreciated, net	<u>112,314,233</u>	<u>(1,117,365)</u>	<u>(41,566)</u>	<u>111,155,302</u>
Governmental activities capital assets, net	<u>\$ 137,809,952</u>	<u>\$ 15,667,984</u>	<u>\$ (5,398,207)</u>	<u>\$ 148,079,729</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	14,499,230	16,989,397	(15,123,437)	16,365,190
Total capital assets not being depreciated	<u>15,588,195</u>	<u>16,989,397</u>	<u>(15,123,437)</u>	<u>17,454,155</u>
Capital assets being depreciated:				
Land improvements & golf course	9,838,319	-	(19,035)	9,819,284
Buildings and structures	23,238,003	4,152,247	(52,739)	27,337,511
Furniture and office equipment	153,303	-	-	153,303
Vehicles and equipment	7,020,629	3,879,377	(226,062)	10,673,944
Utility infrastructure	106,667,718	7,813,510	-	114,481,228
Lease property capital lease	430,614	-	-	430,614
Total capital assets being depreciated	<u>147,348,586</u>	<u>15,845,134</u>	<u>(297,836)</u>	<u>162,895,884</u>
Less accumulated depreciation for:				
Land improvements & golf course	(5,942,912)	(338,777)	19,035	(6,262,654)
Buildings and structures	(12,228,484)	(923,270)	48,655	(13,103,099)
Furniture and office equipment	(136,593)	(4,830)	-	(141,423)
Vehicles and equipment	(4,380,029)	(599,540)	200,645	(4,778,924)
Utility infrastructure	(37,303,572)	(3,332,153)	-	(40,635,725)
Lease property capital lease	(430,614)	-	-	(430,614)
Total accumulated depreciation	<u>(60,422,204)</u>	<u>(5,198,570)</u>	<u>268,335</u>	<u>(65,352,439)</u>
Total capital assets being depreciated, net	<u>86,926,382</u>	<u>10,646,564</u>	<u>(29,501)</u>	<u>97,543,445</u>
Business-type activities capital assets, net	<u>\$ 102,514,577</u>	<u>\$ 27,635,961</u>	<u>\$ (15,152,938)</u>	<u>\$ 114,997,600</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	\$ 519,622
Public safety	1,090,263
Public works	4,116,898
Parks	1,858,823
Total depreciation expense - governmental activities	<u>\$ 7,585,606</u>
Business-type activities:	
Utilities	\$ 3,642,118
Liquor	88,269
Aquatic Center	241,671
Golf Course	502,528
Arena	489,471
Art Center	25,973
Edinborough Park	168,732
Centennial Lakes	39,808
Total depreciation expense - business-type activities	<u>\$ 5,198,570</u>

**CONSTRUCTION COMMITMENTS**

At December 31, 2014, 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
12-6A Eng	Wooddale Bike Lane Re-Striping	\$ 32,874	\$ 5,702
14-16 Eng	Vernon Avenue Sidewalk	369,832	27,696
13-10NB Eng	Lake Edina Landscape	14,930	4,964
14-14 Eng	France Ave Landscape Plan	579,979	78,500
14-1 Eng	Morningside Neighborhood	2,207,415	35,849
14-5 Eng	Edina Terrace Neighborhood	1,109,412	103,828
14-11 Eng	Olinger Boulevard Mill and Overlay	591,823	4,118
P-23	50th & France Parking	1,093,985	779
14-15 Eng	France Ave Lighting & Conduit	402,733	384,304
PAK 14520-013	Pamela Park Shelter and Turf	1,141,700	253,140
NA	Pamela Park Shelter and Turf	1,257,741	542,402
Various	Braemar Arena	2,635,857	190,247
Various	Braemar Field	8,247,692	525,802
14-9 Eng	Trunk Storm Sewer Lining	789,940	10,795
			<u>\$ 2,168,126</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, 2014: general obligation bonds, permanent improvement revolving bonds, public project revenue bonds, Edina emerald energy program revenue bonds and G.O. revenue bonds. The first type is payable from general property taxes. The second type is payable solely from special assessments with any deficiency to be provided for by general property taxes. The third type is payable solely from annual appropriation lease payments received from the City of Edina pursuant to a lease between the Edina Housing and Redevelopment Authority and the City. The fourth type is payable solely from special assessments. 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, 2014, 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 12/31/2014
General Obligation Bonds:					
General Obligation - Park & Recreation Refunding, 2005A	3.50-4.00%	7/19/2005	2/1/2017	5,375,000	1,695,000
General Obligation - Capital Improvement Plan, 2007A	4.00-4.25%	5/24/2007	2/1/2028	5,865,000	4,565,000
General Obligation - Capital Improvement Plan, 2009A	3.00-4.40%	4/29/2009	2/1/2030	14,000,000	11,870,000
General Obligation - Capital Improvement Plan, 2010A	2.00-4.00%	11/18/2010	2/1/2021	8,285,000	5,565,000
General Obligation - Capital Improvement Plan, 2013A - Refunding	3.00-3.50%	10/10/2013	2/1/2030	5,710,000	5,400,000
General Obligation - 2014B - Refunding	3.00%	12/11/2014	2/1/2017	1,105,000	1,105,000
Total General Obligation Bonds				<u>40,340,000</u>	<u>30,200,000</u>
Permanent Improvement Revolving (PIR) Bonds:					
Permanent Improvement Revolving, 2008B	3.00-4.00%	8/28/2008	2/1/2020	7,755,000	5,005,000
Permanent Improvement Revolving, 2010B	2.00-3.00%	11/18/2010	2/1/2022	2,305,000	1,880,000
Permanent Improvement Revolving, 2011A	2.00-3.00%	10/27/2011	2/1/2023	3,320,000	3,020,000
Permanent Improvement Revolving, 2012A	3.00-4.00%	11/15/2012	2/1/2029	2,675,000	2,675,000
Permanent Improvement Revolving, 2012A - Refunding	3.00-4.00%	11/15/2012	2/1/2019	1,990,000	1,670,000
Permanent Improvement Revolving, 2013A	3.00-3.50%	10/10/2013	2/1/2030	2,555,000	2,555,000
Permanent Improvement Revolving, 2014B - Refunding	2.00-3.00%	12/11/2014	2/1/2020	4,075,000	4,075,000
Total PIR Bonds				<u>24,675,000</u>	<u>20,880,000</u>
Public Project Revenue Bonds:					
Public Project Revenue, Series 2005	3.50-4.13%	9/13/2005	5/1/2026	5,425,000	3,760,000
Public Project Revenue, Series 2009A	2.10-4.55%	11/24/2009	2/1/2030	2,595,000	1,645,000
Public Project Revenue, Series 2014A	2.00-3.625%	7/15/2014	2/1/2035	16,155,000	16,155,000
Total Public Project Revenue Bonds				<u>24,175,000</u>	<u>21,560,000</u>
Edina Emerald Energy Program (EEEP) Revenue Bonds:					
Edina Emerald Energy Program Bonds, 2012A	7.00%	2/25/2012	1/1/2023	33,690	26,952
Edina Emerald Energy Program Bonds, 2012B	5.50%	8/28/2012	1/1/2018	40,030	24,018
Total EEEP Bonds				<u>73,720</u>	<u>50,970</u>
Total bonded indebtedness - governmental activities				<u>\$ 89,263,720</u>	<u>\$ 72,690,970</u>

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**BUSINESS-TYPE ACTIVITIES**

	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/2014
Revenue Bonds:					
Recreational Facility Bonds, Series 2009B	2.00-3.00%	4/29/2009	1/1/2017	\$ 2,010,000	\$ 240,000
Recreational Facility Bonds, Series 2009C	2.00-4.00%	12/10/2009	2/1/2030	2,440,000	2,060,000
Recreational Facility Bonds, Series 2012B	.45-1.60%	11/15/2012	2/1/2020	815,000	705,000
Recreational Facility Bonds, Series 2012C	2.00-3.00%	11/15/2012	2/1/2033	2,100,000	2,100,000
Recreational Facility Bonds, Series 2013B	3.00-3.45%	10/10/2013	2/1/2029	1,125,000	1,125,000
Utility Revenue Bonds, Series 2007B	4.00%	5/24/2007	2/1/2017	8,210,000	2,780,000
Utility Revenue Bonds, Series 2008A	3.00-4.25%	8/28/2008	2/1/2019	13,985,000	7,345,000
Utility Revenue Bonds, Series 2011A	2.00-3.00%	10/27/2011	2/1/2022	11,230,000	9,215,000
Utility Revenue Bonds, Series 2012A	3.00-4.00%	11/15/2012	2/1/2023	6,100,000	5,630,000
Utility Revenue Bonds, Series 2014A	2.00-3.00%	7/15/2014	2/1/2024	5,680,000	5,680,000
Utility Revenue Bonds, Series 2014B - Refunding	3.00%	12/11/2014	2/1/2017	1,830,000	1,830,000
Utility Revenue Bonds, Series 2014B - Refunding	3.00%	12/11/2014	2/1/2019	5,710,000	5,710,000
Total Revenue Bonds				<u>61,235,000</u>	<u>44,420,000</u>
Total bonded indebtedness - business-type activities				<u>\$ 61,235,000</u>	<u>\$ 44,420,000</u>

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

Year Ending December 31	Governmental Activities					
	General Obligation Bonds		Public Improvement Revolving Bonds		Public Project Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 3,490,000	\$ 1,037,922	\$ 6,015,000	\$ 503,029	\$ 245,000	\$ 733,262
2016	2,410,000	943,193	1,925,000	405,625	870,000	695,023
2017	2,475,000	859,818	2,010,000	346,850	895,000	672,173
2018	1,990,000	782,343	2,030,000	286,213	1,040,000	643,241
2019	2,065,000	710,270	1,950,000	226,763	1,075,000	607,910
2020-2024	8,605,000	2,507,898	4,765,000	587,588	5,950,000	2,476,357
2025-2029	7,775,000	1,049,096	1,980,000	189,475	5,580,000	1,452,838
2030-2034	1,390,000	28,712	205,000	3,588	4,835,000	630,935
2035	-	-	-	-	1,070,000	19,393
Total	<u>\$ 30,200,000</u>	<u>\$ 7,919,252</u>	<u>\$ 20,880,000</u>	<u>\$ 2,549,131</u>	<u>\$ 21,560,000</u>	<u>\$ 7,931,132</u>

Year Ending December 31	Governmental Activities		Business-type Activities	
	Edina Emerald Energy Program Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$ -	\$ 3,546	\$ 12,650,000	\$ 1,059,235
2016	11,375	2,870	4,775,000	836,383
2017	11,375	2,193	4,945,000	703,989
2018	11,375	1,517	4,030,000	582,370
2019	3,369	1,061	4,155,000	471,974
2020-2024	13,476	1,886	11,050,000	1,121,841
2025-2029	-	-	1,960,000	293,654
2030-2033	-	-	855,000	45,037
Total	<u>\$ 50,970</u>	<u>\$ 13,073</u>	<u>\$ 44,420,000</u>	<u>\$ 5,114,483</u>

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

Long-term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 31,390,000	\$ 1,105,000	\$ (2,295,000)	\$ 30,200,000	\$ 3,490,000
PIR	18,360,000	4,075,000	(1,555,000)	20,880,000	6,015,000
Public project revenue	5,640,000	16,155,000	(235,000)	21,560,000	245,000
EEEEP revenue	62,345	-	(11,375)	50,970	-
Less deferred amounts:					
Discount on bonds	(281,240)	(179,891)	32,965	(428,166)	-
Premiums	1,442,363	327,987	(176,158)	1,594,192	-
Total bonds payable	56,613,468	21,483,096	(4,239,568)	73,856,996	9,750,000
Compensated absences	3,898,653	1,941,400	(1,989,535)	3,850,518	1,540,207
Governmental activity Long-term liabilities	<u>\$ 60,512,121</u>	<u>\$ 23,424,496</u>	<u>\$ (6,229,103)</u>	<u>\$ 77,707,514</u>	<u>\$ 11,290,207</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 35,160,000	\$ 13,220,000	\$ (3,960,000)	\$ 44,420,000	\$ 12,650,000
Less deferred amounts:					
Discount on bonds	(70,094)	(51,555)	7,209	(114,440)	-
Premiums	1,084,989	632,842	(142,032)	1,575,799	-
Total bonds payable	36,174,895	13,801,287	(4,094,823)	45,881,359	12,650,000
Compensated absences	907,898	316,080	(398,210)	825,768	330,307
Business-type activity Long-term liabilities	<u>\$ 37,082,793</u>	<u>\$ 14,117,367</u>	<u>\$ (4,493,033)</u>	<u>\$ 46,707,127</u>	<u>\$ 12,980,307</u>

For governmental activities, compensated absences and other postemployment benefit obligations are generally liquidated by the general fund.

In 2014, the City issued \$12,720,000 of General Obligation bonds, Series 2014B to finance a current refunding of the 2016 through 2017 maturities of the City's \$5,375,000 General Obligation bonds, Series 2005A, the 2016 through 2017 maturities of the City's \$8,210,000 General Obligation utility revenue bonds, Series 2007B, the 2016 through 2019 maturities of the City's \$13,985,000 General Obligation utility revenue bonds, Series 2008A, and the 2016 through 2020 maturities of the City's \$7,755,000 General Obligation permanent improvement revolving fund bonds, Series 2008B. Savings from the current proceeds were not placed in escrow. The General Obligation bonds, Series 2005A, Series 2007B, Series 2008A, and Series 2008B will all be redeemed on February 1, 2015. The current refunding was undertaken to reduce total debt service payments by \$933,960 and resulted in an economic gain of \$915,095.

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The City anticipates that ad valorem property taxes will be sufficient to pay future debt service on the Series 2005A refunding portion, utility revenues will be sufficient to pay future debt service on the Series 2007B and Series 2008A refunding portions, and special assessments to benefited properties will be sufficient to pay future debt service on the Series 2008B refunding portion of this issue.

**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	\$ 251,100	\$ 88,200	\$ 918,412
2009C Recreational Facility Bonds	Arena improvements	Arena	100%	2010-2030	2,765,050	178,350	2,091,685
2012B Recreational Facility Bonds	Arena improvements	Arena	100%	2013-2020	730,366	117,590	2,091,685
2012C Recreational Facility Bonds	Arena improvements	Arena	100%	2013-2033	2,787,091	53,794	2,091,685
2013B Recreational Facility Bonds	Golf dome improvements	Golf	100%	2014-2029	1,415,423	28,263	3,229,348
2007B Utility Revenue Bonds	Utility infrastructure	Utility	100%	2007-2017	2,835,600	983,300	17,548,883
2008A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2008-2019	7,492,206	1,612,075	17,548,883
2011A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2012-2022	10,212,425	1,281,350	17,548,883
2012A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2013-2023	6,504,725	677,350	17,548,883
2014A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2014-2024	6,449,779	-	17,548,883
2014B Utility Revenue Bonds	Utility infrastructure	Utility	100%	2014-2020	8,090,717	-	17,548,883

**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 2014 is computed as follows:

	<u>December 31, 2014</u>
Market Value (after fiscal disparities)	<u>\$ 8,911,694,683</u>
Debt Limit (3% of Market Value)	<u>\$ 267,350,840</u>
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 117,110,970
Less:	
Public improvement revolving bonds	(20,880,000)
Revenue bonds	(44,420,000)
EEEEP revenue bonds	<u>(50,970)</u>
Total debt applicable to debt limit	<u>\$ 51,760,000</u>
Legal debt margin	<u>\$ 215,590,840</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 five 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 2014. PEPFF members were required to contribute 10.2% of their covered salary in 2014. 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 15.3% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012 were \$1,146,666, \$1,097,869, and \$1,044,217, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2014, 2013, and 2012 were \$1,111,329, \$1,046,021, and \$1,020,720, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and the Police and Fire Fund (10.8% for members and 16.2% for employers).

## **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, generally this liability is 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 codification 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	\$ 307,459
Interest on net OPEB obligation	66,959
Adjustment to annual required contribution	<u>(56,176)</u>
Annual OPEB cost (expense)	318,242
Contributions made	<u>(86,445)</u>
Increase in net OPEB obligation	231,797
Net OPEB obligation - beginning of year	<u>1,487,975</u>
Net OPEB obligation - end of year	<u><u>\$ 1,719,772</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 three years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2012	\$ 308,120	\$ 73,700	23.9%	\$ 1,261,765
December 31, 2013	319,144	92,934	29.1%	1,487,975
December 31, 2014	318,242	86,445	27.2%	1,719,772

**D. Funded Status and Funding Progress**

As of January 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,026,848, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,026,848. The covered payroll (annual payroll of active employees covered by the plan) was \$20,305,179, and the ratio of the UAAL to the covered payroll was 14.9 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, 2014 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; a 3.0 percent general inflation rate, a payroll growth rate of 3.75 percent, and 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, 2014 was 30 years on an "open" basis.

**CITY OF EDINA, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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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, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Edinborough Park	Sports Dome	<u>\$ 22,718</u>

The City's interfund receivable and payable eliminate what would have been a negative cash balance.

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014



	Transfer In:					Total
	Construction	Nonmajor Governmental	Golf Course	Arena	Nonmajor Enterprise	
Transfer out:						
General Fund	\$ 1,134,968	\$ 20,000	\$ 1,100,000	\$ -	\$ -	\$ 2,254,968
Construction Fund	-	7	114,021	2,151,395	6,489,809	8,755,232
Utilities Fund	100,000	-	-	-	-	100,000
Liquor Fund	150,000	-	485,000	200,000	200,000	1,035,000
	<u>\$ 1,384,968</u>	<u>\$ 20,007</u>	<u>\$ 1,699,021</u>	<u>\$ 2,351,395</u>	<u>\$ 6,689,809</u>	<u>\$12,145,200</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 \$485,000, \$200,000 and \$200,000 to the golf course fund, arena, and art center funds, respectively, to subsidize operations.
2. The construction fund transferred \$114,021, \$57,559, \$13,825, \$41,593 and \$25,000 to the golf course, arena, art center, edinborough park, and centennial lakes funds, respectively, to subsidize capital improvements to those facilities.
3. The construction fund transferred \$2,093,836 and \$6,409,391, respectively, to the arena and sports dome funds to reimburse for debt proceeds initially received in the construction fund for capital projects at those facilities.
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 2014 budget.
5. The general fund transferred \$2,049,968 of the 2013 unassigned fund balance to the construction and golf course funds; \$949,968 to fund various projects and equipment replacement within the construction fund and \$1,100,000 to the golf course to assist in stabilizing the fund deficit.
6. The general fund transferred \$185,000 to the construction fund for use of park reserves from the parkland dedication money received in 2013.
7. The general fund and construction fund transferred \$20,000 and \$7, respectively, to the arts and culture fund to consolidate public art funds into this new special revenue fund.

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**Note 10 TAX INCREMENT DISTRICTS**

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

District number 1208 (Southdale 2 Tax Increment Financing District) is an economic development district established in 2012 pursuant to Minnesota Statutes with a termination date of 2022.

District number 1211 (Pentagon Park Increment Financing District) is an economic development district established in 2014 pursuant to Minnesota Statutes with a termination date of 2043.

The following table reflects values as of December 31, 2014:

	<u>TIF #1208</u>	<u>TIF #1211</u>	<u>Total</u>
Original tax capacity	\$ 8,772,449	\$ 723,636	\$ 9,496,085
Current tax capacity	10,964,578	723,636	11,688,214
Fiscal Disparities	573,209	-	573,209
Tax capacity change	1,618,920	-	1,618,920
Captured tax capacity value:			
Retained captured tax capacity	<u>\$ 1,618,920</u>	<u>\$ -</u>	<u>\$ 1,618,920</u>

**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 was provided through Travelers insurance up through June 30, 2014 and, as of July 1, 2014, is now provided by the League of Minnesota Cities Insurance Trust. There is no deductible. The City has an annual deposit premium that is subject to adjustment based on the actual audited payroll.

Through June 30, 2014, automobile and general liability coverage was provided through Travelers insurance. The City paid an annual premium for this coverage and all claims were paid from the plan up to the annual maximum of \$1,500,000 for automobile and \$1,500,000 for general liability. The City was not subject to a deductible for general liability coverage. The deductible for automobile insurance was \$1,000 for comprehensive and \$1,000 for collision.

Through June 30, 2014, property coverage was also provided through Travelers insurance. The City paid an annual premium for this coverage, and all claims were paid for by the plan. The City had \$10,000 - \$50,000 deductibles per occurrence depending on claim type, with annual maximum coverage of \$139,188,285.

Through June 30, 2014, Police professional insurance coverage was provided through Travelers insurance. The City pays an annual premium for this coverage, and had a \$10,000 deductible per occurrence, with a \$1,500,000 annual maximum for all claims.

As of July 1, 2014, the City obtained insurance coverage with the League of Minnesota Cities Insurance Trust. Under the package policy (including property, general liability, and automobile coverage), the City paid an annual premium and had a \$50,000 per occurrence deductible and is subject to an annual aggregate deductible of \$100,000, with a \$1,500,000 per occurrence maximum.

Liquor liability coverage is provided through the League of Minnesota Cities Insurance Trust. The City pays an annual premium of \$27,099 for this coverage and has a \$1,000,000 annual maximum.

Settlement claims have not exceeded insurance coverage for each of the past three years. While there were no significant decreases in insurance coverage during 2014, there were significant increases in insurance coverage.

#### **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, 2014.

#### **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, 2014, the City of Edina had five series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$51,970,000. 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, 2014, the City paid a total of \$50,388 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, 2014, the City paid a total of \$13,672 in membership fees to the I-494 Corridor Commission.

**CITY OF EDINA, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2014

**Note 15 FUND BALANCES**

**A. Classifications**

At December 31, 2014, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	HRA Fund	Debt Service	Construction	Nonmajor Funds	Total
Nonspendable						
Prepaid items	\$ 240,291	\$ -	\$ -	\$ -	\$ -	\$ 240,291
Restricted						
Park dedication	757,673	-	-	-	-	757,673
Tax increments	-	7,929,998	-	-	-	7,929,998
Debt service	-	-	12,678,291	-	-	12,678,291
Unspent bond proceeds	-	-	-	5,779,906	-	5,779,906
Pedestrian and cyclist improvements	-	-	-	-	729,496	729,496
Energy efficiency projects	-	-	-	-	818,926	818,926
Forfeitures	-	-	-	-	658,424	658,424
Grant funds	-	-	-	-	85,584	85,584
Arts and culture	-	-	-	-	5,584	5,584
Donations	-	-	-	-	310,223	310,223
Total Restricted	757,673	7,929,998	12,678,291	5,779,906	2,608,237	29,754,105
Assigned						
Unrealized investment gains	26,122	-	-	-	-	26,122
Compensated absences	1,540,207	-	-	-	-	1,540,207
Construction commitments	-	-	-	1,441,282	-	1,441,282
Special projects	-	-	-	390,386	-	390,386
Equipment	-	-	-	2,697,705	-	2,697,705
Construction	-	-	-	2,517,237	-	2,517,237
Total Assigned	1,566,329	-	-	7,046,610	-	8,612,939
Unassigned	11,429,444	-	-	-	-	11,429,444
Total Fund Balance	\$ 13,993,737	\$ 7,929,998	\$ 12,678,291	\$ 12,826,516	\$ 2,608,237	\$ 50,036,779

**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 \$11,429,444 of unassigned fund balance in the general fund, or 50.1% of 2015 budgeted property tax revenue. This amount is \$708,294 above the goal range identified in the policy.

**Note 16 GASB STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 68 replaces the requirements of Statement No. 27, "Accounting for Pensions by State and Local Governmental Employers" and Statement No. 50, "Pension Disclosures," as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement will be effective for fiscal years beginning after June 15, 2014. The City has not yet determined the financial statement impact of adopting this new standard.

**Note 17 SUBSEQUENT EVENT**

In March 2014 the City Council accepted the recommendation of staff and the Park Board to close Fred Richards golf course at the end of the 2014 season. With the course being open for the entire 2014 season, it was determined to be most appropriate to dispose of the related assets in 2015. As a result, we anticipate a significant loss on disposal may be recognized in the golf course fund in fiscal year 2015.

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
**For The Year Ended December 31, 2014**

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$ 22,390,403	\$ 22,390,403	\$ 22,147,135	\$ (243,268)
Franchise taxes	770,000	770,000	808,738	38,738
Lodging tax	-	-	11,301	11,301
Total taxes	<u>23,160,403</u>	<u>23,160,403</u>	<u>22,967,174</u>	<u>(193,229)</u>
Licenses and permits:	<u>3,277,865</u>	<u>3,277,865</u>	<u>4,490,993</u>	<u>1,213,128</u>
Intergovernmental:				
Federal:	36,000	36,000	23,346	(12,654)
State:				
Municipal state aid	195,000	195,000	195,000	-
Other	42,500	42,500	121,994	79,494
State aid - police	320,000	320,000	362,394	42,394
State aid - fire	400,000	400,000	375,573	(24,427)
Health programs	100,000	100,000	118,977	18,977
Total intergovernmental	<u>1,093,500</u>	<u>1,093,500</u>	<u>1,197,284</u>	<u>103,784</u>
Charges for services:				
Administration	92,000	92,000	103,689	11,689
Communications & Technology	113,994	113,994	119,688	5,694
Finance	646,212	646,212	751,410	105,198
Public Works	69,000	69,000	118,928	49,928
Engineering	410,400	410,400	212,063	(198,337)
Police	500,500	500,500	496,249	(4,251)
Fire	1,951,085	1,951,085	2,008,470	57,385
Parks & Recreation	264,275	264,275	292,812	28,537
Community Development	85,300	85,300	133,133	47,833
Total charges for services	<u>4,132,766</u>	<u>4,132,766</u>	<u>4,236,442</u>	<u>103,676</u>
Fines and forfeits	<u>950,000</u>	<u>950,000</u>	<u>993,954</u>	<u>43,954</u>
Miscellaneous:				
Investment income	100,000	100,000	144,127	44,127
Rental of property	440,000	440,000	546,874	106,874
Parkland dedication	-	-	757,278	757,278
Other	11,100	11,100	22,291	11,191
Total miscellaneous	<u>551,100</u>	<u>551,100</u>	<u>1,470,570</u>	<u>919,470</u>
Total revenues	<u>33,165,634</u>	<u>33,165,634</u>	<u>35,356,417</u>	<u>2,190,783</u>

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)**  
For The Year Ended December 31, 2014

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Expenditures:</b>				
General government:				
Administration:				
Personal services	\$ 856,247	\$ 856,247	\$ 895,474	\$ (39,227)
Contractual services	704,286	704,286	641,365	62,921
Commodities	16,000	16,000	76,137	(60,137)
Central services	103,536	103,536	99,147	4,389
Total administration	<u>1,680,069</u>	<u>1,680,069</u>	<u>1,712,123</u>	<u>(32,054)</u>
Communications & technology:				
Personal services	602,866	602,866	642,620	(39,754)
Contractual services	281,235	281,235	298,899	(17,664)
Commodities	46,000	46,000	45,148	852
Central services	68,256	68,256	64,642	3,614
Total communications & technology	<u>998,357</u>	<u>998,357</u>	<u>1,051,309</u>	<u>(52,952)</u>
Human Resources:				
Personal services	623,052	623,052	927,885	(304,833)
Contractual services	32,975	32,975	31,645	1,330
Commodities	2,500	2,500	4,437	(1,937)
Central services	18,960	18,960	17,500	1,460
Total human resources	<u>677,487</u>	<u>677,487</u>	<u>981,467</u>	<u>(303,980)</u>
Finance:				
Personal services	613,105	613,105	498,390	114,715
Contractual services	212,000	212,000	208,847	3,153
Commodities	4,000	4,000	9,258	(5,258)
Central services	55,404	55,404	52,934	2,470
Total finance	<u>884,509</u>	<u>884,509</u>	<u>769,429</u>	<u>115,080</u>
Community development:				
Personal services	1,241,405	1,241,405	1,188,715	52,690
Contractual services	229,146	229,146	206,871	22,275
Commodities	7,900	7,900	3,738	4,162
Central services	116,580	116,580	110,636	5,944
Total community development	<u>1,595,031</u>	<u>1,595,031</u>	<u>1,509,960</u>	<u>85,071</u>
Total general government	<u>5,835,453</u>	<u>5,835,453</u>	<u>6,024,288</u>	<u>(188,835)</u>
Public safety:				
Police:				
Personal services	8,002,832	8,002,832	7,675,364	327,468
Contractual services	935,011	935,011	946,490	(11,479)
Commodities	90,315	90,315	79,197	11,118
Central services	1,138,008	1,138,008	1,097,305	40,703
Total police	<u>10,166,166</u>	<u>10,166,166</u>	<u>9,798,356</u>	<u>367,810</u>
Fire:				
Personal services	5,508,069	5,508,069	5,488,276	19,793
Contractual services	496,525	496,525	499,445	(2,920)
Commodities	199,700	199,700	201,319	(1,619)
Central services	493,164	493,164	474,897	18,267
Total fire	<u>6,697,458</u>	<u>6,697,458</u>	<u>6,663,937</u>	<u>33,521</u>
Total public safety	<u>16,863,624</u>	<u>16,863,624</u>	<u>16,462,293</u>	<u>401,331</u>

**CITY OF EDINA, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)**  
For The Year Ended December 31, 2014

	Budgeted Amounts		2014	Variance with
	Original	Final	Actual Amounts	Final Budget
Public works:				
Public works:				
Personal services	\$ 4,317,853	\$ 4,317,853	\$ 4,400,581	\$ (82,728)
Contractual services	1,156,323	1,156,323	1,193,408	(37,085)
Commodities	1,276,000	1,276,000	1,113,074	162,926
Central services	1,516,044	1,516,044	1,460,795	55,249
Total public works	<u>8,266,220</u>	<u>8,266,220</u>	<u>8,167,858</u>	<u>98,362</u>
Engineering:				
Personal services	1,382,335	1,382,335	1,291,189	91,146
Contractual services	83,575	83,575	87,068	(3,493)
Commodities	30,000	30,000	17,911	12,089
Central services	111,888	111,888	105,148	6,740
Total engineering	<u>1,607,798</u>	<u>1,607,798</u>	<u>1,501,316</u>	<u>106,482</u>
Total public works	<u>9,874,018</u>	<u>9,874,018</u>	<u>9,669,174</u>	<u>204,844</u>
Parks:				
Parks & recreation:				
Personal services	937,287	937,287	892,848	44,439
Contractual services	273,855	273,855	237,106	36,749
Commodities	68,377	68,377	78,864	(10,487)
Central services	78,120	78,120	74,774	3,346
Total parks & recreation	<u>1,357,639</u>	<u>1,357,639</u>	<u>1,283,592</u>	<u>74,047</u>
Total parks	<u>1,357,639</u>	<u>1,357,639</u>	<u>1,283,592</u>	<u>74,047</u>
Total expenditures	<u>33,930,734</u>	<u>33,930,734</u>	<u>33,439,347</u>	<u>491,387</u>
Revenues over (under) expenditures	<u>(765,100)</u>	<u>(765,100)</u>	<u>1,917,070</u>	<u>2,682,170</u>
Other financing sources (uses):				
Transfer from other funds	765,100	-	-	-
Transfer to other funds	-	(2,049,968)	(2,254,968)	(205,000)
Total financing sources (uses)	<u>765,100</u>	<u>(2,049,968)</u>	<u>(2,254,968)</u>	<u>(205,000)</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ (2,815,068)</u>	<u>(337,898)</u>	<u>\$ 2,477,170</u>
Fund balance - January 1			<u>14,331,635</u>	
Fund balance - December 31			<u>\$ 13,993,737</u>	

**CITY OF EDINA, MINNESOTA**

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - HOUSING AND REDEVELOPMENT AUTHORITY (HRA) FUND

For The Year Ended December 31, 2014

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	Budgeted Amounts		2014	Variance with
	Original	Final	Actual Amounts	Final budget
Revenues:				
Tax increment collections	\$ 3,900,000	\$ 3,900,000	\$ 5,052,705	\$ 1,152,705
Investment income	118,000	118,000	158,945	40,945
Total revenues	<u>4,018,000</u>	<u>4,018,000</u>	<u>5,211,650</u>	<u>1,193,650</u>
Expenditures:				
Personal services	115,219	115,219	114,688	(531)
Contractual services	656,070	656,070	1,443,672	787,602
Commodities	200	200	-	(200)
Capital outlay	<u>5,600,000</u>	<u>5,600,000</u>	<u>7,218,933</u>	<u>1,618,933</u>
Total expenditures	<u>6,371,489</u>	<u>6,371,489</u>	<u>8,777,293</u>	<u>2,405,804</u>
Net increase (decrease) in fund balance	<u>\$ (2,353,489)</u>	<u>\$ (2,353,489)</u>	(3,565,643)	<u>\$ (1,212,154)</u>
Fund balance - January 1			<u>11,495,641</u>	
Fund balance - December 31			<u>\$ 7,929,998</u>	

**CITY OF EDINA, MINNESOTA**  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST-EMPLOYMENT BENEFITS PLAN  
 SCHEDULE OF FUNDING PROGRESS  
 For The Year Ended December 31, 2014

<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, 2010	\$ 2,966,250	\$ -	\$ 2,966,250	0.0%	\$ 17,786,616	16.7%
January 1, 2012	\$ 2,959,876	\$ -	\$ 2,959,876	0.0%	\$ 18,220,189	16.2%
January 1, 2014	\$ 3,026,848	\$ -	\$ 3,026,848	0.0%	\$ 20,305,179	14.9%

**Note A LEGAL COMPLIANCE – BUDGETS**

The City follows these procedures in establishing the budgetary data reflected in the preceding schedules:

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, police special revenue, Braemar memorial, and PACS funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Reported budget amounts are as originally adopted or as amended by Council-approved supplemental appropriations and budget transfers.
7. Expenditures may not legally exceed appropriations by department in the General Fund unless offset by increases in revenues. All unencumbered appropriations lapse at year-end.

**CITY OF EDINA, MINNESOTA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2014

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**Note B EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The General Fund 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			
Administration	\$ 1,680,069	\$1,712,123	\$ 32,054
Communications & technology	998,357	1,051,309	52,952
Human resources	677,487	981,467	303,980

Excess expenditures in the General Fund administration department are due to an increase in salaries primarily related to the City management fellow position being filled year round in 2014.

Excess expenditures in the General Fund communications & technology services department are due to an increase in salaries primarily related to an increase in hours worked by interns throughout 2014.

Excess expenditures in the General Fund human resources department are due to an increase in salaries related to two factors. First, the payroll specialist, previously within the finance department, was reallocated here during 2014. Second, there was a large increase in severance in the current year due to numerous tenured employees retiring during 2014. Governmental fund employee's severance pay runs through the human resources department and is difficult to budget for.

The HRA, debt service, construction, CDBG, police special revenue, and braemar memorial, and PACS funds budgets are 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 fund level for these funds. The following is a listing of funds whose expenditures exceed budget appropriations.

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
HRA Fund	\$ 6,371,489	\$8,777,293	\$ 2,405,804
Debt Service Fund	6,008,988	6,020,022	11,034
Construction Fund	9,792,140	12,281,710	2,489,570
Police SR Fund	59,000	215,451	156,451
Braemar Memorial Fund	-	32,000	32,000
Arts and Culture Fund	-	16,328	16,328

Excess expenditures in the HRA fund are due to higher than anticipated expenditures related to infrastructure projects.

Excess expenditures in the debt service fund are due to higher than anticipated issuances costs related to new debt.

**CITY OF EDINA, MINNESOTA**  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2014

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Excess expenditures in the construction fund are due to higher than anticipated expenditures related to infrastructure projects.

Excess expenditures in the Police SR fund are due to unbudgeted purchases of capital equipment that was offset by additional intergovernmental funding received for the purpose of funding the purchases.

Excess expenditures in the Braemar Memorial fund are due to unbudgeted expenses related to the golf course master plan.

The Arts and Culture fund was newly created in 2014 and will have no Council-approved budget until 2015. Therefore, no analysis of expenditures exceeding budget appropriations will apply in the current year.

## 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.

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.

Pedestrian and Cyclist Safety Fund - This fund was established to account for funds received from gas and electric franchise fees to be used for pedestrian and cyclist improvements included in future street reconstruction projects.

Arts and Culture Fund - This fund was established to account for funds donated to the City for the purpose of enhancing public arts and culture related activities.

### Capital Project Funds

A Capital Project Fund is used to account for and report financial resources used for the acquisition of capital assets. The following is a nonmajor capital project fund:

Environmental Efficiency Fund - This fund was established to account for funds received through energy cost savings to be reinvested in future energy efficiencies.

**CITY OF EDINA, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2014

	Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
	Community Development Block Grant	Police Special Revenue	Braemar Memorial	Pedestrian and Cyclist Safety	Arts and Culture	Environmental Efficiency	
<b>Assets</b>							
Cash and investments	\$ -	\$ 714,833	\$ 324,576	\$ 469,040	\$ 5,588	\$ 817,340	\$ 2,331,377
Accrued interest	-	-	647	1,292	15	1,586	3,540
Accounts receivable	-	525	-	287,060	-	-	287,585
Due from other governments	-	29,346	-	-	-	-	29,346
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 744,704</b>	<b>\$ 325,223</b>	<b>\$ 757,392</b>	<b>\$ 5,603</b>	<b>\$ 818,926</b>	<b>\$ 2,651,848</b>
<b>Liabilities and Fund Balance</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 696	\$ 15,000	\$ 10,789	\$ 19	\$ -	\$ 26,504
Contracts payable	-	-	-	17,107	-	-	17,107
<b>Total liabilities</b>	<b>-</b>	<b>696</b>	<b>15,000</b>	<b>27,896</b>	<b>19</b>	<b>-</b>	<b>43,611</b>
<b>Fund balance:</b>							
Restricted	-	744,008	310,223	729,496	5,584	818,926	2,608,237
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>\$ 744,704</b>	<b>\$ 325,223</b>	<b>\$ 757,392</b>	<b>\$ 5,603</b>	<b>\$ 818,926</b>	<b>\$ 2,651,848</b>

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2014**

	Special Revenue					Capital Projects	Total Nonmajor Governmental Funds
	Community Development Block Grant	Police Special Revenue	Braemar Memorial	Pedestrian and Cyclist Safety	Arts and Culture	Environmental Efficiency	
<b>Revenues:</b>							
Franchise taxes	\$ -	\$ -	\$ -	\$1,144,167	\$ -	\$ -	\$ 1,144,167
Intergovernmental	18,700	71,962	-	-	-	-	90,662
Fines and forfeitures	-	169,953	-	-	-	-	169,953
Investment income	-	201	4,258	7,790	62	6,630	18,941
Other revenues	-	-	2,795	-	1,843	-	4,638
<b>Total revenues</b>	<b>18,700</b>	<b>242,116</b>	<b>7,053</b>	<b>1,151,957</b>	<b>1,905</b>	<b>6,630</b>	<b>1,428,361</b>
<b>Expenditures:</b>							
<b>Current:</b>							
General government	18,700	-	-	-	-	-	18,700
Public safety	-	137,099	-	-	-	-	137,099
Public works	-	-	-	96,610	-	-	96,610
Parks	-	-	32,000	-	16,328	-	48,328
<b>Capital Outlay:</b>							
Public safety	-	78,352	-	-	-	-	78,352
Public works	-	-	-	818,213	-	-	818,213
Parks	-	-	-	-	-	4,358	4,358
<b>Total expenditures</b>	<b>18,700</b>	<b>215,451</b>	<b>32,000</b>	<b>914,823</b>	<b>16,328</b>	<b>4,358</b>	<b>1,201,660</b>
Revenues over (under) expenditures	-	26,665	(24,947)	237,134	(14,423)	2,272	226,701
Other financing sources (uses):							
Transfers in	-	-	-	-	20,007	-	20,007
Net increase (decrease) in fund balance	-	26,665	(24,947)	237,134	5,584	2,272	246,708
Fund balance - January 1	-	717,343	335,170	492,362	-	816,654	2,361,529
Fund balance - December 31	\$ -	\$ 744,008	\$ 310,223	\$ 729,496	\$ 5,584	\$ 818,926	\$ 2,608,237

**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, 2014

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	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Intergovernmental	<u>\$ 105,000</u>	<u>\$ 105,000</u>	<u>\$ 18,700</u>	<u>\$ (86,300)</u>
Expenditures:				
Current:				
Contractual services	<u>105,000</u>	<u>105,000</u>	<u>18,700</u>	<u>(86,300)</u>
Net increase (decrease) in fund balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund balance - January 1			<u>-</u>	
Fund balance - December 31			<u><u>\$ -</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 153,689	\$ 153,689	\$ 71,962	\$ (81,727)
Fines and forfeiture	57,821	57,821	169,953	112,132
Investment income	900	900	201	(699)
Total revenues	<u>212,410</u>	<u>212,410</u>	<u>242,116</u>	<u>29,706</u>
Expenditures:				
Current:				
Contractual services	54,000	54,000	66,217	12,217
Commodities	5,000	5,000	70,882	65,882
Capital outlay	-	-	78,352	78,352
Total expenditures	<u>59,000</u>	<u>59,000</u>	<u>215,451</u>	<u>156,451</u>
Net increase (decrease) in fund balance	<u>\$ 153,410</u>	<u>\$ 153,410</u>	<u>26,665</u>	<u>\$ (126,745)</u>
Fund balance - January 1			<u>717,343</u>	
Fund balance - December 31			<u>\$ 744,008</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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Investment income	\$ 200	\$ 200	\$ 4,258	\$ 4,058
Donations	5,000	5,000	2,795	(2,205)
Total revenues	<u>5,200</u>	<u>5,200</u>	<u>7,053</u>	<u>1,853</u>
Expenditures:				
Current:				
Contractual services	-	-	32,000	32,000
Net increase (decrease) in fund balance	<u>\$ 5,200</u>	<u>\$ 5,200</u>	<u>(24,947)</u>	<u>\$ (30,147)</u>
Fund balance - January 1			<u>335,170</u>	
Fund balance - December 31			<u>\$ 310,223</u>	

**CITY OF EDINA, MINNESOTA**  
**SPECIAL REVENUE FUND - PEDESTRIAN AND CYCLE SAFETY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For The Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Franchise taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,144,167	\$ (55,833)
Investment income	-	-	7,790	7,790
Total revenues	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,151,957</u>	<u>(48,043)</u>
Expenditures:				
Current:				
Personal services	-	-	1,079	1,079
Contractual services	22,000	22,000	15,726	(6,274)
Commodities	25,000	25,000	53	(24,947)
Central services	79,752	79,752	79,752	-
Capital outlay	1,100,000	1,100,000	818,213	(281,787)
Total expenditures	<u>1,226,752</u>	<u>1,226,752</u>	<u>914,823</u>	<u>(311,929)</u>
Net increase (decrease) in fund balance	<u>\$ (26,752)</u>	<u>\$ (26,752)</u>	<u>237,134</u>	<u>\$ 263,886</u>
Fund balance - January 1			<u>492,362</u>	
Fund balance - December 31			<u>\$ 729,496</u>	

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## MAJOR GOVERNMENTAL FUNDS

Debt Service Fund - This fund was established to account for the payment of principal and interest on the General Obligation, Permanent Improvement Revolving, Public Project Revenue, and Edina Emerald Energy Program Bonds.

Construction Fund - This fund was established to account for 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.

**CITY OF EDINA, MINNESOTA**  
**GOVERNMENTAL FUND - DEBT SERVICE**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For The Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
General property taxes	\$ 3,953,397	\$ 3,953,397	\$ 3,866,611	\$ (86,786)
Special assessments	2,083,699	2,083,699	2,870,102	786,403
Investment income	20,000	20,000	11,408	(8,592)
Total revenues	<u>6,057,096</u>	<u>6,057,096</u>	<u>6,748,121</u>	<u>691,025</u>
Expenditures:				
Debt Service	<u>6,008,988</u>	<u>6,008,988</u>	<u>6,020,022</u>	<u>11,034</u>
Revenues over (under) expenditures	<u>48,108</u>	<u>48,108</u>	<u>728,099</u>	<u>679,991</u>
Other financing sources (uses):				
Bonds issued	-	-	270,599	270,599
Refunding bonds issued	-	-	5,180,000	5,180,000
Premium (discount) on bonds issued	-	-	252,824	252,824
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,703,423</u>	<u>5,703,423</u>
Net increase (decrease) in fund balance	<u>\$ 48,108</u>	<u>\$ 48,108</u>	<u>6,431,522</u>	<u>\$ 6,383,414</u>
Fund balance - January 1			<u>6,246,769</u>	
Fund balance - December 31			<u>\$ 12,678,291</u>	

**CITY OF EDINA, MINNESOTA**  
**GOVERNMENTAL FUND - CONSTRUCTION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
For The Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
General property taxes	\$ 992,072	\$ 992,072	\$ 974,747	\$ (17,325)
Franchise taxes	100,000	100,000	102,491	2,491
Special assessments	1,237,872	1,237,872	1,735,908	498,036
License and permits	25,000	25,000	92,190	67,190
Intergovernmental	2,680,000	2,680,000	2,673,563	(6,437)
Charges for services	50,000	50,000	34,278	(15,722)
Investment income	88,300	88,300	106,630	18,330
Other revenues	-	-	51,846	51,846
Total revenues	<u>5,173,244</u>	<u>5,173,244</u>	<u>5,771,653</u>	<u>598,409</u>
Expenditures:				
Personal services	102,956	102,956	111,101	8,145
Contractual services	148,522	148,522	377,752	229,230
Commodities	73,522	73,522	29,569	(43,953)
Capital outlay	9,467,140	9,467,140	11,763,288	2,296,148
Total expenditures	<u>9,792,140</u>	<u>9,792,140</u>	<u>12,281,710</u>	<u>2,489,570</u>
Revenues over (under) expenditures	<u>(4,618,896)</u>	<u>(4,618,896)</u>	<u>(6,510,057)</u>	<u>(1,891,161)</u>
Other financing sources (uses):				
Transfers in	250,000	250,000	1,384,968	1,134,968
Transfers out	(620,600)	(620,600)	(8,755,232)	(8,134,632)
Sale of capital assets	-	-	70,603	70,603
Bonds issued	2,917,200	2,917,200	15,884,401	12,967,201
Premium (discount) on bonds issued	-	-	(104,728)	(104,728)
Total other financing sources (uses)	<u>2,546,600</u>	<u>2,546,600</u>	<u>8,480,012</u>	<u>5,933,412</u>
Net increase (decrease) in fund balance	<u>\$ (2,072,296)</u>	<u>\$ (2,072,296)</u>	<u>1,969,955</u>	<u>\$ 4,042,251</u>
Fund balance - January 1			<u>10,856,561</u>	
Fund balance - December 31			<u>\$ 12,826,516</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:

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

Edinburgh Park Fund - This fund accounts for activities related to Edinburgh Park.

Centennial Lakes Fund - This fund accounts for activities related to Centennial Lakes Park.

Sports Dome Fund - This fund accounts for activities related to the Sports Dome.

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
December 31, 2014

	Art Center	Edinborough Park	Centennial Lakes	Sports Dome	Total Nonmajor Proprietary Funds
<b>Assets</b>					
Current assets:					
Cash and investments	\$ 310,158	\$ 1,648,005	\$ 904,577	\$ -	\$ 2,862,740
Interest receivable	284	3,055	1,784	-	5,123
Accounts receivable	-	8,553	2,625	44,389	55,567
Due from other funds	-	22,718	-	-	22,718
Inventory	8,260	-	-	-	8,260
Total current assets	<u>318,702</u>	<u>1,682,331</u>	<u>908,986</u>	<u>44,389</u>	<u>2,954,408</u>
Noncurrent assets:					
Net capital assets	<u>140,117</u>	<u>1,245,591</u>	<u>316,860</u>	<u>8,058,659</u>	<u>9,761,227</u>
Total assets	<u>458,819</u>	<u>2,927,922</u>	<u>1,225,846</u>	<u>8,103,048</u>	<u>12,715,635</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	10,878	35,539	6,987	18,647	72,051
Salaries payable	15,372	40,325	24,222	2,714	82,633
Contracts payable	-	3,995	25,040	1,642,577	1,671,612
Due to other funds	-	-	-	22,718	22,718
Due to other governments	863	8,461	1,106	6	10,436
Unearned revenue	9,625	30	180	-	9,835
Compensated absences payable	4,798	22,418	29,934	-	57,150
Total current liabilities	<u>41,536</u>	<u>110,768</u>	<u>87,469</u>	<u>1,686,662</u>	<u>1,926,435</u>
Noncurrent liabilities:					
Net OPEB obligation	5,655	13,727	13,659	-	33,041
Compensated absences payable	7,196	33,628	44,902	-	85,726
Total noncurrent liabilities	<u>12,851</u>	<u>47,355</u>	<u>58,561</u>	<u>-</u>	<u>118,767</u>
Total liabilities	<u>54,387</u>	<u>158,123</u>	<u>146,030</u>	<u>1,686,662</u>	<u>2,045,202</u>
<b>Net position:</b>					
Net investment in capital assets	140,117	1,241,596	291,820	6,416,082	8,089,615
Unrestricted	264,315	1,528,203	787,996	304	2,580,818
Total net position	<u>\$ 404,432</u>	<u>\$ 2,769,799</u>	<u>\$ 1,079,816</u>	<u>\$ 6,416,386</u>	<u>\$ 10,670,433</u>

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
For The Year Ended December 31, 2014

	Art Center	Edinborough Park	Centennial Lakes	Sports Dome	Total Nonmajor Proprietary Funds
<b>Operating revenues:</b>					
Sales - retail	\$ 42,403	\$ -	\$ -	\$ -	\$ 42,403
Sales - concessions	209	118,850	26,924	-	145,983
Memberships	24,938	63,190	-	-	88,128
Admissions	-	684,881	-	84	684,965
Building rental	-	227,558	111,184	17,380	356,122
Rental of equipment	-	10,951	145,385	-	156,336
Greens fees	-	-	196,147	-	196,147
Class registration & other fees	413,332	220,178	279,253	410	913,173
Total operating revenues	<u>480,882</u>	<u>1,325,608</u>	<u>758,893</u>	<u>17,874</u>	<u>2,583,257</u>
<b>Operating expenses:</b>					
Cost of sales and services	2,881	65,464	10,241	-	78,586
Personal services	434,583	640,110	560,057	7,829	1,642,579
Contractual services	89,221	299,975	173,900	605	563,701
Commodities	68,112	116,404	134,148	2,445	321,109
Central Services	33,540	49,558	48,112	-	131,210
Depreciation	25,973	168,732	39,808	-	234,513
Total operating expenses	<u>654,310</u>	<u>1,340,243</u>	<u>966,266</u>	<u>10,879</u>	<u>2,971,698</u>
Operating income (loss)	<u>(173,428)</u>	<u>(14,635)</u>	<u>(207,373)</u>	<u>6,995</u>	<u>(388,441)</u>
<b>Nonoperating revenues (expenses):</b>					
Investment income	2,103	22,065	9,858	-	34,026
Donations	5,429	-	7,771	-	13,200
Gain (loss) on sale of capital asset	(4,084)	-	-	-	(4,084)
Miscellaneous	-	60,876	-	-	60,876
Total nonoperating revenues (expenses)	<u>3,448</u>	<u>82,941</u>	<u>17,629</u>	<u>-</u>	<u>104,018</u>
Income (loss) before transfers	<u>(169,980)</u>	<u>68,306</u>	<u>(189,744)</u>	<u>6,995</u>	<u>(284,423)</u>
<b>Transfers:</b>					
Transfers in	<u>213,825</u>	<u>41,593</u>	<u>25,000</u>	<u>6,409,391</u>	<u>6,689,809</u>
Change in net position	43,845	109,899	(164,744)	6,416,386	6,405,386
Net position - January 1	<u>360,587</u>	<u>2,659,900</u>	<u>1,244,560</u>	<u>-</u>	<u>4,265,047</u>
Net position - December 31	<u>\$ 404,432</u>	<u>\$ 2,769,799</u>	<u>\$ 1,079,816</u>	<u>\$ 6,416,386</u>	<u>\$ 10,670,433</u>

**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
For The Year Ended December 31, 2014

	Art Center	Edinborough Park	Centennial Lakes	Sports Dome	Total Nonmajor Proprietary Funds
<b>Cash flows from operating activities:</b>					
Receipts from customers and users	\$ 480,782	\$ 1,324,883	\$ 756,428	\$ (26,515)	\$ 2,535,578
Payment to suppliers	(185,574)	(545,570)	(379,318)	15,603	(1,094,859)
Payment to employees	(423,996)	(630,932)	(578,498)	(5,115)	(1,638,541)
Donations received	5,429	-	7,771	-	13,200
Miscellaneous received	-	60,876	-	-	60,876
Net cash provided by (used in) operating activities	<u>(123,359)</u>	<u>209,257</u>	<u>(193,617)</u>	<u>(16,027)</u>	<u>(123,746)</u>
<b>Cash flows from noncapital financing activities:</b>					
Transfer from other funds	213,825	41,593	25,000	6,409,391	6,689,809
Proceeds from interfund borrowing	-	-	-	22,718	22,718
Payment of interfund borrowing	-	(22,718)	-	(16,946)	(39,664)
Net cash provided by noncapital financing activities	<u>213,825</u>	<u>18,875</u>	<u>25,000</u>	<u>6,415,163</u>	<u>6,672,863</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	-	(175,214)	-	(6,399,136)	(6,574,350)
<b>Cash flows from investing activities:</b>					
Interest received	2,149	21,361	13,383	-	36,893
Net increase (decrease) in cash and investments	92,615	74,279	(155,234)	-	11,660
Cash and investments - January 1	217,543	1,573,726	1,059,811	-	2,851,080
Cash and investments - December 31	<u>\$ 310,158</u>	<u>\$ 1,648,005</u>	<u>\$ 904,577</u>	<u>\$ -</u>	<u>\$ 2,862,740</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (173,428)	\$ (14,635)	\$ (207,373)	\$ 6,995	\$ (388,441)
<b>Adjustments to reconcile operating loss to net cash flows from operating activities:</b>					
Depreciation	25,973	168,732	39,808	-	234,513
Donations	5,429	-	7,771	-	13,200
Miscellaneous revenue (expense)	-	60,876	-	-	60,876
<b>Changes in assets and liabilities:</b>					
Decrease (increase) in receivables	-	(725)	(2,625)	(44,389)	(47,739)
Decrease (increase) in inventory	2,463	-	-	-	2,463
Increase (decrease) in accounts payable	5,500	(14,879)	(10,540)	18,647	(1,272)
Increase (decrease) in salaries payable	3,630	3,494	(5,200)	2,714	4,638
Increase (decrease) in due to other governments	217	710	(2,377)	6	(1,444)
Increase (decrease) in unearned revenue	(100)	-	160	-	60
Increase (decrease) in compensated absences	5,519	3,835	(15,022)	-	(5,668)
Total adjustments	<u>50,069</u>	<u>223,892</u>	<u>13,756</u>	<u>(23,022)</u>	<u>264,695</u>
Net cash provided by (used in) operating activities	<u>\$ (123,359)</u>	<u>\$ 209,257</u>	<u>\$ (193,617)</u>	<u>\$ (16,027)</u>	<u>\$ (123,746)</u>
<b>Noncash investing activities:</b>					
Increase (decrease) in fair value of investments	633	7,603	4,968	-	13,204
<b>Noncash noncapital financing activities:</b>					
Acquisition of capital assets with contracts payable	-	42,661	(25,040)	(1,567,337)	(1,549,716)

## FIDUCIARY FUNDS

### Agency Funds

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

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

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

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

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**CITY OF EDINA, MINNESOTA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
For The Year Ended December 31, 2014

	Balance January 1	Additions	Deductions	Balance December 31
<b>POLICE SEIZURE</b>				
Assets:				
Cash and investments	\$ 22,707	\$ -	\$ 22,000	\$ 707
Liabilities:				
Due to other governmental units	\$ 22,707	\$ -	\$ 22,000	\$ 707
<b>PUBLIC SAFETY TRAINING FACILITY</b>				
Assets:				
Cash and investments	\$ 336,200	\$ 1,038,527	\$ 1,004,720	\$ 370,007
Liabilities:				
Accounts payable	\$ 6,394	\$ 280,663	\$ 280,020	\$ 7,037
Salaries payable	10,161	242,032	239,143	13,050
Due to other governmental units	319,645	515,832	485,557	349,920
Total Liabilities	\$ 336,200	\$ 1,038,527	\$ 1,004,720	\$ 370,007
<b>PAYROLL</b>				
Assets:				
Cash and investments	\$ 27,655	\$ 17,563,204	\$ 17,571,566	\$ 19,293
Liabilities:				
Accounts payable	\$ 27,655	\$ 17,563,204	\$ 17,571,566	\$ 19,293
<b>TOTALS - ALL AGENCY FUNDS</b>				
Assets:				
Cash and investments	\$ 386,562	\$ 18,601,731	\$ 18,598,286	\$ 390,007
Liabilities:				
Accounts payable	\$ 34,049	\$ 17,843,867	\$ 17,851,586	\$ 26,330
Salaries payable	10,161	242,032	239,143	13,050
Due to other governmental units	342,352	515,832	507,557	350,627
Total Liabilities	\$ 386,562	\$ 18,601,731	\$ 18,598,286	\$ 390,007

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total tax capacity	\$ 113,981,017	\$ 109,012,566	\$ 106,529,983	\$ 108,069,277	\$ 117,907,214
Increment valuation	(4,043,859)	(3,917,958)	(4,194,083)	(4,948,237)	(1,618,920)
Contribution to fiscal disparities pool	<u>(11,039,952)</u>	<u>(10,283,433)</u>	<u>(8,831,694)</u>	<u>(9,513,808)</u>	<u>(9,626,075)</u>
Tax capacity used for rate calculation	<u>98,897,206</u>	<u>94,811,175</u>	<u>93,504,206</u>	<u>93,607,232</u>	<u>106,662,219</u>
Fiscal disparities distribution	<u>3,421,345</u>	<u>3,068,256</u>	<u>2,615,313</u>	<u>2,548,571</u>	<u>2,540,472</u>
Adjusted net tax capacity	<u>\$ 102,318,551</u>	<u>\$ 97,879,431</u>	<u>\$ 96,119,519</u>	<u>\$ 96,155,803</u>	<u>\$ 109,202,691</u>
Tax levies:					
General fund	\$ 21,004,000	\$ 21,604,402	\$ 21,824,894	\$ 22,509,403	\$ 22,933,958
Arts & culture fund	-	-	-	-	20,000
Equipment	992,072	992,072	992,072	992,072	1,617,072
Debt service	<u>3,174,308</u>	<u>3,040,890</u>	<u>3,314,581</u>	<u>3,325,597</u>	<u>4,510,380</u>
Total certified tax levies	<u>25,170,380</u>	<u>25,637,364</u>	<u>26,131,547</u>	<u>26,827,072</u>	<u>29,081,410</u>
Referendum market value levy	<u>615,837</u>	<u>610,862</u>	<u>615,837</u>	<u>627,800</u>	<u>618,600</u>
Total levy	<u>\$ 25,786,217</u>	<u>\$ 26,248,226</u>	<u>\$ 26,747,384</u>	<u>\$ 27,454,872</u>	<u>\$ 29,700,010</u>
Tax capacity rate:					
General fund revenue	21.548	23.131	23.762	24.458	22.477
Bonds & interest	<u>3.112</u>	<u>3.116</u>	<u>3.454</u>	<u>3.462</u>	<u>4.128</u>
Total tax capacity rate	<u>24.660</u>	<u>26.247</u>	<u>27.216</u>	<u>27.920</u>	<u>26.605</u>
Market value rate	<u>0.00654</u>	<u>0.00667</u>	<u>0.00690</u>	<u>0.00695</u>	<u>0.00631</u>

**CITY OF EDINA, MINNESOTA**  
**COMBINED SCHEDULE OF BONDED INDEBTEDNESS**  
December 31, 2014

	Interest Rates	Date	Final Maturity Date	Prior Years	
				Original Issue	Redeemed
<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	3,165,000
GO Capital Improvement Plan, Series 2007A	4.00 - 4.25	05/24/07	02/01/28	5,865,000	1,060,000
GO Capital Improvement Plan, Series 2009A	3.00 - 4.40	04/29/09	02/01/30	14,000,000	1,575,000
GO Capital Improvement Plan, Series 2010A	2.00 - 4.00	11/18/10	02/01/21	8,285,000	2,045,000
GO Capital Improvement Plan, Series 2013A - Refunding	3.00 - 3.50	10/10/13	02/01/30	5,710,000	-
GO Refunding, Series 2014B	3.00	12/11/14	02/01/17	-	-
<b>Total General Obligation Bonds</b>				<u>39,235,000</u>	<u>7,845,000</u>
<b>Permanent Improvement Revolving (PIR) Bonds:</b>					
GO Permanent Improvement Revolving					
Series 2008B	3.00 - 4.00	08/28/08	02/01/20	7,755,000	2,030,000
GO Permanent Improvement Revolving					
Series 2010B	2.00 - 3.00	11/18/10	02/01/22	2,305,000	210,000
GO Permanent Improvement Revolving					
Series 2011A	2.00 - 3.00	10/27/11	02/01/23	3,320,000	-
GO Permanent Improvement Revolving					
Series 2012A	3.00 - 4.00	11/15/12	02/01/29	2,675,000	-
GO Permanent Improvement Revolving					
Series 2012A - Refunding	3.00 - 4.00	11/15/12	02/01/19	1,990,000	-
GO Permanent Improvement Revolving					
Series 2013A	3.00 - 3.50	10/10/13	02/01/30	2,555,000	-
GO Permanent Improvement Revolving					
Series 2014B - Refunding	2.00 - 3.00	12/11/14	02/01/20	-	-
<b>Total PIR Bonds</b>				<u>20,600,000</u>	<u>2,240,000</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	1,430,000
Taxable Public Project Revenue, Series 2009A	2.10 - 4.55	11/24/09	02/01/30	2,595,000	950,000
HRA Public Project Revenue, Series 2014A	2.00 - 3.625	07/15/14	02/01/35	-	-
<b>Total Public Project Revenue Bonds</b>				<u>8,020,000</u>	<u>2,380,000</u>
<b>Edina Emerald Energy Program Revenue Bonds:</b>					
Edina Emerald Energy Program Revenue, 2012A	7.00	02/25/12	01/01/23	33,690	3,369
Edina Emerald Energy Program Revenue, 2012B	5.50	08/28/12	01/01/18	40,030	8,006
<b>Total Public Project Revenue Bonds</b>				<u>73,720</u>	<u>11,375</u>
<b>Revenue Bonds:</b>					
Recreational Facility Bonds, Series 2009B	2.00 - 3.00	04/29/09	01/01/17	2,010,000	1,690,000
Recreational Facility Bonds, Series 2009C	2.00 - 4.00	12/10/09	02/01/30	2,440,000	280,000
Recreational Facility Bonds, Series 2012B	.45 - 1.60	11/15/12	02/01/20	815,000	-
Recreational Facility Bonds, Series 2012C	2.00 - 3.00	11/15/12	02/01/33	2,100,000	-
Recreational Facility Bonds, Series 2013B	3.00 - 3.45	10/10/13	02/01/29	1,125,000	-
Utility Revenue Bonds, Series 2007B	4.00	05/24/07	02/01/17	8,210,000	4,575,000
Utility Revenue Bonds, Series 2008A	3.00 - 4.00	08/28/08	02/01/19	13,985,000	5,345,000
Utility Revenue Bonds, Series 2011A	2.00 - 3.00	10/27/11	02/01/22	11,230,000	965,000
Utility Revenue Bonds, Series 2012A	3.00 - 4.00	11/15/12	02/01/23	6,100,000	-
Utility Revenue Bonds, Series 2014A	2.00 - 3.00	07/15/14	02/01/24	-	-
Utility Revenue Bonds, Series 2014B - Refunding	3.00	12/11/14	02/01/17	-	-
Utility Revenue Bonds, Series 2014B - Refunding	3.00	12/11/14	02/01/19	-	-
<b>Total Public Project Revenue Bonds</b>				<u>48,015,000</u>	<u>12,855,000</u>
<b>Total - Bonded indebtedness</b>				<u>\$ 115,943,720</u>	<u>\$ 25,331,375</u>

Outstanding 12/31/2013	2014		Payable 12/31/2014	Principal Due In 2015	Interest Due In 2015	Interest Payable to Maturity
	Issued	Payments				
2,210,000	-	515,000	1,695,000	1,695,000	33,900	33,900
4,805,000	-	240,000	4,565,000	250,000	181,944	1,445,729
12,425,000	-	555,000	11,870,000	570,000	435,724	4,172,231
6,240,000	-	675,000	5,565,000	705,000	208,500	814,900
5,710,000	-	310,000	5,400,000	270,000	156,675	1,398,088
-	1,105,000	-	1,105,000	-	21,179	54,404
<u>31,390,000</u>	<u>1,105,000</u>	<u>2,295,000</u>	<u>30,200,000</u>	<u>3,490,000</u>	<u>1,037,922</u>	<u>7,919,252</u>
5,725,000	-	720,000	5,005,000	5,005,000	94,747	94,747
2,095,000	-	215,000	1,880,000	220,000	43,400	203,875
3,320,000	-	300,000	3,020,000	305,000	71,550	381,100
2,675,000	-	-	2,675,000	140,000	84,950	668,225
1,990,000	-	320,000	1,670,000	345,000	59,900	157,600
2,555,000	-	-	2,555,000	-	76,000	695,326
-	4,075,000	-	4,075,000	-	72,482	348,258
<u>18,360,000</u>	<u>4,075,000</u>	<u>1,555,000</u>	<u>20,880,000</u>	<u>6,015,000</u>	<u>503,029</u>	<u>2,549,131</u>
3,995,000	-	235,000	3,760,000	245,000	147,344	997,941
1,645,000	-	-	1,645,000	-	66,810	607,428
-	16,155,000	-	16,155,000	-	519,108	6,325,763
<u>5,640,000</u>	<u>16,155,000</u>	<u>235,000</u>	<u>21,560,000</u>	<u>245,000</u>	<u>733,262</u>	<u>7,931,132</u>
30,321	-	3,369	26,952	-	2,004	9,551
32,024	-	8,006	24,018	-	1,542	3,522
<u>62,345</u>	<u>-</u>	<u>11,375</u>	<u>50,970</u>	<u>-</u>	<u>3,546</u>	<u>13,073</u>
320,000	-	80,000	240,000	75,000	6,075	11,100
2,160,000	-	100,000	2,060,000	100,000	75,725	705,050
815,000	-	110,000	705,000	125,000	6,999	25,366
2,100,000	-	-	2,100,000	-	53,794	687,091
1,125,000	-	-	1,125,000	50,000	34,215	290,423
3,635,000	-	855,000	2,780,000	2,780,000	55,600	55,600
8,640,000	-	1,295,000	7,345,000	7,345,000	147,206	147,206
10,265,000	-	1,050,000	9,215,000	1,065,000	210,200	997,425
6,100,000	-	470,000	5,630,000	540,000	187,150	874,725
-	5,680,000	-	5,680,000	570,000	137,754	769,780
-	1,830,000	-	1,830,000	-	35,075	90,575
-	5,710,000	-	5,710,000	-	109,442	460,142
<u>35,160,000</u>	<u>13,220,000</u>	<u>3,960,000</u>	<u>44,420,000</u>	<u>12,650,000</u>	<u>1,059,235</u>	<u>5,114,483</u>
<u>\$ 90,612,345</u>	<u>\$ 34,555,000</u>	<u>\$ 8,056,375</u>	<u>\$ 117,110,970</u>	<u>\$ 22,400,000</u>	<u>\$ 3,336,994</u>	<u>\$ 23,527,071</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, 2014

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 4,500,000	\$ 9,900,000	\$ 9,475,915	\$ -	\$ 424,085
Tax increments received	-	29,737,107	18,939,878	-	10,797,229
Real estate sales *	-	4,700,000	5,402,344	-	(702,344)
Interest on invested funds	-	300,000	1,182,334	3,860	(886,194)
Other	-	-	61,068	-	(61,068)
Total sources of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>35,061,539</u>	<u>3,860</u>	<u>9,571,708</u>
Uses of funds:					
Land acquisition	-	6,500,000	4,984,728	-	1,515,272
Installation of public utilities and improvements	4,310,000	17,127,000	9,880,932	5,019	7,241,049
Bond payments:					
Principal	-	9,900,000	9,637,555	-	262,445
Interest	-	9,190,000	3,344,904	-	5,845,096
Loan/note interest	-	-	5,150,288	-	(5,150,288)
Paid to other governments	-	-	210,741	2,445	(213,186)
Administrative costs	190,000	1,920,107	1,408,507	39,137	472,463
Total uses of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>34,617,655</u>	<u>46,601</u>	<u>9,972,851</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 443,884</u>	<u>\$ (42,741)</u>	<u>\$ (401,143)</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**

December 31, 2014

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
<b>Source of funds:</b>					
Bond proceeds	\$ 41,400,000	\$ -	\$ 33,761,677	\$ -	\$(33,761,677)
Tax increments received	80,000,000	130,000,000	55,557,536	4,143,224	70,299,240
Real estate sales *	5,000,000	9,137,070	11,637,070	-	(2,500,000)
Interest on invested funds	-	5,000,000	4,503,808	146,743	349,449
Interest on interfund loans	-	-	-	400,000	(400,000)
Transfer in	-	-	38,646,971	-	(38,646,971)
Sale of material	-	-	255,710	-	(255,710)
Developer payments	-	-	297,826	135,510	(433,336)
Other	-	-	21,799	-	(21,799)
<b>Total sources of funds:</b>	<b><u>126,400,000</u></b>	<b><u>144,137,070</u></b>	<b><u>144,682,397</u></b>	<b><u>4,825,477</u></b>	<b><u>(5,370,804)</u></b>
<b>Uses of funds:</b>					
Land acquisition	13,900,000	30,000,000	22,981,425	1,553,288	5,465,287
Site improvements and preparation	26,677,000	15,000,000	17,446,630	-	(2,446,630)
Other qualifying improvements	-	50,337,070	6,718,758	6,214,075	37,404,237
<b>Bond payments:</b>					
Principal	41,400,000	-	35,894,724	-	(35,894,724)
Interest	38,000,000	47,000,000	34,297,156	-	12,702,844
Administrative costs	1,140,800	1,800,000	1,784,822	250,773	(235,595)
Paid to other governments	-	-	58,150	18,336	(76,486)
Loan/note interest	-	-	8,004,409	670,913	(8,675,322)
Parkland dedication fees	-	-	2,030,345	-	(2,030,345)
<b>Total uses of funds:</b>	<b><u>121,117,800</u></b>	<b><u>144,137,070</u></b>	<b><u>129,216,419</u></b>	<b><u>8,707,385</u></b>	<b><u>6,213,266</u></b>
<b>Funds remaining (deficit)</b>	<b><u>\$ 5,282,200</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 15,465,978</u></b>	<b><u>\$ (3,881,908)</u></b>	<b><u>\$ (11,584,070)</u></b>

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

This district made a \$5,000,000 loan to Southdale 2 - No. 1208 in 2012 that will be repaid from tax increments received by Southdale 2 - No. 1208 through 2021.

**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, 2014

	<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	-	-	309,171	3,068	(312,239)
Total sources of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>1,056,034</u>	<u>3,068</u>	<u>3,029,753</u>
<b>Uses of funds:</b>					
Land acquisition	529,400	529,400	49,279	-	480,121
Installation of public utilities and improvements	325,000	325,000	540,279	1,618	(216,897)
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	26,217	494,953
Total uses of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>667,118</u>	<u>27,835</u>	<u>3,393,902</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,916</u>	<u>\$ (24,767)</u>	<u>\$ (364,149)</u>

**CITY OF EDINA, MINNESOTA**  
**SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS**  
**FOR SOUTHDALE 2-NO. 1208, A TAX INCREMENT FINANCING DISTRICT**  
 December 31, 2014

	<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>					
Tax increments received	\$ 11,702,217	\$ 11,702,217	\$ 199,356	\$ 909,482	\$ 10,593,379
Interest on invested funds	250,000	250,000	456	5,274	244,270
Total sources of funds:	<u>11,952,217</u>	<u>11,952,217</u>	<u>199,812</u>	<u>914,756</u>	<u>10,837,649</u>
<b>Uses of funds:</b>					
Site improvements and preparation	2,274,296	2,274,296	-	-	2,274,296
Other qualifying improvements	5,000,000	5,000,000	5,000,000	-	-
Interest	3,577,921	3,577,921	1,791	-	3,576,130
Interest on interfund loans	-	-	-	400,000	(400,000)
Paid to other governments	-	-	-	2,827	(2,827)
Administrative costs	1,100,000	1,100,000	1,074	77,788	1,021,138
Total uses of funds:	<u>11,952,217</u>	<u>11,952,217</u>	<u>5,002,865</u>	<u>480,615</u>	<u>6,468,737</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,803,053)</u>	<u>\$ 434,141</u>	<u>\$ 4,368,912</u>

A \$5,000,000 loan was received from Southeast Edina Redevelopment District - No. 1203 in 2012 that will be repaid from tax increments received by Southdale 2 - No. 1208 through 2021.

**CITY OF EDINA, MINNESOTA**  
**SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS**  
**FOR PENTAGON PARK-NO. 1211, A TAX INCREMENT FINANCING DISTRICT**  
 December 31, 2014

	<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>					
Tax increments received	\$ 155,071,222	\$ 155,071,222	\$ -	\$ -	\$ 155,071,222
Interest on invested funds	15,507,122	15,507,122	-	-	15,507,122
Total sources of funds:	<u>170,578,344</u>	<u>170,578,344</u>	<u>-</u>	<u>-</u>	<u>170,578,344</u>
<b>Uses of funds:</b>					
Land acquisition	1,000,000	1,000,000	-	-	1,000,000
Site improvements and preparation	30,241,000	30,241,000	-	-	30,241,000
Installation of public utilities and improvements	1,847,000	1,847,000	-	-	1,847,000
Other qualifying improvements	41,950,669	41,950,669	-	-	41,950,669
Interest	80,032,553	80,032,553	-	-	80,032,553
Administrative costs	15,507,122	15,507,122	-	50,452	15,456,670
Total uses of funds:	<u>170,578,344</u>	<u>170,578,344</u>	<u>-</u>	<u>50,452</u>	<u>170,527,892</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (50,452)</u>	<u>\$ 50,452</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>	106
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	114
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>	118
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>	123
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>	125

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF EDINA, MINNESOTA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
*(accrual basis of accounting)*

	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 36,092,020	\$ 69,814,012	\$ 67,680,882	\$ 71,601,227
Restricted	78,943	-	-	3,362,446
Unrestricted	35,796,801	15,280,058	25,136,312	29,577,462
<b>Total governmental activities net position</b>	<b>\$ 71,967,764</b>	<b>\$ 85,094,070</b>	<b>\$ 92,817,194</b>	<b>\$ 104,541,135</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 40,044,169	\$ 46,981,755	\$ 43,046,160	\$ 46,851,736
Restricted	-	-	-	954,486
Unrestricted	11,121,720	6,379,515	13,649,355	12,071,776
<b>Total business-type activities net position</b>	<b>\$ 51,165,889</b>	<b>\$ 53,361,270</b>	<b>\$ 56,695,515</b>	<b>\$ 59,877,998</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 76,136,189	\$ 116,795,767	\$ 110,727,042	\$ 118,452,963
Restricted	78,943	-	-	4,316,932
Unrestricted	46,918,521	21,659,573	38,785,667	41,649,238
<b>Total primary government net position</b>	<b>\$ 123,133,653</b>	<b>\$ 138,455,340</b>	<b>\$ 149,512,709</b>	<b>\$ 164,419,133</b>

<sup>a</sup> The City implemented GASB 65 in fiscal year 2013. Prior year information has not been restated as a result of this change in accounting principle.

**Fiscal Year**

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013<sup>a</sup></b>	<b>2014</b>
\$ 69,622,370	\$ 69,783,162	\$ 75,045,018	\$ 78,644,392	\$ 83,842,970	\$ 85,708,114
7,132,865	9,952,443	22,915,776	23,215,910	20,289,579	18,268,724
30,705,600	41,709,528	29,544,149	29,587,700	33,242,317	31,316,605
<u>\$ 107,460,835</u>	<u>\$ 121,445,133</u>	<u>\$ 127,504,943</u>	<u>\$ 131,448,002</u>	<u>\$ 137,374,866</u>	<u>\$ 135,293,443</u>
\$ 47,333,794	\$ 48,807,806	\$ 56,877,100	\$ 63,766,144	\$ 66,126,387	\$ 75,803,672
624,837	618,852	623,099	876,909	611,377	619,295
15,158,720	17,041,122	12,926,674	14,390,609	16,867,459	21,176,026
<u>\$ 63,117,351</u>	<u>\$ 66,467,780</u>	<u>\$ 70,426,873</u>	<u>\$ 79,033,662</u>	<u>\$ 83,605,223</u>	<u>\$ 97,598,993</u>
\$ 116,956,164	\$ 118,590,968	\$ 131,922,118	\$ 142,410,536	\$ 149,969,357	\$ 161,511,786
7,757,702	10,571,295	23,538,875	24,092,819	20,900,956	18,888,019
45,864,320	58,750,650	42,470,823	43,978,309	50,109,776	52,492,631
<u>\$ 170,578,186</u>	<u>\$ 187,912,913</u>	<u>\$ 197,931,816</u>	<u>\$ 210,481,664</u>	<u>\$ 220,980,089</u>	<u>\$ 232,892,436</u>

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,967,008	\$ 5,414,961	\$ 7,039,298	\$ 6,836,248
Public safety	12,019,027	13,300,351	13,743,194	14,833,647
Public works	7,185,784	8,973,031	8,757,022	9,046,873
Parks	5,901,648	5,341,682	5,025,560	5,971,565
Interest on long-term debt	<u>2,288,524</u>	<u>2,973,749</u>	<u>1,887,633</u>	<u>1,923,821</u>
Total governmental activities expenses	<u>32,361,991</u>	<u>36,003,774</u>	<u>36,452,707</u>	<u>38,612,154</u>
Business-type activities:				
Utilities	8,254,409	9,234,651	10,036,844	10,625,811
Liquor	9,749,313	9,968,963	10,361,998	11,049,223
Aquatic center	725,936	795,614	780,981	787,663
Golf course	3,580,307	3,652,169	3,621,977	3,612,482
Arena	1,497,431	1,542,098	1,538,407	1,689,660
Community activity centers	<u>2,328,131</u>	<u>2,506,551</u>	<u>2,630,127</u>	<u>2,813,189</u>
Total business-type activities expenses	<u>26,135,527</u>	<u>27,700,046</u>	<u>28,970,334</u>	<u>30,578,028</u>
Total primary government expenses	<u>\$ 58,497,518</u>	<u>\$ 63,703,820</u>	<u>\$ 65,423,041</u>	<u>\$ 69,190,182</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 619,526	\$ 731,613	\$ 784,659	\$ 840,070
Public safety	5,614,406	6,146,114	5,632,642	5,839,683
Other activities	630,157	793,796	736,329	763,130
Operating grants and contributions	1,512,366	1,423,302	1,384,024	1,170,183
Capital grants and contributions	<u>2,252,491</u>	<u>4,013,617</u>	<u>4,299,509</u>	<u>7,710,015</u>
Total governmental activities program revenues	<u>10,628,946</u>	<u>13,108,442</u>	<u>12,837,163</u>	<u>16,323,081</u>
Business-type activities:				
Charges for services:				
Utilities	10,240,381	11,421,474	13,125,773	13,713,249
Liquor	10,752,724	11,029,445	11,436,175	12,122,599
Aquatic center	849,380	867,626	868,833	925,388
Golf course	3,482,999	3,646,620	3,630,538	3,680,584
Arena	1,376,607	1,418,555	1,414,173	1,399,599
Community activity centers	1,875,253	1,918,598	2,102,938	2,117,619
Operating grants and contributions	<u>131,408</u>	<u>122,358</u>	<u>127,492</u>	<u>147,456</u>
Total business-type activities program revenues	<u>28,708,752</u>	<u>30,424,676</u>	<u>32,705,922</u>	<u>34,106,494</u>
Total primary government program revenues	<u>\$ 39,337,698</u>	<u>\$ 43,533,118</u>	<u>\$ 45,543,085</u>	<u>\$ 50,429,575</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (21,733,045)	\$ (22,895,332)	\$ (23,615,544)	\$ (22,289,073)
Business-type activities	<u>2,573,225</u>	<u>2,724,630</u>	<u>3,735,588</u>	<u>3,528,466</u>
Total primary government net expense	<u>\$ (19,159,820)</u>	<u>\$ (20,170,702)</u>	<u>\$ (19,879,956)</u>	<u>\$ (18,760,607)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Property taxes	\$ 19,071,202	\$ 20,414,298	\$ 21,459,001	\$ 22,242,276
Tax increment collections	7,060,744	7,228,002	7,793,577	8,578,434
Franchise taxes	457,421	499,206	570,871	647,466
Lodging taxes	-	-	-	-
Unrestricted investment earnings	977,956	1,230,264	1,581,702	1,185,899
Gain on disposal of capital assets	63,674	8,418	58,377	1,265
Insurance recovery	-	-	-	-
Transfers	<u>841,500</u>	<u>838,230</u>	<u>919,625</u>	<u>967,800</u>
Total governmental activities	<u>28,472,497</u>	<u>30,218,418</u>	<u>32,383,153</u>	<u>33,623,140</u>
Business-type activities:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Unrestricted investment earnings	236,654	283,771	510,678	607,312
Gain (loss) on disposal of capital assets	22,538	25,210	7,604	14,505
Transfers	<u>(841,500)</u>	<u>(838,230)</u>	<u>(919,625)</u>	<u>(967,800)</u>
Total business-type activities	<u>(582,308)</u>	<u>(529,249)</u>	<u>(401,343)</u>	<u>(345,983)</u>
Total primary government	<u>\$ 27,890,189</u>	<u>\$ 29,689,169</u>	<u>\$ 31,981,810</u>	<u>\$ 33,277,157</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 6,739,452	\$ 7,323,086	\$ 8,767,609	\$ 11,334,067
Business-type activities	<u>1,990,917</u>	<u>2,195,381</u>	<u>3,334,245</u>	<u>3,182,483</u>
Total primary government	<u>\$ 8,730,369</u>	<u>\$ 9,518,467</u>	<u>\$ 12,101,854</u>	<u>\$ 14,516,550</u>

<sup>a</sup> The City implemented GASB 65 in fiscal year 2013. Prior year information has not been restated as a result of this change in accounting principle.

<sup>b</sup> The City completed a major departmental reorganization in 2014, moving parks maintenance activities from parks to public works. Prior year information has not been modified as a result of this change.

Fiscal Year						
2009	2010	2011	2012	2013 <sup>a</sup>	2014 <sup>b</sup>	
\$ 7,362,560	\$ 6,961,082	\$ 7,013,231	\$ 12,598,979	\$ 8,256,261	\$ 8,522,319	
14,751,479	15,543,594	16,024,575	16,598,423	17,117,693	18,145,498	
8,993,290	8,558,363	9,193,336	9,437,285	11,502,250	15,553,852	
7,732,777	5,608,758	5,540,585	5,904,724	6,132,709	3,330,781	
2,129,490	2,528,424	2,339,370	2,222,392	2,024,749	1,989,863	
<u>40,969,596</u>	<u>39,200,221</u>	<u>40,111,097</u>	<u>46,761,803</u>	<u>45,033,662</u>	<u>47,542,313</u>	
11,833,994	11,848,538	12,130,685	12,610,875	13,748,186	14,207,197	
11,449,194	11,594,643	11,727,106	11,740,744	12,261,413	12,393,218	
798,369	769,608	718,027	866,944	822,932	827,485	
3,588,831	3,561,573	3,390,949	3,293,192	3,199,815	3,342,544	
1,665,082	1,527,536	1,689,001	2,182,200	2,272,510	2,375,173	
2,971,293	2,965,243	2,998,915	2,842,139	2,967,115	2,975,782	
<u>32,306,763</u>	<u>32,267,141</u>	<u>32,654,683</u>	<u>33,536,094</u>	<u>35,271,971</u>	<u>36,121,399</u>	
<u>\$ 73,276,359</u>	<u>\$ 71,467,362</u>	<u>\$ 72,765,780</u>	<u>\$ 80,297,897</u>	<u>\$ 80,305,633</u>	<u>\$ 83,663,712</u>	
\$ 811,087	\$ 946,107	\$ 969,745	\$ 1,142,984	\$ 1,259,908	\$ 1,529,555	
5,081,563	5,448,505	5,988,485	6,549,929	7,410,755	8,102,352	
804,500	723,559	775,676	913,864	846,999	960,261	
1,377,785	1,162,411	1,392,892	1,685,026	2,283,007	1,578,538	
2,582,999	13,325,431	5,770,912	9,137,011	6,372,735	8,244,695	
<u>10,657,934</u>	<u>21,606,013</u>	<u>14,897,710</u>	<u>19,428,814</u>	<u>18,173,404</u>	<u>20,415,401</u>	
14,858,488	15,036,016	15,873,937	17,729,589	17,831,225	17,550,802	
12,655,777	12,857,064	13,172,484	13,230,941	13,711,557	13,515,168	
859,816	945,529	913,383	1,001,946	928,055	918,412	
3,660,466	3,443,204	3,285,741	3,225,591	2,711,743	3,229,348	
1,414,410	1,301,506	1,315,435	1,452,435	1,942,971	2,092,567	
2,192,274	2,194,476	2,331,136	2,399,090	2,625,633	2,583,257	
135,917	373,230	135,428	1,042,195	516,242	428,416	
<u>35,777,148</u>	<u>36,151,025</u>	<u>37,027,544</u>	<u>40,081,787</u>	<u>40,267,426</u>	<u>40,317,970</u>	
<u>\$ 46,435,082</u>	<u>\$ 57,757,038</u>	<u>\$ 51,925,254</u>	<u>\$ 59,510,601</u>	<u>\$ 58,440,830</u>	<u>\$ 60,733,371</u>	
\$ (30,311,662)	\$ (17,594,208)	\$ (25,213,387)	\$ (27,332,989)	\$ (26,860,258)	\$ (27,126,912)	
3,470,385	3,883,884	4,372,861	6,545,693	4,995,455	4,196,571	
<u>\$ (26,841,277)</u>	<u>\$ (13,710,324)</u>	<u>\$ (20,840,526)</u>	<u>\$ (20,787,296)</u>	<u>\$ (21,864,803)</u>	<u>\$ (22,930,341)</u>	
\$ 23,834,274	\$ 25,122,113	\$ 25,040,871	\$ 25,884,662	\$ 26,894,161	\$ 27,062,224	
7,587,386	4,488,073	4,083,345	3,536,935	3,981,938	5,052,705	
667,791	692,288	722,160	815,530	1,891,967	2,055,396	
-	-	-	-	-	11,301	
387,177	474,444	601,250	341,986	(96,390)	440,051	
11,709	35,594	131,365	-	16,654	29,037	
-	-	-	-	816,654	-	
743,025	765,994	694,206	696,935	133,907	(9,605,225)	
<u>33,231,362</u>	<u>31,578,506</u>	<u>31,273,197</u>	<u>31,276,048</u>	<u>33,638,891</u>	<u>25,045,489</u>	
\$ 300,372	\$ -	\$ -	\$ -	\$ -	\$ -	
209,371	205,965	280,438	113,177	(77,848)	191,974	
2,250	26,574	-	2,644,854	17,587	-	
(743,025)	(765,994)	(694,206)	(696,935)	(133,907)	9,605,225	
(231,032)	(533,455)	(413,768)	2,061,096	(194,168)	9,797,199	
<u>\$ 33,000,330</u>	<u>\$ 31,045,051</u>	<u>\$ 30,859,429</u>	<u>\$ 33,337,144</u>	<u>\$ 33,444,723</u>	<u>\$ 34,842,688</u>	
\$ 2,919,700	\$ 13,984,298	\$ 6,059,810	\$ 3,943,059	\$ 6,778,633	\$ (2,081,423)	
3,239,353	3,350,429	3,959,093	8,606,789	4,801,287	13,993,770	
<u>\$ 6,159,053</u>	<u>\$ 17,334,727</u>	<u>\$ 10,018,903</u>	<u>\$ 12,549,848</u>	<u>\$ 11,579,920</u>	<u>\$ 11,912,347</u>	

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

	<b>Fiscal Year</b>			
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General fund				
Reserved	\$ 223,351	\$ 36,849	\$ 28,637	\$ 13,982
Unreserved	11,595,433	13,797,189	14,078,220	14,365,021
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 11,818,784</u>	<u>\$ 13,834,038</u>	<u>\$ 14,106,857</u>	<u>\$ 14,379,003</u>
All other governmental funds				
Reserved	\$ 13,792,312	\$ 2,682,238	\$ 6,247,539	\$ 8,467,918
Unreserved, reported in:				
Special revenue funds	731,027	13,179,904	14,750,448	14,950,538
Capital projects funds	17,032,750	3,160,085	5,853,322	4,270,440
Restricted, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Construction funds	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Total all other governmental funds	<u>\$ 31,556,089</u>	<u>\$ 19,022,227</u>	<u>\$ 26,851,309</u>	<u>\$ 27,688,896</u>

<sup>a</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>b</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.

<sup>c</sup> The substantial increase in other governmental funds restricted fund balance in 2014 is due to unspent bond proceeds related to the current refunding that will take place on February 1, 2015.

Fiscal Year					
2009 <sup>a</sup>	2010	2011 <sup>b</sup>	2012	2013	2014 <sup>c</sup>
\$ 18,241	\$ 10,258	\$ -	\$ -	\$ -	\$ -
12,031,358	12,868,952	-	-	-	-
-	-	10,871	413,200	13,322	240,291
-	-	178,295	880,395	185,395	757,673
-	-	1,539,286	1,643,077	1,559,461	1,566,329
-	-	11,744,764	11,902,462	12,573,457	11,429,444
<u>\$ 12,049,599</u>	<u>\$ 12,879,210</u>	<u>\$ 13,473,216</u>	<u>\$ 14,839,134</u>	<u>\$ 14,331,635</u>	<u>\$ 13,993,737</u>
\$ 15,223,353	\$ 9,460,834	\$ -	\$ -	\$ -	\$ -
12,813,439	15,333,460	-	-	-	-
6,683,668	12,150,968	-	-	-	-
-	-	17,178,857	13,185,962	13,040,516	9,719,309
-	-	8,068,183	9,704,408	6,246,769	12,678,291
-	-	2,087,548	2,759,463	3,318,947	6,598,832
-	-	8,098,935	7,159,890	8,354,268	7,046,610
<u>\$ 34,720,460</u>	<u>\$ 36,945,262</u>	<u>\$ 35,433,523</u>	<u>\$ 32,809,723</u>	<u>\$ 30,960,500</u>	<u>\$ 36,043,042</u>

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

	Fiscal Year			
	2005	2006	2007 <sup>a</sup>	2008
<b>Revenues</b>				
General property taxes	\$ 19,071,202	\$ 20,414,298	\$ 21,459,001	\$ 22,242,276
Tax increment collections	7,060,744	7,228,002	7,793,577	8,578,434
Special assessments	1,354,264	1,751,219	1,750,444	2,442,490
Franchise taxes	457,421	499,206	570,871	647,466
Lodging fees	-	-	-	-
License and permits	3,240,622	3,488,897	2,909,521	2,915,455
Intergovernmental	1,539,169	2,773,350	3,699,006	3,005,883
Charges for services	2,466,663	2,691,354	2,748,709	3,093,941
Fines and forfeitures	742,917	1,023,935	971,486	1,073,174
Investment income	977,956	1,230,264	1,581,702	1,185,899
Rental of property	315,542	310,145	355,734	255,607
Parkland dedication	-	-	-	-
Other revenues	227,446	246,797	225,839	126,723
Total revenues	<u>37,453,946</u>	<u>41,657,467</u>	<u>44,065,890</u>	<u>45,567,348</u>
<b>Expenditures</b>				
General government	5,477,308	5,995,804	6,544,307	6,235,352
Public safety	11,373,763	12,431,114	12,985,215	13,788,797
Public works	4,882,811	5,233,907	5,787,619	6,189,594
Parks	3,146,029	3,300,375	3,455,789	3,693,595
Capital outlay	8,227,191	8,980,526	11,991,122	14,666,907
Debt service				
Principal	6,830,000	5,985,000	6,190,000	7,090,000
Interest and other charges	2,543,639	2,107,036	1,677,770	1,967,021
Total expenditures	<u>42,480,741</u>	<u>44,033,762</u>	<u>48,631,822</u>	<u>53,631,266</u>
Revenues over (under) expenditures	(5,026,795)	(2,376,295)	(4,565,932)	(8,063,918)
<b>Other Financing Sources (Uses)</b>				
Transfers in	7,797,369	6,865,258	7,290,391	7,983,585
Transfers out	(6,955,869)	(6,027,028)	(6,370,766)	(7,015,785)
Sale of capital assets	135,045	54,457	66,845	96,825
Insurance recovery	-	-	-	-
Bonds issued	15,816,165	-	11,735,000	7,755,000
Premium on bonds issued	-	-	-	-
Discount on bonds issued	(36,275)	-	(53,637)	(35,848)
Refunding bonds issued	16,764,721	-	-	-
Payment to refunding escrow	(16,635,000)	-	-	-
Principal paid by escrow	-	(9,035,000)	-	-
Total other financing sources (uses)	<u>16,886,156</u>	<u>(8,142,313)</u>	<u>12,667,833</u>	<u>8,783,777</u>
Net change in fund balances	<u>\$ 11,859,361</u>	<u>\$ (10,518,608)</u>	<u>\$ 8,101,901</u>	<u>\$ 719,859</u>
Debt service as a percentage of noncapital expenditures	27.4%	23.1%	21.5%	22.6%

<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>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 23,834,274	\$ 25,122,113	\$ 24,972,166	\$ 25,838,422	\$ 26,891,756	\$ 26,988,493
7,587,386	4,488,073	4,083,345	3,536,935	3,981,938	5,052,705
2,703,833	6,746,186	4,502,112	4,975,641	4,884,510	4,606,010
667,791	692,288	722,160	815,530	1,891,967	2,055,396
-	-	-	-	-	11,301
2,104,967	2,410,314	2,724,763	3,155,351	4,150,512	4,583,183
1,507,170	3,726,849	3,059,964	2,032,966	2,509,166	3,961,509
2,905,410	3,014,894	3,181,961	3,708,482	3,667,612	4,270,720
1,224,983	1,203,767	1,243,426	1,195,054	1,109,710	1,163,907
387,177	474,444	601,250	341,986	(96,390)	440,051
343,616	426,517	539,091	506,276	518,862	546,874
-	-	-	702,100	-	757,278
160,035	413,400	156,231	240,841	278,607	78,775
<u>43,426,642</u>	<u>48,718,845</u>	<u>45,786,469</u>	<u>47,049,584</u>	<u>49,788,250</u>	<u>54,516,202</u>
6,895,329	6,523,398	5,739,481	6,624,573	7,351,556	7,625,826
13,692,686	14,177,387	14,668,772	14,985,068	15,859,622	16,647,821
5,911,758	5,898,023	6,000,539	6,277,506	7,018,614	10,201,335
3,688,063	3,524,950	3,633,922	3,852,260	3,915,568	1,341,884
22,997,065	13,505,827	14,235,496	13,622,443	10,690,207	19,883,144
7,415,000	2,975,000	4,480,000	6,620,000	14,531,375	4,096,375
1,841,342	2,584,006	2,278,068	2,292,394	2,270,259	1,923,647
<u>62,441,243</u>	<u>49,188,591</u>	<u>51,036,278</u>	<u>54,274,244</u>	<u>61,637,201</u>	<u>61,720,032</u>
(19,014,601)	(469,746)	(5,249,809)	(7,224,660)	(11,848,951)	(7,203,830)
11,347,773	2,903,762	5,615,669	4,495,940	3,472,964	1,404,975
(10,604,748)	(2,137,768)	(4,921,463)	(3,799,005)	(3,339,057)	(11,010,200)
34,592	134,329	209,773	94,975	61,642	70,603
-	-	-	-	816,654	-
22,950,000	2,535,000	3,320,000	2,748,720	2,555,000	16,155,000
64,765	898,658	108,097	436,148	275,360	327,987
(75,621)	-	-	-	(60,334)	(179,891)
-	8,285,000	-	1,990,000	5,710,000	5,180,000
-	(9,094,822)	-	-	-	-
-	-	-	-	-	-
<u>23,716,761</u>	<u>3,524,159</u>	<u>4,332,076</u>	<u>5,966,778</u>	<u>9,492,229</u>	<u>11,948,474</u>
<u>\$ 4,702,160</u>	<u>\$ 3,054,413</u>	<u>\$ (917,733)</u>	<u>\$ (1,257,882)</u>	<u>\$ (2,356,722)</u>	<u>\$ 4,744,644</u>
21.7%	15.4%	17.8%	19.4%	32.2%	13.7%

**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			
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
2012	9,179,305	9,179,305	9,025,565	109,013	94,811	97,879	26.247%	0.00667%	2.799
2013	8,955,431	8,955,431	8,798,601	106,530	93,504	96,120	27.216%	0.00690%	2.921
2014	9,065,550	9,065,550	8,911,695	108,069	93,607	96,156	27.920%	0.00695%	2.961

Source: Hennepin County Taxpayer Services.

<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 Tax Cap.	RMV	Other	
2005	22.536%	1.549%	24.085%	0.009%	44.172%	19.694%	0.166%	8.547%	96.498%
2006	20.755%	1.858%	22.613%	0.007%	41.016%	19.226%	0.154%	8.104%	90.959%
2007	19.636%	1.514%	21.150%	0.006%	39.110%	18.244%	0.147%	8.417%	86.921%
2008	19.563%	1.634%	21.197%	0.006%	38.571%	16.951%	0.177%	8.546%	85.265%
2009	20.204%	2.243%	22.447%	0.006%	40.413%	17.766%	0.183%	8.413%	89.039%
2010	20.004%	2.968%	22.972%	0.006%	42.640%	18.746%	0.194%	9.431%	93.789%
2011	21.548%	3.112%	24.660%	0.007%	45.840%	21.786%	0.196%	10.489%	102.775%
2012	23.131%	3.116%	26.247%	0.007%	48.231%	27.565%	0.215%	10.911%	112.954%
2013	23.762%	3.454%	27.216%	0.007%	49.461%	27.762%	0.217%	11.483%	115.922%
2014	24.458%	3.462%	27.920%	0.007%	49.959%	27.556%	0.223%	12.051%	117.486%

Source: Hennepin County Taxpayer Services.  
 RMV: Referendum Market Value

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>2014</b>			<b>2005</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	\$ 2,506,810	1	2.32%	\$ 3,483,870	1	3.82%
Galleria Shopping Center	1,978,800	2	1.83%	1,525,904	2	1.67%
Centennial Lakes Retail	788,526	3	0.73%	-		0.00%
Centennial Lakes Phase V	704,848	4	0.65%	543,824	4	0.60%
Southdale Office Park	701,274	5	0.65%	717,250	3	0.79%
Centennial Lakes Phase IV	691,196	6	0.64%	533,268	5	0.58%
Southdale Medical Building	620,285	7	0.57%	343,884	7	0.38%
National Car	508,794	8	0.47%	-		0.00%
Centennial Lakes Phase III	439,470	9	0.41%	333,360	9	0.37%
Target	439,250	10	0.41%	-		0.00%
May Department Stores	-		0.00%	343,044	8	0.38%
7700 France	-		0.00%	463,742	6	0.51%
Centennial Lakes Phase II	-		0.00%	322,194	10	0.35%
<b>Totals</b>	<b>\$ 9,379,253</b>		<b>8.68%</b>	<b>\$ 8,610,340</b>		<b>9.43%</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
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>	65,836	21,413,625	99.46%
2008	22,605,669	22,178,719 <sup>b</sup>	98.11% <sup>b</sup>	174,769	22,353,488	98.88%
2009	24,153,933	23,484,137 <sup>c</sup>	97.23% <sup>c</sup>	69,437	23,553,574	97.51%
2010	25,492,973	24,904,346	97.69%	(309,996)	24,594,350	96.48%
2011	25,786,217	25,067,625	97.21%	(204,058)	24,863,567	96.42%
2012	26,248,226	25,983,685	98.99%	(132,527)	25,851,158	98.49%
2013	26,747,384	26,545,984	99.25%	(143,425)	26,402,559	98.71%
2014	27,454,872	27,326,092	99.53%	-	27,326,092	99.53%

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 <sup>a</sup>
	General Obligation Debt	Public Project Revenue	Tax Increment Bonds	Permanent Improvement Revolving	EEEP Revenue Bonds	Rec. Facility Bonds	Utility Revenue Bonds			
2005	\$ 11,786	\$ 16,381	\$ 28,828	\$ 1,452	\$ -	\$ 5,450	\$ 4,197	\$ 68,094	2.91%	\$ 1,435
2006	5,687	15,913	20,402	1,453	-	4,577	3,534	51,566	2.18%	1,100
2007	10,963	15,235	15,628	7,152	-	3,675	11,133	63,786	2.39%	1,355
2008	10,393	14,531	10,000	14,719	-	2,835	23,779	76,257	2.99%	1,583
2009	24,057	22,442	4,115	14,574	-	4,479	21,713	91,380	3.54%	1,897
2010	32,595	13,282	3,314	16,254	-	4,059	19,507	89,011	3.39%	1,857
2011	30,417	13,077	2,477	18,353	-	3,569	28,800	96,693	3.66%	2,004
2012	28,318	11,787	550	22,067	74	5,952	33,160	101,908	3.71%	2,087
2013	32,035	5,627	-	18,889	62	6,540	29,635	92,788	2.91%	1,885
2014	30,806	21,445	-	21,554	51	6,249	39,633	119,738	4.05%	2,433

Details regarding the City's outstanding debt may be found in the notes to the financial statements.  
All figures are presented net of related premiums, discounts, and adjustments if applicable.

<sup>a</sup> Population data from U.S. Census Bureau/Metropolitan Council found on page 123.

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

<b>Fiscal Year</b>	<b>General Obligation Debt <sup>a</sup></b>	<b>Less: Amounts Available in Debt Service Fund <sup>b</sup></b>	<b>Total</b>	<b>Percentage of Property Value <sup>c</sup></b>	<b>Per Capita</b>
2005	\$ 11,786	\$ 11,015	\$ 771	0.01%	\$ 248
2006	5,687	2,194	3,493	0.04%	121
2007	10,963	2,891	8,072	0.08%	233
2008	10,393	3,669	6,724	0.07%	216
2009	24,057	5,454	18,603	0.18%	499
2010	32,595	6,105	26,490	0.27%	680
2011	30,417	8,068	22,349	0.24%	630
2012	28,318	9,704	18,614	0.20%	580
2013	32,035	6,247	25,788	0.29%	651
2014	30,806	12,678	18,128	0.20%	626

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

- <sup>a</sup> Presented net of related premiums, discounts, and adjustments.
- <sup>b</sup> This is the amount restricted for debt service principal payments.
- <sup>c</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, 2014**

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable in City<sup>a</sup></u>	<u>City Share of Debt</u>
<b>Overlapping Debt:</b>			
Hennepin County	\$ 753,266,880	7.87%	\$ 59,282,103
Hennepin Suburban Park District	52,209,049	10.73%	5,602,031
Hennepin Regional Rail Authority	35,200,157	10.73%	3,776,977
School Districts:			
ISD No. 273 (Edina)	59,987,919	98.62%	59,160,086
ISD No. 270 (Hopkins)	160,989,283	7.74%	12,460,571
ISD No. 271 (Bloomington)	23,157,546	0.02%	4,632
ISD No. 272 (Eden Prairie)	52,979,520	0.98%	519,199
ISD No. 280 (Richfield)	19,690,000	30.44%	5,993,636
ISD No. 283 (St. Louis Park)	48,184,573	0.01%	4,818
Metro Council	<u>93,953,739</u>	4.04%	<u>3,795,731</u>
Total Overlapping Debt	1,299,618,666		150,599,784
<b>Direct Debt:</b>			
City of Edina	<u>73,856,996</u>	100.00%	<u>73,856,996</u>
Total Overlapping and Direct Debt	<u>\$ 1,373,475,662</u>		<u>\$ 224,456,780</u>

**Debt Ratios:**

Ratio of debt per capita (49,216 population)	\$ 4,561
Ratio of debt to estimated market valuation of \$9,065,549,600	2.48%

Source: Hennepin County Taxpayer Services

<sup>a</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>									
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008<sup>a</sup></b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Debt limit	\$ 173,867	\$ 191,974	\$ 199,775	\$ 302,385	\$ 301,369	\$ 298,494	\$ 282,958	\$ 270,767	\$ 263,958	\$ 267,351
Total net debt applicable to limit	<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>	<u>39,545</u>	<u>37,030</u>	<u>51,760</u>
Legal debt margin	<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>	<u>\$ 231,222</u>	<u>\$ 226,928</u>	<u>\$ 215,591</u>
Total net debt applicable to the limit as a percentage of debt limit	17.13%	11.33%	13.20%	8.30%	15.49%	15.13%	15.15%	14.60%	14.03%	19.36%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Market value (after fiscal disparities)	\$ 8,911,694,683
Debt limit (3% of market value)	267,350,840
Debt applicable to limit:	
General obligation bonds	30,200,000
Public project revenue bonds	<u>21,560,000</u>
Total debt applicable to limit	<u>51,760,000</u>
Legal debt margin	<u>\$ 215,590,840</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	Revenue	Less: operating expenses	Net available revenue	Debt service requirements			Coverage
				Principal	Interest	Total	
<b>Public Project Revenue Bonds (Annual Appropriation Lease Revenue)</b>							
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
2012	1,362,444	-	1,362,444	1,295,000	548,691	1,843,691	0.74
2013	1,346,294	-	1,346,294	6,225,000	589,734	6,814,734	0.20
2014	1,356,844	-	1,356,844	235,000	223,754	458,754	2.96
<b>Tax Increment Bonds</b>							
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
2012	3,536,935	-	3,536,935	1,930,000	48,445	1,978,445	1.79
2013	3,981,939	-	3,981,939	550,000	9,350	559,350	7.12
2014	5,052,706	-	5,052,706	-	-	-	-
<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
2012	2,520,862	-	2,520,862	1,375,000	557,514	1,932,514	1.30
2013	2,837,227	-	2,837,227	5,745,000	567,551	6,312,551	0.45
2014	2,870,102	-	2,870,102	1,555,000	548,927	2,103,927	1.36
<b>Utility Bond</b>							
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
2012	17,723,103	11,811,468	5,911,635	2,360,000	811,990	3,171,990	1.86
2013	17,830,425	12,893,159	4,937,266	3,400,000	933,970	4,333,970	1.14
2014	17,548,883	13,443,940	4,104,943	3,670,000	884,075	4,554,075	0.90
<b>Recreational Facility Bonds</b>							
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)
2012	5,679,972	6,240,222	(560,250)	520,000	105,000	625,000	(0.90)
2013	5,582,769	6,118,195	(535,426)	550,000	138,127	688,127	(0.78)
2014	6,239,445	6,358,030	(118,585)	290,000	176,197	466,197	(0.25)

**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>
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%
2012	48,829	2,749,854	56,316	97.4%	4.56%
2013	49,216	3,193,922	64,896	97.7%	3.98%
2014	49,216	2,955,913	60,060	97.8%	3.10%

Sources:

Population data from U.S. Census Bureau/Metropolitan Council. 2013 is the most recent.  
 Personal income and per capita income estimates based on MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. 2013 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**

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fairview Southdale Hospital	2,613	1	10.98%	2,500	2	11.19%
Edina Public Schools ISD #273	1,860	2	7.81%	1,172	4	5.24%
City of Edina	811	3	3.41%	262	7	1.17%
BI Worldwide	600	4	2.52%	DNA	DNA	DNA
Regis Corporation	600	5	2.52%	DNA	DNA	DNA
Barr Engineering	453	6	1.90%	DNA	DNA	DNA
Lund Food Holdings, Inc	405	7	1.70%	DNA	DNA	DNA
International Dairy Queen Inc.	400	8	1.68%	300	6	1.34%
Edina Realty	400	9	1.68%	210	9	0.94%
FilmTec Corporation	375	10	1.58%	DNA	DNA	DNA
Macy's (Marshall Field's or Dayton's)	-		0.00%	1,200	3	5.37%
Jerry's Enterprises, Inc.	-		0.00%	4,500	1	20.13%
Con Agra Foods	-		0.00%	196	10	0.88%
JC Penny Co.	-		0.00%	250	8	1.12%
Nash Finch Co.	-		0.00%	350	5	1.57%
<b>Totals</b>	<b>8,517</b>		<b>35.78%</b>	<b>10,940</b>		<b>48.95%</b>

Sources:

2014 data from ReferenceUSA, written and telephone survey (October 2014) done by Ehlers, and the Minnesota Department of Employment and Economic Development.  
2005 data from previous CAFR.

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>									
	2005	2006	2007	2008	2009	2010	2011	2012 <sup>b</sup>	2013 <sup>b</sup>	2014 <sup>b</sup>
<b>Administration</b>										
General Fund	9.25	9.25	9.25	9.25	9.25	9.25	9.25	6.85	5.85	4.85
HRA Fund	-	-	-	-	-	-	-	-	-	1.00
Liquor Fund	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
<b>Communications and Technology Services</b>										
General Fund	1.00	1.00	2.00	2.00	3.00	3.00	3.50	4.65	5.15	6.15
Central Services	2.00	2.00	3.00	3.00	3.00	3.00	5.00	5.00	5.00	5.00
<b>Community Development</b>										
General Fund	10.75	10.75	10.75	10.75	10.85	10.85	10.85	10.85	10.85	12.00
<b>Engineering</b>										
General Fund	7.50	7.50	8.50	8.50	8.50	8.50	8.50	10.50	12.00	12.00
<b>Finance</b>										
General Fund	5.50	5.50	5.50	5.50	5.50	5.50	5.25	5.25	5.25	6.00
Utilities Fund	1.75	1.75	1.75	1.75	2.75	2.75	2.00	2.00	1.00	1.00
Liquor Fund	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	-
<b>Fire Protection</b>										
General Fund	38.50	38.50	40.50	40.50	40.50	40.50	39.50	39.75	42.75	42.85
Utilities Fund	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<b>Human Resources</b>										
General Fund	-	-	-	-	-	-	-	1.00	4.00	4.00
<b>Parks &amp; Recreation</b>										
General Fund	6.80	6.80	6.80	6.80	6.80	6.80	6.80	6.80	8.00	7.00
Aquatic Center	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55
Golf Course	13.00	13.00	13.00	13.00	13.00	13.00	11.00	12.00	12.00	12.00
Arena	6.00	6.00	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Art Center	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Edinborough Park	7.00	6.00	7.00	7.00	7.00	7.00	7.00	7.00	5.80	5.80
Centennial Lakes	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Police Protection</b>										
General Fund	72.75	72.75	73.75	73.75	74.65	73.65	71.15	71.65	70.65	72.50
Utilities Fund	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Public Works</b>										
General Fund	48.40	48.40	48.40	48.40	47.40	47.40	47.20	48.20	46.40	43.35
Construction Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Utilities Fund	13.25	13.25	13.25	13.25	15.25	15.25	14.45	13.95	13.75	15.20
Central Services	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	8.50	11.00
<b>Other</b>	-	-	1.00	1.00	1.00	1.00	-	-	-	-
<b>Total</b>	271.50	270.00	278.00	278.00	281.00	280.00	274.00	278.00	281.00	285.00

Source: City of Edina 2014-2015 Budget

<sup>a</sup> Full-time employee counts do not include Council members, part-time, contract or seasonal employees. In a typical year the City will employ an additional 600-700 people in these categories.

<sup>b</sup> The City completed a major departmental reorganization that is reflected on this chart between years 2012-2014. In some cases, data for years before the reorganization has been modified from what was originally reported to improve comparisons.

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Government</b>										
Total City employees	909	887	890	918	885	869	892	989	1,040	1,093
Votes cast <sup>a</sup>	1,367	26,270	7,930	31,512	2,733	25,463	7,957	31,841	3,480	24,049
<b>Public Works</b>										
Asphalt placed (tons)	-	9,000	8,000	7,500	9,500	7,643	8,500	9,000	9,273	8,383
Concrete (cu. yds.)	-	650	850	480	640	503	558	667	560	396
<b>Public Safety</b>										
Crimes reported	1,908	1,937	2,010	2,025	1,985	1,890	1,590	1,628	1,594	NA
Fire calls	1,055	963	1,012	913	852	910	960	858	893	926
Medical calls	3,423	3,470	3,510	3,516	3,496	3,599	3,652	3,946	3,803	3,982
<b>Central Services</b>										
Vehicle fixes	-	2,398	2,460	2,967	2,539	2,431	2,331	2,546	3,493	3,277
<b>Utilities</b>										
Daily consumption <sup>b</sup>	-	7,209	7,372	7,376	7,596	6,790	6,909	7,613	6,652	6,489
<b>Aquatic Center</b>										
Attendance	139,415	120,406	114,173	110,000	64,836	86,654	77,696	139,909	91,340	92,200
<b>Golf Course</b>										
Total rounds played	113,679	114,737	112,821	112,663	117,819	101,314	95,771	96,496	79,529	85,231

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<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	40	40	40	40	40	40	40	40	40	40
Acreage of parks	1,553	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	19	19	19	18	18	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	14,851	14,851	14,851	14,851	13,933	13,933	13,933	13,979	13,979	13,979
<b>Arena</b>										
Ice sheets	3	3	3	3	3	3	3	3	3	3

Source: Various City departments