



City of Edina, Minnesota
2010 Comprehensive
Annual Financial Report



CITY OF EDINA, MINNESOTA

Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2010

Prepared by:
Department of Finance

John Wallin – Treasurer and Finance Director
Eric Roggeman – Assistant Finance Director

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June 14, 2011

City of Edina

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

Minnesota statutes require that every city publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2010.

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

Malloy, Montague, Karnowski, Radosevich, & Co. P.A., a firm of licensed certified public accountants, has issued an unqualified ("clean") opinion on the City's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City

The City, incorporated in 1888, is a fully developed first-ring suburb of Minneapolis. The City currently occupies a land area of 16 square miles and serves a population of 49,491. 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.

City Hall

4801 WEST 50TH STREET
EDINA, MINNESOTA, 55424-1394

Local economy

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

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

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

Long-term financial planning

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

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

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

Relevant financial policies

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

Designations for park dedication, investments, compensated absences, and cash flow are all within the ranges specified in the policies. In addition, the City has \$1,495,751 unreserved, undesignated fund balance in the general fund.

Major initiatives

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Edina for its comprehensive annual financial report for the fiscal year ended December 31, 2009. This was the fourth 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,



John Wallin
Finance Director



Eric Roggeman
Assistant Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Edina
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

President

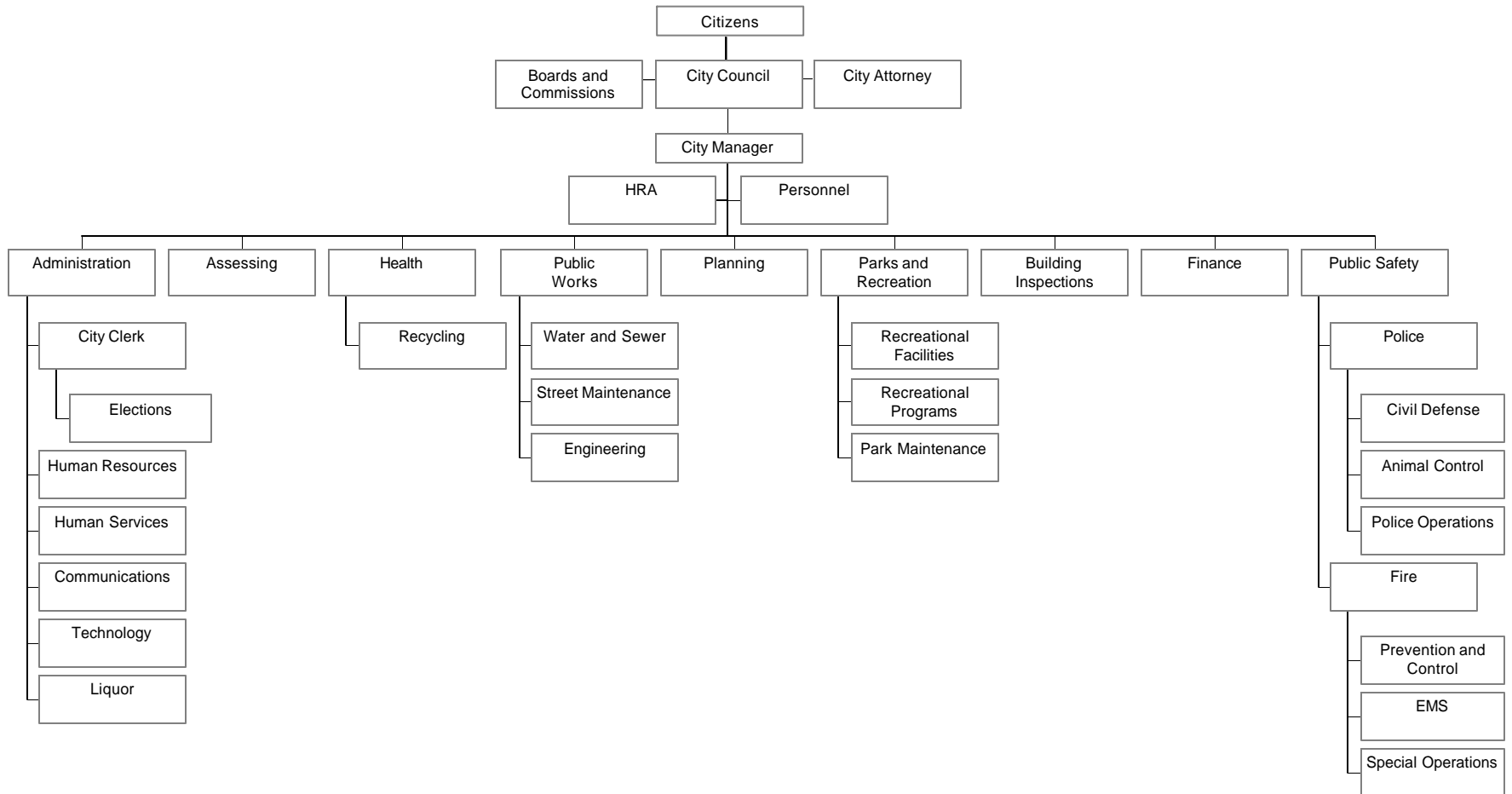
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

CITY OF EDINA, MINNESOTA
ORGANIZATION
December 31, 2010

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

City of Edina



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, 2010. 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 \$187,912,913 (net assets). Of this amount, \$58,750,650 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets increased by \$17,334,727. \$10,410,272 of this increase is due to special assessment revenues, which help support our road reconstruction program. Also, \$2,410,314 was collected from the State of Minnesota during the year as part of the Municipal State Aid (MSA) program, which also helps pay for our road reconstruction program.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49,824,472, an increase of \$3,054,413 in comparison with the prior year. Of this total amount, \$40,353,380, or 81%, is available for spending at the City's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$12,868,952, or 47% of total general fund expenditures.
- The City's total bonded debt decreased by \$3,255,000 during the current fiscal year, from \$91,390,000 to \$88,135,000. The City issued new debt during the year consisting of \$8,515,000 general obligation bonds to finance equipment purchases and to refund a previously issued revenue bond, and \$2,305,000 of permanent improvement revolving bonds to finance the cost of various improvement projects.

Overview of the Financial Statements

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

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

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

Management's Discussion and Analysis (Continued)

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

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

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

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

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

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

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

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

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

Management's Discussion and Analysis (Continued)

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$187,912,913 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$118,590,968 or 63%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis (Continued)

City of Edina's Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 66,496,469	\$ 60,453,175	\$ 21,442,067	\$ 23,418,500	\$ 87,938,536	\$ 83,871,675
Capital assets	129,590,209	122,558,594	71,644,476	68,987,531	201,234,685	191,546,125
Total assets	<u>\$196,086,678</u>	<u>\$183,011,769</u>	<u>\$ 93,086,543</u>	<u>\$ 92,406,031</u>	<u>\$289,173,221</u>	<u>\$275,417,800</u>
Long-term liabilities outstanding	\$ 63,872,044	\$ 64,880,633	\$ 21,493,950	\$ 24,346,645	\$ 85,365,994	\$ 89,227,278
Other liabilities	10,769,501	10,670,301	5,124,813	4,942,035	15,894,314	15,612,336
Total liabilities	<u>\$ 74,641,545</u>	<u>\$ 75,550,934</u>	<u>\$ 26,618,763</u>	<u>\$ 29,288,680</u>	<u>\$101,260,308</u>	<u>\$104,839,614</u>
Net assets:						
Invested in capital assets, net of related debt	\$ 69,783,162	\$ 69,622,370	\$ 48,807,806	\$ 47,333,794	\$118,590,968	\$116,956,164
Restricted	9,952,443	7,132,865	618,852	624,837	10,571,295	7,757,702
Unrestricted	41,709,528	30,705,600	17,041,122	15,158,720	58,750,650	45,864,320
Total net assets	<u>\$121,445,133</u>	<u>\$107,460,835</u>	<u>\$ 66,467,780</u>	<u>\$ 63,117,351</u>	<u>\$187,912,913</u>	<u>\$170,578,186</u>

An additional portion of the City's net assets (\$10,571,295) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$58,750,650) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was also an increase of \$12,886,330 in unrestricted net assets, largely due to positive operating results in the Utility fund and a large new special assessment for the Country Club neighborhood reconstruction project.

Management's Discussion and Analysis (Continued)

As shown below, the City's net assets increased by \$17,334,727 during the current fiscal year. Factors contributing to this change are discussed in the next two sections.

City of Edina's Changes in Net Assets

	Governmental Activities		Business-type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 7,118,171	\$ 6,697,150	\$ 35,777,795	\$ 35,641,231	\$ 42,895,966	\$ 42,338,381
Operating grants and contributions	1,162,411	1,377,785	373,230	135,917	1,535,641	1,513,702
Capital grants and contributions	13,325,431	2,582,999	-	-	13,325,431	2,582,999
General revenues:						
Property taxes	25,122,113	23,834,274	-	300,372	25,122,113	24,134,646
Other taxes	5,180,361	8,255,177	-	-	5,180,361	8,255,177
Gain on disposal of assets	35,594	11,709	26,574	2,250	62,168	13,959
Unrestricted investment earnings	474,444	387,177	205,965	209,371	680,409	596,548
Total revenues	52,418,525	43,146,271	36,383,564	36,289,141	88,802,089	79,435,412
Expenses:						
General government	6,961,082	7,362,560	-	-	6,961,082	7,362,560
Public safety	15,543,594	14,751,479	-	-	15,543,594	14,751,479
Public works	8,558,363	8,993,290	-	-	8,558,363	8,993,290
Parks	5,608,758	7,732,777	-	-	5,608,758	7,732,777
Interest on long-term debt	2,528,424	2,129,490	-	-	2,528,424	2,129,490
Utilities	-	-	11,848,538	11,833,994	11,848,538	11,833,994
Liquor	-	-	11,594,643	11,449,194	11,594,643	11,449,194
Aquatic center	-	-	769,608	798,369	769,608	798,369
Golf course	-	-	3,561,573	3,588,831	3,561,573	3,588,831
Community activity centers	-	-	4,492,779	4,636,375	4,492,779	4,636,375
Total expenses	39,200,221	40,969,596	32,267,141	32,306,763	71,467,362	73,276,359
Increase in net assets before transfers	13,218,304	2,176,675	4,116,423	3,982,378	17,334,727	6,159,053
Transfers	765,994	743,025	(765,994)	(743,025)	-	-
Increase in net assets	13,984,298	2,919,700	3,350,429	3,239,353	17,334,727	6,159,053
Net assets - January 1	107,460,835	104,541,135	63,117,351	59,877,998	170,578,186	164,419,133
Net assets - December 31	\$121,445,133	\$107,460,835	\$ 66,467,780	\$ 63,117,351	\$187,912,913	\$170,578,186

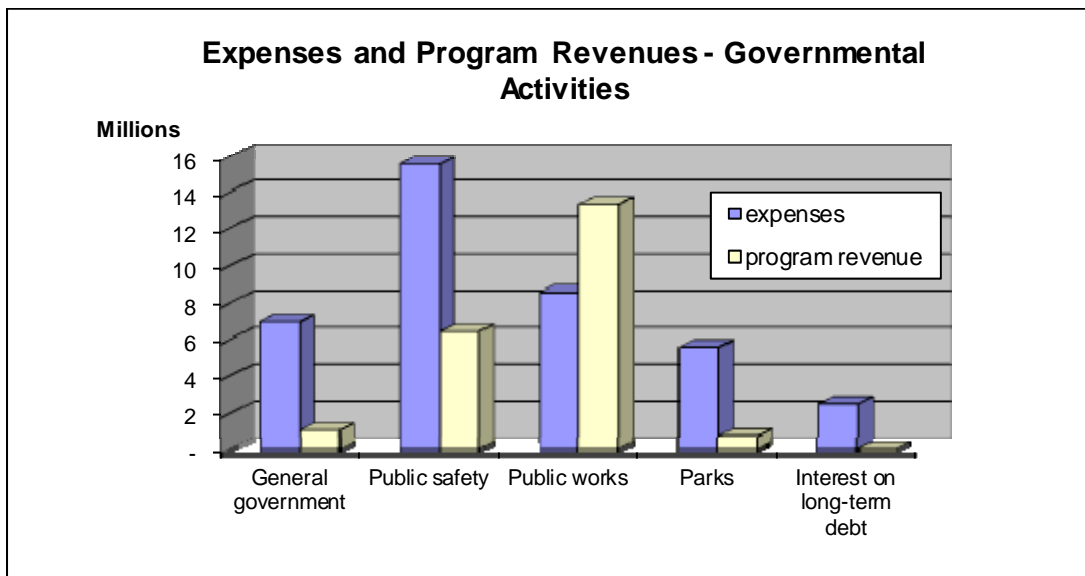
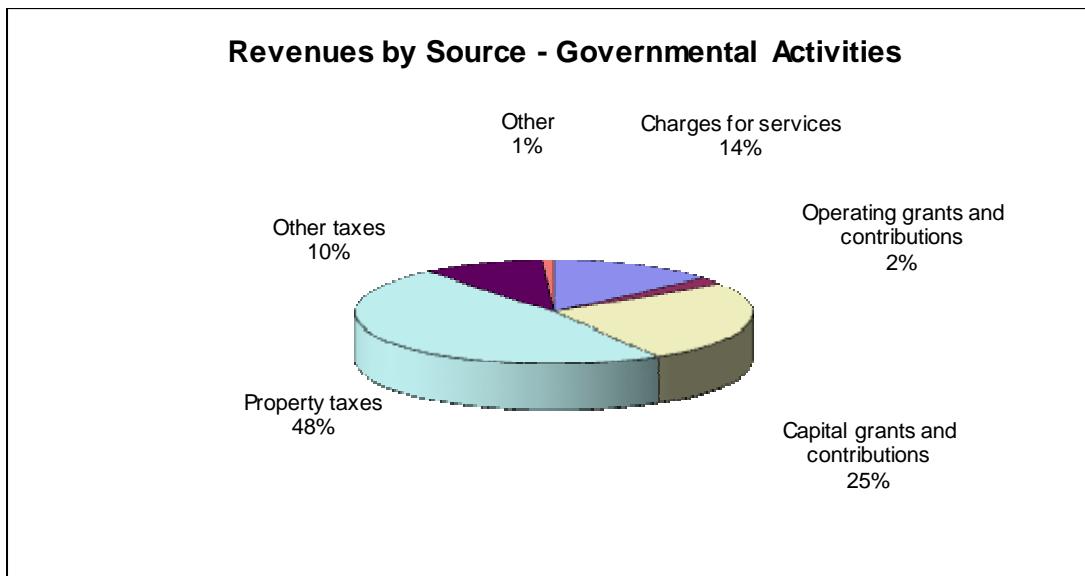
Management's Discussion and Analysis (Continued)

Governmental Activities

Governmental activities increased the City's net assets by \$13,948,298, accounting for 81% of the total growth in net assets. Key elements of this increase are as follows:

- Capital grants and contribution revenues increased by \$10,742,432 (416%) during the year mainly due to increased special assessment revenue received in relation to the country club improvements.
- Property tax revenues increased by \$1,287,839 (5%) during the year, which is equal to the property tax levy increase of 5% outlined in our 2010 budget.
- The City also collected \$4,488,073 in tax increments, which were used to pay principal and interest on tax increment debt. This increases net assets because debt principal payments are not expensed on the Statement of Activities.

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

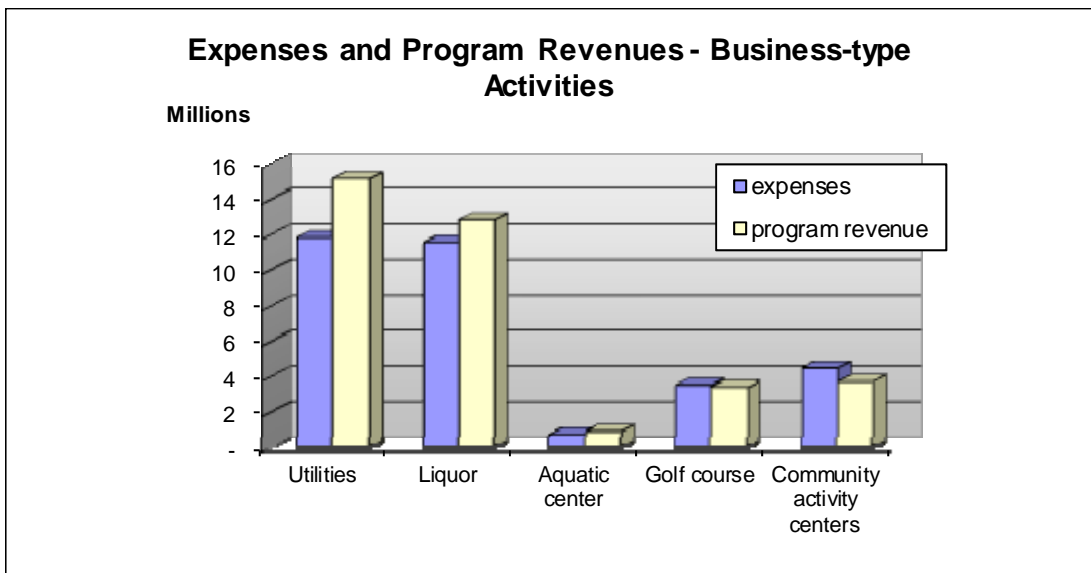
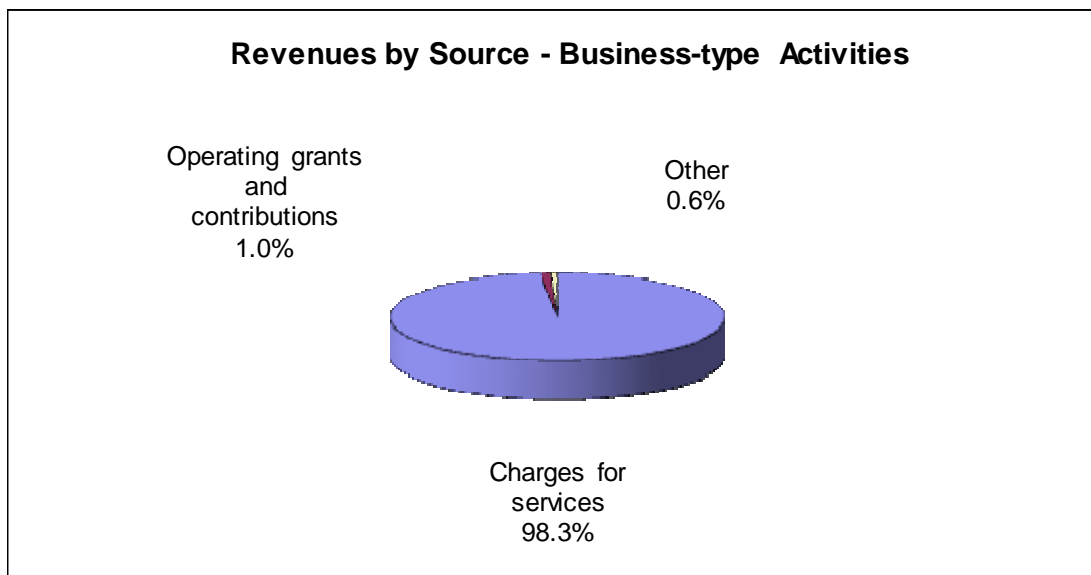


Management's Discussion and Analysis (Continued)

Business-type Activities

Business-type activities increased net assets by \$3,350,429 accounting for 19% of the City's growth in net assets. Key elements of the current year increase are as follows:

- Operating grants and contributions for business-type activities increased 175% from 2009. The Community activity center funds operating grants and contributions increased \$234,399 (1214%) from the previous year due to \$222,000 in stimulus grant revenue received in the Arena fund.
- Business-type activities made net transfers of \$765,994 to governmental activities during 2010 to provide cash flow for operational and capital improvement needs.



Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49,824,472, an increase of \$3,054,413 in comparison with the prior year. Approximately 81% of this total amount (\$40,353,380) constitutes unreserved fund balance. The remainder of the fund balance is reserved because it has already been committed 1) to provide for prepaid items (\$10,258), 2) to pay committed contracts (\$33,677), 3) for special projects (\$186,219), 4) for construction projects (\$3,136,080) or 5) to pay debt service (\$6,104,858).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$12,868,952. As a measure of the general fund's liquidity, unreserved fund balance represents 47% of total general fund expenditures.

The fund balance of the City's general fund increased by \$829,611 during the current fiscal year. Key factors in this increase are as follows:

- General fund license and permit revenues increased by 14.5% in the current fiscal year with a majority of the increase attributable to building permits.
- The liquor fund transferred \$765,100 of profits to the general fund.
- The general fund made transfers totaling \$936,499 to the construction fund to finance our Capital Improvement Program, as stipulated in the fund balance section of our financial management policies.

The Housing and Redevelopment Authority fund balance increased by \$1,997,899 in the current fiscal year because there were no large spending projects planned from tax increment funds during the year.

The debt service fund has a total fund balance of \$6,104,858, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$650,726. Fund balance increased during the year as the result of \$930,820 and \$20,672 transfers made from the Housing and Redevelopment Authority fund and Construction fund, respectively.

The construction fund balance decreased by \$945,945 in 2010 due to capital outlay related to various projects with the majority attributable to the public works facility. Also, new debt was issued in 2010 to help finance various improvement projects and equipment purchases.

Management's Discussion and Analysis (Continued)

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

Unrestricted net assets of the utility fund at the end of the year amounted to \$13,815,574. The total growth in net assets was \$3,272,552. Operating revenues and expenses in the utilities fund increased by 1.2% and 2.8%, respectively, in 2010, due to rate increases that are intended to help replace aging infrastructure. The City invested \$2,867,147 in utility fund capital assets during 2010.

Unrestricted net assets of the liquor fund at the end of the year amounted to \$1,324,792. Total net assets increased by \$17,321. The liquor fund continues to transfer profits back into other City funds, including the general, construction, golf course, arena and art center funds. The liquor fund made transfers totaling \$1,245,100 to other funds during 2010. The majority of this amount (\$765,100) was transferred to the general fund according to the budget.

Unrestricted net assets of the aquatic center fund at the end of the year amounted to \$917,592. Aquatic center revenues increased slightly from 2009 due to favorable weather for the aquatic center in 2010. The aquatic center remains profitable.

Unrestricted net assets of the golf course fund at the end of the year amounted to a deficit of (\$1,448,433), a decrease of \$39,592 from the prior year. Unrestricted net assets have been declining for a number of years; with the exception of 2009, in the golf course fund because cash flow is not sufficient to make principal and interest payments on outstanding debt.

General Fund Budgetary Highlights

During the year there was a \$936,499 increase in appropriations between the original and final amended budget. The increase was a transfer to the construction fund of unreserved and undesignated general fund balance according to the City's fund balance policy.

During the year, revenues were \$1,022,262 more than budget, as the improving economy affected our property tax, permit, and charges for services revenues. The largest increase from 2009 was in the licenses and permits category, which exceeded budget by \$152,181.

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

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounted to \$201,234,685 (net of accumulated depreciation). This investment in capital assets included land, land improvements, buildings, vehicles and equipment. The total increase in the City's investment in capital assets for the current fiscal year was 5 percent (a 6 percent increase for governmental activities and a 4 percent increase for business-type activities).

Management's Discussion and Analysis (Continued)

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

- The City continued construction on a new public works facility in 2010; construction in progress as of the close of the fiscal year has reached \$22,073,413.
- A variety of street construction, sidewalk and traffic signal projects began in 2010.
- A variety of utility infrastructure improvements, including watermain, sanitary and storm sewer; construction in progress as of the close of the fiscal year reached \$2,933,281.

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

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Land and land improvements	\$ 26,867,389	\$ 26,040,078	\$ 4,497,718	\$ 4,634,890	\$ 31,365,107	\$ 30,674,968
Buildings and improvements	37,983,299	34,810,399	5,608,857	5,924,799	43,592,156	40,735,198
Machinery and equipment	7,419,573	8,108,214	2,601,682	2,771,677	10,021,255	10,879,891
Infrastructure	32,138,548	24,727,802	53,486,360	44,202,165	85,624,908	68,929,967
Construction in progress	25,181,400	28,872,101	5,449,859	11,454,000	30,631,259	40,326,101
Total	<u>\$129,590,209</u>	<u>\$122,558,594</u>	<u>\$ 71,644,476</u>	<u>\$ 68,987,531</u>	<u>\$ 201,234,685</u>	<u>\$ 191,546,125</u>

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

Long-term debt. At the end of the current fiscal year, the City had total bonded long-term debt outstanding of \$88,135,000, a decrease of \$3,255,000 from 2009. This decrease resulted from the payment of previously scheduled principal payments partially offset by \$2,535,000 in new debt issued. There was also a refunding of existing debt during the year.

\$31,800,000 is for general obligation improvement debt that is supported by property tax levies and special assessments. This amount increased from 2009 due to a new debt issued to finance equipment purchases and the refunding of a previously issued public project revenue bond.

\$16,270,000 is for permanent improvement revolving (PIR) bonds, which finance the City's special assessment program. This amount increased from 2009 due to a new debt issue to finance the cost of various improvement projects.

An additional \$3,320,000 of general obligation tax increment debt financed the City's economic development program. This amount decreased in 2010 due to regularly scheduled principal payments on outstanding issues.

Also outstanding is \$13,370,000 public project revenue bonds which financed two gymnasiums and the new public works facility. This amount decreased in 2010 due to refunding debt issued and regularly scheduled principal payments on outstanding issues.

There is a total of \$23,375,000 in revenue bonds for improvements to the enterprise funds.

Management's Discussion and Analysis (Continued)

City of Edina's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Tax increment bonds	\$ 3,320,000	\$ 4,125,000	\$ -	\$ -	\$ 3,320,000	\$ 4,125,000
General obligation bonds	31,800,000	24,020,000	-	-	31,800,000	24,020,000
Public improvement bonds	16,270,000	14,620,000	-	-	16,270,000	14,620,000
Public project revenue bonds	13,370,000	22,650,000	-	-	13,370,000	22,650,000
Revenue bonds	-	-	23,375,000	25,975,000	23,375,000	25,975,000
Total	<u>\$ 64,760,000</u>	<u>\$ 65,415,000</u>	<u>\$ 23,375,000</u>	<u>\$ 25,975,000</u>	<u>\$ 88,135,000</u>	<u>\$ 91,390,000</u>

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

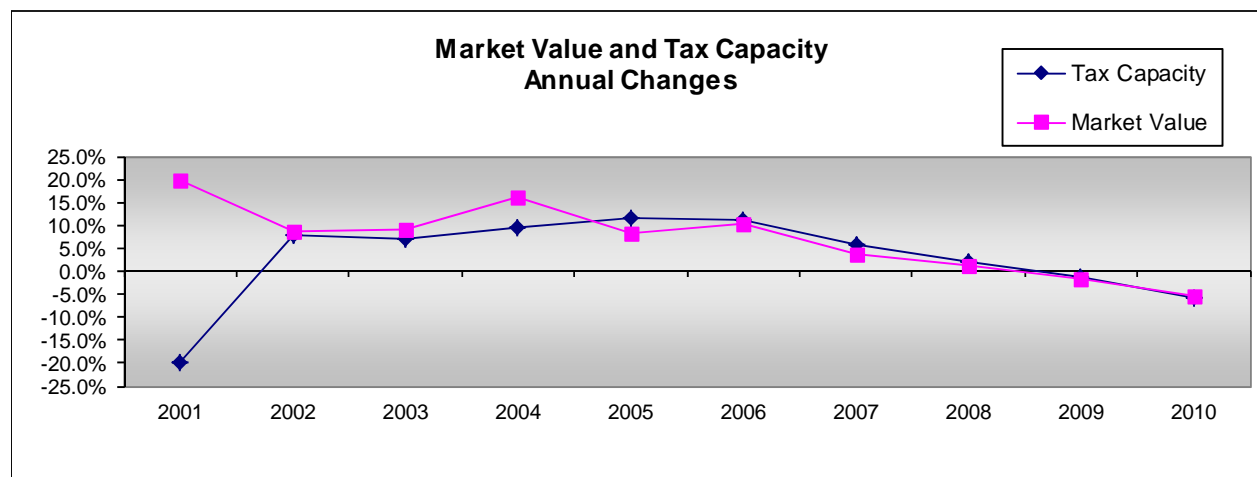
State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is \$298,494,213. Only \$45,170,000 of the City's outstanding debt is counted within the statutory limitation.

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 February 2011 was 5.0%, well below the state and national levels. The City is home to Southdale Center, the nation's first fully enclosed climate-controlled regional shopping mall, Fairview Southdale hospital, as well as several corporate headquarters. In addition to its healthy economy, Edina is known for excellent public schools, as the Edina school system has been consistently selected as one of the best in the country. Ninety-five percent of seniors go to college and eighty-six percent finish in five years.

Property values in Edina increased at a rapid pace for several years through 2006, but the growth has slowed since then. Estimated market value of all real estate actually decreased 5.2% for taxes payable in 2011 after a 1.5% decrease the year before.



Management's Discussion and Analysis (Continued)

The City collects property taxes based on tax capacity, which roughly equals estimated market value multiplied by class rates for different types of parcels (commercial, residential, etc.). Class rates are set by state statute. Tax capacity for real estate decreased 5.7% for taxes payable in 2011, but had been increasing steadily ever since the state revised property tax law in 2001 for taxes payable in 2002, although that growth has slowed since 2006 along with values.

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

All of these factors above were considered in preparing the City's budget for the 2011 fiscal year. The City's adopted 2011 budget includes a property tax levy of \$21,004,000 for the general fund, an increase of 1.3% from the 2010 general fund levy.

Requests for Information

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

CITY OF EDINA, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 118,206	\$ 259,086	\$ 377,292
Investments	50,418,907	13,881,800	64,300,707
Restricted investments	3,169,757	729,090	3,898,847
Accrued interest	188,638	62,381	251,019
Accounts receivable, net	521,636	3,203,169	3,724,805
Special assessments receivable	11,706,726	434,505	12,141,231
Internal balances	(1,155,000)	1,155,000	-
Due from other governments	507,112	21,258	528,370
Prepaid items	10,258	365,308	375,566
Inventory	-	1,200,509	1,200,509
Total current assets	<u>65,486,240</u>	<u>21,312,106</u>	<u>86,798,346</u>
Noncurrent assets:			
Deferred charges	1,010,229	129,961	1,140,190
Nondepreciable capital assets	42,615,229	6,538,824	49,154,053
Depreciable capital assets (net)	86,974,980	65,105,652	152,080,632
Total noncurrent assets	<u>130,600,438</u>	<u>71,774,437</u>	<u>202,374,875</u>
Total assets	<u>196,086,678</u>	<u>93,086,543</u>	<u>289,173,221</u>
Liabilities:			
Current liabilities:			
Accounts payable	2,446,141	975,372	3,421,513
Salaries payable	1,101,055	262,049	1,363,104
Accrued interest payable	876,462	357,532	1,233,994
Contracts payable	207,557	71,056	278,613
Due to other governments	12,164	83,880	96,044
Deposits payable	28,084	112,216	140,300
Unearned revenue	160,041	116,473	276,514
Compensated absences payable	1,457,997	391,235	1,849,232
Bonds payable	4,480,000	2,755,000	7,235,000
Total current liabilities	<u>10,769,501</u>	<u>5,124,813</u>	<u>15,894,314</u>
Noncurrent liabilities:			
Net OPEB obligation	719,686	96,340	816,026
Compensated absences payable	2,186,996	586,850	2,773,846
Bonds payable, net of unamortized discount	60,965,362	20,810,760	81,776,122
Total noncurrent liabilities	<u>63,872,044</u>	<u>21,493,950</u>	<u>85,365,994</u>
Total liabilities	<u>74,641,545</u>	<u>26,618,763</u>	<u>101,260,308</u>
Net assets:			
Invested in capital assets, net of related debt	69,783,162	48,807,806	118,590,968
Restricted for tax increments	9,952,443	-	9,952,443
Restricted for debt service	-	618,852	618,852
Unrestricted	41,709,528	17,041,122	58,750,650
Total net assets	<u>\$ 121,445,133</u>	<u>\$ 66,467,780</u>	<u>\$ 187,912,913</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, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 6,961,082	\$ 946,107	\$ 130,227	\$ -
Public safety	15,543,594	5,448,505	809,046	156,510
Public works	8,558,363	309,858	195,000	12,853,304
Parks	5,608,758	413,701	28,138	315,617
Interest on long-term debt	2,528,424	-	-	-
Total government activities	<u>39,200,221</u>	<u>7,118,171</u>	<u>1,162,411</u>	<u>13,325,431</u>
Business-type activities:				
Utilities	11,848,538	15,036,016	119,529	-
Liquor	11,594,643	12,857,064	-	-
Aquatic center	769,608	945,529	-	-
Golf course	3,561,573	3,443,204	-	-
Community activity centers	4,492,779	3,495,982	253,701	-
Total business-type activities	<u>32,267,141</u>	<u>35,777,795</u>	<u>373,230</u>	<u>-</u>
Total primary government	<u>\$ 71,467,362</u>	<u>\$ 42,895,966</u>	<u>\$ 1,535,641</u>	<u>\$ 13,325,431</u>

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

Net (Expense) Revenue and
Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
	\$ (5,884,748)	\$ -	\$ (5,884,748)
	(9,129,533)	-	(9,129,533)
	4,799,799	-	4,799,799
	(4,851,302)	-	(4,851,302)
	(2,528,424)	-	(2,528,424)
	<u>(17,594,208)</u>	<u>-</u>	<u>(17,594,208)</u>
	-	3,307,007	3,307,007
	-	1,262,421	1,262,421
	-	175,921	175,921
	-	(118,369)	(118,369)
	-	(743,096)	(743,096)
	<u>-</u>	<u>3,883,884</u>	<u>3,883,884</u>
	<u>(17,594,208)</u>	<u>3,883,884</u>	<u>(13,710,324)</u>
General revenues:			
Property taxes	25,122,113	-	25,122,113
Tax increment collections	4,488,073	-	4,488,073
Franchise taxes	692,288	-	692,288
Unrestricted investment earnings	474,444	205,965	680,409
Gain on disposal of capital assets	35,594	26,574	62,168
Transfers	765,994	(765,994)	-
Total general revenues and transfers	<u>31,578,506</u>	<u>(533,455)</u>	<u>31,045,051</u>
Change in net assets	13,984,298	3,350,429	17,334,727
Net assets - beginning	<u>107,460,835</u>	<u>63,117,351</u>	<u>170,578,186</u>
Net assets - ending	<u>\$ 121,445,133</u>	<u>\$ 66,467,780</u>	<u>\$ 187,912,913</u>

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CITY OF EDINA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 307	\$ 6,455	\$ 26,435	\$ 1,672	\$ 83,337	\$ 118,206
Investments - unrestricted	13,956,397	14,105,835	6,044,147	15,067,875	1,244,653	50,418,907
Investments - restricted	-	-	-	3,169,757	-	3,169,757
Accrued interest	34,682	93,420	9,259	44,835	6,442	188,638
Accounts receivable	297,223	-	750	26,526	197,137	521,636
Special assessments receivable	-	-	10,068,960	1,637,766	-	11,706,726
Due from other funds	20,571	-	-	-	570,000	590,571
Due from other governments	446,789	13,524	26,367	20,057	375	507,112
Prepaid items	10,258	-	-	-	-	10,258
Total assets	\$ 14,766,227	\$ 14,219,234	\$ 16,175,918	\$ 19,968,488	\$ 2,101,944	\$ 67,231,811
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ 518,126	\$ 866,194	\$ 2,100	\$ 989,202	\$ 70,519	\$ 2,446,141
Salaries payable	1,076,722	-	-	9,094	15,239	1,101,055
Contracts payable	-	-	-	207,557	-	207,557
Due to other funds	120,000	20,571	-	1,605,000	-	1,745,571
Due to other governments	4,392	7,772	-	-	-	12,164
Deposits payable	15,159	-	-	12,925	-	28,084
Unearned revenue	152,618	-	-	-	7,423	160,041
Deferred revenue	-	-	10,068,960	1,637,766	-	11,706,726
Total liabilities	1,887,017	894,537	10,071,060	4,461,544	93,181	17,407,339
Fund balance:						
Reserved for:						
Prepaid items	10,258	-	-	-	-	10,258
Encumbrances	-	-	-	33,677	-	33,677
Special projects	-	-	-	186,219	-	186,219
Construction projects	-	-	-	3,136,080	-	3,136,080
Debt service	-	-	6,104,858	-	-	6,104,858
Unreserved:						
Designated, reported in:						
General Fund	11,373,201	-	-	-	-	11,373,201
Capital Project Funds	-	-	-	12,150,968	-	12,150,968
Undesignated, reported in:						
General Fund	1,495,751	-	-	-	-	1,495,751
Special Revenue Funds	-	13,324,697	-	-	2,008,763	15,333,460
Total fund balance	12,879,210	13,324,697	6,104,858	15,506,944	2,008,763	49,824,472
Total liabilities and fund balances	\$ 14,766,227	\$ 14,219,234	\$ 16,175,918	\$ 19,968,488	\$ 2,101,944	\$ 67,231,811
Fund balance reported above						\$ 49,824,472
Amounts reported for governmental activities in the statement of net assets are different because:						
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds						129,590,209
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds						11,706,726
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.						(69,676,274)
Net assets of governmental activities						\$ 121,445,133

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, 2010

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 20,444,587	\$ -	\$ 3,758,251	\$ 919,275	\$ -	\$ 25,122,113
Tax increment collections	-	4,488,073	-	-	-	4,488,073
Special assessments	-	-	1,339,350	5,406,836	-	6,746,186
Franchise fees	-	-	-	-	692,288	692,288
License and permits	2,383,941	-	-	26,373	-	2,410,314
Intergovernmental	777,694	-	-	2,753,469	195,686	3,726,849
Charges for services	2,893,068	-	-	105,333	16,493	3,014,894
Fines and forfeitures	1,162,973	-	-	-	40,794	1,203,767
Investment income	101,165	207,464	31,457	95,535	38,823	474,444
Rental of property	425,005	-	-	1,512	-	426,517
Other revenues	31,587	-	-	6,306	375,507	413,400
Total revenues	<u>28,220,020</u>	<u>4,695,537</u>	<u>5,129,058</u>	<u>9,314,639</u>	<u>1,359,591</u>	<u>48,718,845</u>
Expenditures:						
Current:						
General government	4,177,267	1,550,889	-	28,193	767,049	6,523,398
Public safety	13,948,313	-	-	164,994	64,080	14,177,387
Public works	5,632,895	-	-	265,128	-	5,898,023
Parks	3,460,535	-	-	57,404	7,011	3,524,950
Capital outlay:						
General government	-	-	-	106,201	-	106,201
Public safety	-	-	-	839,787	-	839,787
Public works	-	-	-	11,869,892	-	11,869,892
Parks	-	215,929	-	474,018	-	689,947
Debt service:						
Bond principal	-	-	2,975,000	-	-	2,975,000
Interest and fiscal charges	-	-	2,584,006	-	-	2,584,006
Total expenditures	<u>27,219,010</u>	<u>1,766,818</u>	<u>5,559,006</u>	<u>13,805,617</u>	<u>838,140</u>	<u>49,188,591</u>
Revenues over (under) expenditures	<u>1,001,010</u>	<u>2,928,719</u>	<u>(429,948)</u>	<u>(4,490,978)</u>	<u>521,451</u>	<u>(469,746)</u>
Other financing sources (uses):						
Transfers in	765,100	-	951,492	1,186,499	671	2,903,762
Transfers out	(936,499)	(930,820)	-	(270,449)	-	(2,137,768)
Sale of capital assets	-	-	-	134,329	-	134,329
Bonds issued	-	-	65,070	2,469,930	-	2,535,000
Refunding bonds issued	-	-	8,285,000	-	-	8,285,000
Payment to refunding escrow	-	-	(9,094,822)	-	-	(9,094,822)
Premium on bonds issued	-	-	873,934	24,724	-	898,658
Total other financing sources (uses)	<u>(171,399)</u>	<u>(930,820)</u>	<u>1,080,674</u>	<u>3,545,033</u>	<u>671</u>	<u>3,524,159</u>
Net increase (decrease) in fund balance	829,611	1,997,899	650,726	(945,945)	522,122	3,054,413
Fund balance - January 1	<u>12,049,599</u>	<u>11,326,798</u>	<u>5,454,132</u>	<u>16,452,889</u>	<u>1,486,641</u>	<u>46,770,059</u>
Fund balance - December 31	<u>\$ 12,879,210</u>	<u>\$ 13,324,697</u>	<u>\$ 6,104,858</u>	<u>\$ 15,506,944</u>	<u>\$ 2,008,763</u>	<u>\$ 49,824,472</u>

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, 2010

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

Net changes in fund balances - total governmental funds (page 26) \$ 3,054,413

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. 7,130,350

In the statement of activities, only the gain on the sale of capital assets
is reported. However, in the governmental funds, the proceeds from
the sale increases financial resources. Thus, the change in net assets
differs from the change in fund balance by the cost of the capital
assets sold. (98,735)

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. 3,664,086

The issuance of long-term debt (e.g., bonds, leases) provides current
financial resources to governmental funds, while the repayment of the
principal of long-term debt consumes the current financial resources
of governmental funds. Neither transaction, however, has any effect
on net assets. Also, governmental funds report the effect of issuance
costs, premiums, discounts and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the statement of
activities. This amount is the net effect of these differences in the
treatment of long-term debt and related items. 438,889

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. (204,705)

Change in net assets of governmental activities (page 23) \$ 13,984,298

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

CITY OF EDINA, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2010

	Business-type Activities - Enterprise Funds					
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	Total
Assets:						
Current assets:						
Cash and cash equivalents	\$ 329	\$ 4,348	\$ 244,052	\$ 3,011	\$ 7,346	\$ 259,086
Investments - unrestricted	11,012,686	-	-	-	2,869,114	13,881,800
Investments - restricted	440,384	-	-	-	288,706	729,090
Interest receivable	43,180	-	-	-	19,201	62,381
Accounts receivable, net	3,080,783	-	-	22	122,364	3,203,169
Special assessments receivable	434,505	-	-	-	-	434,505
Due from other funds	-	890,000	1,298,000	-	220,000	2,408,000
Due from other governments	21,258	-	-	-	-	21,258
Prepaid expenses	365,308	-	-	-	-	365,308
Inventory	14,752	1,111,745	-	60,933	13,079	1,200,509
Total current assets	15,413,185	2,006,093	1,542,052	63,966	3,539,810	22,565,106
Noncurrent assets:						
Deferred charges	87,864	-	7,788	7,553	26,756	129,961
Net capital assets	57,660,634	1,265,207	1,563,392	4,671,123	6,484,120	71,644,476
Total noncurrent assets	57,748,498	1,265,207	1,571,180	4,678,676	6,510,876	71,774,437
Total assets	73,161,683	3,271,300	3,113,232	4,742,642	10,050,686	94,339,543
Liabilities:						
Current liabilities:						
Accounts payable	387,989	264,352	1,960	62,326	258,745	975,372
Salaries payable	61,456	66,846	2,880	41,924	88,943	262,049
Accrued interest payable	304,855	-	8,514	8,663	35,500	357,532
Contracts payable	13,657	-	-	-	57,399	71,056
Due to other funds	135,000	-	-	1,110,000	8,000	1,253,000
Due to other governments	7,799	60,623	42	4,177	11,239	83,880
Deposits payable	112,216	-	-	-	-	112,216
Unearned revenue	-	4,007	-	56,287	56,179	116,473
Compensated absences payable	77,706	107,526	-	85,277	120,726	391,235
Bonds payable - current	2,270,000	-	125,000	280,000	80,000	2,755,000
Total current liabilities	3,370,678	503,354	138,396	1,648,654	716,731	6,377,813
Noncurrent liabilities:						
Net OPEB obligation	27,855	16,658	-	23,382	28,445	96,340
Compensated absences payable	116,558	161,289	-	127,916	181,087	586,850
Bonds payable, net of unamortized discounts	17,236,574	-	599,547	601,658	2,372,981	20,810,760
Total noncurrent liabilities	17,380,987	177,947	599,547	752,956	2,582,513	21,493,950
Total liabilities	20,751,665	681,301	737,943	2,401,610	3,299,244	27,871,763
Net assets:						
Invested in capital assets, net of related debt	38,594,444	1,265,207	838,845	3,789,465	4,319,845	48,807,806
Restricted for debt service	-	-	618,852	-	-	618,852
Unrestricted	13,815,574	1,324,792	917,592	(1,448,433)	2,431,597	17,041,122
Total net assets	\$ 52,410,018	\$ 2,589,999	\$ 2,375,289	\$ 2,341,032	\$ 6,751,442	\$ 66,467,780

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

CITY OF EDINA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds					Total
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	
Operating revenues:						
Sales - liquor	\$ -	\$ 12,854,693	\$ -	\$ 144,541	\$ -	\$ 12,999,234
Sales - retail	-	-	7,442	218,585	47,995	274,022
Sales - utilities	14,635,480	-	-	-	-	14,635,480
Sales - concessions	-	-	123,879	213,250	64,881	402,010
Memberships	-	-	436,524	119,981	82,919	639,424
Admissions	-	-	334,851	228,126	687,434	1,250,411
Building rental	-	-	42,245	70,726	1,304,781	1,417,752
Rental of equipment	-	-	-	362,763	131,059	493,822
Greens fees	-	-	-	1,738,261	176,124	1,914,385
Other fees	399,401	-	588	346,971	994,289	1,741,249
Total operating revenues	<u>15,034,881</u>	<u>12,854,693</u>	<u>945,529</u>	<u>3,443,204</u>	<u>3,489,482</u>	<u>35,767,789</u>
Operating expenses:						
Cost of sales and services	10,075	9,467,169	35,902	328,821	74,663	9,916,630
Personal services	1,555,506	1,343,408	270,844	1,636,091	2,037,798	6,843,647
Contractual services	6,240,639	449,087	113,170	557,828	1,222,427	8,583,151
Commodities	795,569	75,228	115,070	479,783	395,038	1,860,688
Central Services	543,293	191,168	22,080	116,958	158,734	1,032,233
Depreciation	1,973,971	68,583	194,701	424,077	513,227	3,174,559
Total operating expenses	<u>11,119,053</u>	<u>11,594,643</u>	<u>751,767</u>	<u>3,543,558</u>	<u>4,401,887</u>	<u>31,410,908</u>
Operating income (loss)	<u>3,915,828</u>	<u>1,260,050</u>	<u>193,762</u>	<u>(100,354)</u>	<u>(912,405)</u>	<u>4,356,881</u>
Nonoperating revenues (expenses):						
Intergovernmental	119,529	-	-	-	222,000	341,529
Investment income	48,380	-	-	-	157,585	205,965
Donations	-	-	-	-	31,701	31,701
Interest and fiscal charges	(737,737)	-	(17,248)	(17,568)	(90,170)	(862,723)
Amortization of bond deferred charges (discounts)	8,252	-	(593)	(447)	(722)	6,490
Gain on sale of capital asset	17,165	-	-	5,222	4,187	26,574
Miscellaneous	1,135	2,371	-	-	6,500	10,006
Total nonoperating revenues (expenses)	<u>(543,276)</u>	<u>2,371</u>	<u>(17,841)</u>	<u>(12,793)</u>	<u>331,081</u>	<u>(240,458)</u>
Income (loss) before transfers	<u>3,372,552</u>	<u>1,262,421</u>	<u>175,921</u>	<u>(113,147)</u>	<u>(581,324)</u>	<u>4,116,423</u>
Transfers:						
Transfers in	-	-	-	100,000	479,777	579,777
Transfers out	(100,000)	(1,245,100)	-	(671)	-	(1,345,771)
Total transfers	<u>(100,000)</u>	<u>(1,245,100)</u>	<u>-</u>	<u>99,329</u>	<u>479,777</u>	<u>(765,994)</u>
Change in net assets	3,272,552	17,321	175,921	(13,818)	(101,547)	3,350,429
Net assets - January 1	<u>49,137,466</u>	<u>2,572,678</u>	<u>2,199,368</u>	<u>2,354,850</u>	<u>6,852,989</u>	<u>63,117,351</u>
Net assets - December 31	<u>\$ 52,410,018</u>	<u>\$ 2,589,999</u>	<u>\$ 2,375,289</u>	<u>\$ 2,341,032</u>	<u>\$ 6,751,442</u>	<u>\$ 66,467,780</u>

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, 2010

	Business-type Activities - Enterprise Funds					
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	Total
Cash flows from operating activities:						
Receipts from customers and users	\$ 15,024,754	\$ 12,855,105	\$ 945,529	\$ 3,455,941	\$ 3,497,768	\$ 35,779,097
Payment to suppliers	(7,561,451)	(10,402,191)	(285,379)	(1,465,731)	(1,662,207)	(21,376,959)
Payment to employees	(1,578,797)	(1,314,243)	(268,979)	(1,743,889)	(2,063,262)	(6,969,170)
Donations received	-	-	-	-	31,701	31,701
Miscellaneous received	1,135	2,371	-	-	6,500	10,006
Net cash provided by (used in) operating activities	5,885,641	1,141,042	391,171	246,321	(189,500)	7,474,675
Cash flows from noncapital financing activities:						
State grant	119,529	-	-	-	-	119,529
Transfer from other funds	-	-	-	100,000	479,777	579,777
Transfer to other funds	(100,000)	(1,245,100)	-	(671)	-	(1,345,771)
Proceeds from interfund borrowing	135,000	1,000,000	1,200,000	1,110,000	124,000	3,569,000
Payment of interfund borrowing	-	(890,000)	(1,298,000)	(1,000,000)	(336,000)	(3,524,000)
Net cash provided by (used in) noncapital financing activities	154,529	(1,135,100)	(98,000)	209,329	267,777	(601,465)
Cash flows from capital and related financing activities:						
Capital grant	-	-	-	-	222,000	222,000
Acquisition of capital assets	(2,867,147)	(2,165)	-	(173,300)	(2,800,612)	(5,843,224)
Proceeds from sale of capital assets	22,106	-	-	12,000	4,187	38,293
Principal paid on bonds	(2,185,000)	-	(135,000)	(280,000)	-	(2,600,000)
Interest paid on bonds	(768,160)	-	(21,967)	(24,288)	(54,670)	(869,085)
Net cash provided by (used in) capital and related financing activities	(5,798,201)	(2,165)	(156,967)	(465,588)	(2,629,095)	(9,052,016)
Cash flows from investing activities:						
Proceeds from sale of investments	-	-	-	-	2,386,003	2,386,003
Purchase of investments	(723,271)	-	-	-	-	(723,271)
Interest received	23,161	-	-	-	155,096	178,257
Net cash flows provided by (used in) investing activities	(700,110)	-	-	-	2,541,099	1,840,989
Net increase (decrease) in cash and cash equivalents	(458,141)	3,777	136,204	(9,938)	(9,719)	(337,817)
Cash and cash equivalents - January 1	458,470	571	107,848	12,949	17,065	596,903
Cash and cash equivalents - December 31	\$ 329	\$ 4,348	\$ 244,052	\$ 3,011	\$ 7,346	\$ 259,086

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, 2010

	Business-type Activities - Enterprise Funds					Total
	Utilities	Liquor	Aquatic Center	Golf Course	Nonmajor Enterprise Funds	
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 3,915,828	\$ 1,260,050	\$ 193,762	\$ (100,354)	\$ (912,405)	\$ 4,356,881
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:						
Depreciation	1,973,971	68,583	194,701	424,077	513,227	3,174,559
Donations	-	-	-	-	31,701	31,701
Miscellaneous revenue	1,135	2,371	-	-	6,500	10,006
Changes in assets and liabilities:						
Decrease (increase) in receivables	47,058	950	-	1,591	8,066	57,665
Decrease (increase) in special assessments	(39,767)	-	-	-	-	(39,767)
Decrease (increase) in due from other governments	(17,418)	-	-	-	-	(17,418)
Decrease (increase) in inventory	10,075	(53,546)	-	(8,311)	(336)	(52,118)
Decrease (increase) in prepaid items	(9,802)	-	-	-	-	(9,802)
Increase (decrease) in accounts payable	106,074	(77,402)	1,368	28,608	128,078	186,726
Increase (decrease) in salaries payable	(325)	10,640	1,865	(9,079)	7,186	10,287
Increase (decrease) in contracts payable	(71,959)	-	-	-	57,399	(14,560)
Increase (decrease) in due to other governments	(6,263)	(88,591)	(525)	(1,967)	3,514	(93,832)
Increase (decrease) in deposits payable	-	-	-	(671)	-	(671)
Increase (decrease) in unearned revenue	-	(538)	-	11,146	220	10,828
Increase (decrease) in net OPEB obligation	7,837	4,325	-	6,008	7,617	25,787
Increase (decrease) in compensated absences	(30,803)	14,200	-	(104,727)	(40,267)	(161,597)
Total adjustments	1,969,813	(119,008)	197,409	346,675	722,905	3,117,794
Net cash provided by (used in) operating activities	\$ 5,885,641	\$ 1,141,042	\$ 391,171	\$ 246,321	\$ (189,500)	\$ 7,474,675
Noncash investing activities:						
Increase (decrease) in fair value of investments	\$ (14,050)	\$ -	\$ -	\$ -	\$ 3,073	\$ (10,977)

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

CITY OF EDINA, MINNESOTA
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
December 31, 2010

	<u>Agency Funds</u>
Assets	
Cash	\$ 171,159
Investments	<u>260,000</u>
Total assets	<u>\$ 431,159</u>
Liabilities	
Accounts payable	\$ 44,892
Salaries payable	5,018
Due to other governmental units	<u>381,249</u>
Total liabilities	<u>\$ 431,159</u>

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

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government is financially accountable for the component unit if it appoints a voting majority of the component unit's governing body and is able to impose its will on the component unit or there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

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

COMPONENT UNITS

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund type:

Agency - the *police seizure, Public Safety Training Facility, and I-494 Corridor Commission funds* account for fees collected for other government agencies and the *payroll fund* accounts for payroll deductions withheld from employee paychecks but not yet sent to the appropriate party (includes federal and state taxes, health care deductions, etc).

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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

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

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

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

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

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

D. CASH AND INVESTMENTS

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

Cash balances from all funds are pooled together and invested to the maximum extent at favorable rates. This also allows certain funds to generate a temporary cash overdraft. Interest earned is allocated as determined by the Investment Advisory Committee. The City provides temporary advances to funds that have insufficient cash balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

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

E. RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds." All short-term interfund receivables and payables at December 31, 2010 are planned to be eliminated in 2011. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

F. REVENUE RECOGNITION

1. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

2. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

G. INVENTORIES, PREPAID ITEMS AND DEFERRED CHARGES

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

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

Deferred charges represent deferred issuance costs.

H. CAPITAL ASSETS

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

Capital assets are defined by the government as assets with an initial, individual cost of more than \$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.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2010

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

<u>Assets</u>	<u>Life</u>
Golf course	10 - 35 years
Land improvements	15 - 50 years
Buildings and structures	15 - 40 years
Furniture and office equipment	5 - 10 years
Vehicles and equipment	3 - 20 years
Parks	5 - 100 years
Utility infrastructure	20 - 50 years

I. COMPENSATED ABSENCES

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

J. LONG-TERM OBLIGATIONS

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

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

K. FUND EQUITY

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

L. INTERFUND TRANSACTIONS

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

M. NET ASSETS

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

N. USE OF ESTIMATES

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

Note 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Bonds payable	\$ 64,760,000
Plus: issuance premium	977,544
Less: issuance discount	(292,182)
Less: deferred charges	(1,010,229)
Accrued interest payable	876,462
OPEB obligation	719,686
Compensated absences	<u>3,644,993</u>
 Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	 <u>\$ 69,676,274</u>

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

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

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Capital outlay	\$ 13,014,850
Depreciation expense	<u>(5,884,500)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental funds	<u>\$ 7,130,350</u>

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

Debt issued or incurred:	
Issuance of general obligation bonds	\$ 8,515,000
Issuance of permanent improvement revolving bonds	2,305,000
Less deferred charges	(682,547)
Plus premiums	898,658
Principal repayments:	
Tax increment debt	(805,000)
General obligation debt	(735,000)
Permanent improvement revolving debt	(655,000)
Public project revenue debt	<u>(9,280,000)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (438,889)</u>

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

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OPEB obligation	\$ (206,627)
Compensated absences	(53,660)
Accrued interest	109,533
Amortization of deferred charges	(40,021)
Amortization of bond discounts and premiums	<u>(13,930)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (204,705)</u>

Note 3 CASH AND INVESTMENTS

A. COMPONENTS OF CASH AND INVESTMENTS

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

Deposits	\$ 529,266
Cash on hand	19,185
Investments	68,459,554
	<u>\$ 69,008,005</u>

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

Cash and cash equivalents - Statement of Net Assets	\$ 377,292
Investments - Statement of Net Assets	64,300,707
Restricted investments - Statement of Net Assets	3,898,847
Cash and investments - Statement of Fiduciary Net Assets	431,159
	<u>\$ 69,008,005</u>

The City had restricted investments of \$3,898,847 as of December 31, 2010 that represent unspent bond proceeds to be used for construction projects.

B. DEPOSITS

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

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

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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 \$529,266 while the balance on the bank records was \$1,224,033. At December 31, 2010, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

C. INVESTMENTS

The City has the following investments at year end:

Investment	Credit Risk		Interest Risk - Maturity Duration in Years				Total
	Rating	Agency	< 1	1 to 5	5 to 10	10 +	
U.S. Treasuries	N/A	N/A	\$ 69,182	\$ 455,367	\$ 773,834	\$ 598,119	\$ 1,896,502
GNMA	AAA/Aaa	S&P/Mdy/s	-	-	-	29,015	29,015
SBA Notes	AAA/Aaa	S&P/Mdy/s	2,868	300,905	107,937	-	411,710
SBA Notes	N/R	N/A	-	98,744	82,796	202,167	383,707
U.S. Agencies	AAA/Aaa	S&P/Mdy/s	11,095,220	18,026,810	2,430,021	2,613,477	34,165,528
U.S. Agencies	A-1+	Mdy/s	5,999,840	-	-	-	5,999,840
Municipals	N/R	N/A	-	1,400,000	-	-	1,400,000
Municipals	AAA	S&P	-	10,720	-	-	10,720
Municipals	AAA/Aaa	S&P/Mdy/s	-	76,845	-	-	76,845
Municipals	AA/Aa1	S&P/Mdy/s	-	699,176	-	2,595,000	3,294,176
Commercial paper	P1	S&P	1,676,114	-	-	-	1,676,114
Negotiable CD's	N/R	N/A	10,045,288	495,877	-	-	10,541,165
			<u>\$28,888,512</u>	<u>\$21,564,444</u>	<u>\$ 3,394,588</u>	<u>\$ 6,037,778</u>	<u>59,885,322</u>
Money Market*	AAA	S&P					7,331,894
4M Fund*	N/R	N/A					1,242,338
Total investments							<u>\$68,459,554</u>

N/A - Not Applicable

N/R - Not Rated

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

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

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

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

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

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

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include 16%, 13% and 19% in securities issued by FNMA, FHLMC, and FHLB, respectively.

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

Note 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,433,829	\$ -	\$ -	\$ 17,433,829
Construction in progress	28,872,101	12,584,221	(16,274,922)	25,181,400
Total capital assets not being depreciated	<u>46,305,930</u>	<u>12,584,221</u>	<u>(16,274,922)</u>	<u>42,615,229</u>
Capital assets being depreciated:				
Land improvements	22,392,896	157,163	-	22,550,059
Buildings and structures	35,362,431	5,922,568	-	41,284,999
Furniture and office equipment	3,370,733	219,845	-	3,590,578
Vehicles and equipment	13,860,148	559,230	(465,433)	13,953,945
Infrastructure	70,198,748	9,444,573	(1,470,120)	78,173,201
Parks	14,983,108	402,171	(35,280)	15,349,999
Total capital assets being depreciated	<u>160,168,064</u>	<u>16,705,550</u>	<u>(1,970,833)</u>	<u>174,902,781</u>
Less accumulated depreciation for:				
Land improvements	(12,334,182)	(782,317)	-	(13,116,499)
Buildings and structures	(10,749,973)	(1,138,161)	-	(11,888,134)
Furniture and office equipment	(1,319,075)	(298,652)	-	(1,617,727)
Vehicles and equipment	(7,803,592)	(1,120,990)	417,359	(8,507,223)
Infrastructure	(45,470,946)	(1,983,167)	1,419,460	(46,034,653)
Parks	(6,237,632)	(561,213)	35,280	(6,763,565)
Total accumulated depreciation	<u>(83,915,400)</u>	<u>(5,884,500)</u>	<u>1,872,099</u>	<u>(87,927,801)</u>
Total capital assets being depreciated, net	<u>76,252,664</u>	<u>10,821,050</u>	<u>(98,734)</u>	<u>86,974,980</u>
Governmental activities capital assets, net	<u>\$ 122,558,594</u>	<u>\$ 23,405,271</u>	<u>\$ (16,373,656)</u>	<u>\$ 129,590,209</u>

CITY OF EDINA, MINNESOTA
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	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,088,965	\$ -	\$ -	\$ 1,088,965
Construction in progress	11,454,000	5,244,382	(11,248,523)	5,449,859
Total capital assets not being depreciated	<u>12,542,965</u>	<u>5,244,382</u>	<u>(11,248,523)</u>	<u>6,538,824</u>
Capital assets being depreciated:				
Land improvements & golf course	8,183,318	170,058	-	8,353,376
Buildings and structures	16,138,390	286,238	-	16,424,628
Furniture and office equipment	160,142	-	(6,839)	153,303
Vehicles and equipment	5,932,877	303,719	(171,858)	6,064,738
Utility infrastructure	72,168,726	11,087,350	-	83,256,076
Lease property capital lease	468,580	-	-	468,580
Total capital assets being depreciated	<u>103,052,033</u>	<u>11,847,365</u>	<u>(178,697)</u>	<u>114,720,701</u>
Less accumulated depreciation for:				
Land improvements & golf course	(4,637,393)	(307,230)	-	(4,944,623)
Buildings and structures	(10,213,591)	(602,180)	-	(10,815,771)
Furniture and office equipment	(121,634)	(5,607)	5,866	(121,375)
Vehicles and equipment	(3,199,708)	(456,387)	161,111	(3,494,984)
Utility infrastructure	(27,966,561)	(1,803,155)	-	(29,769,716)
Lease property capital lease	(468,580)	-	-	(468,580)
Total accumulated depreciation	<u>(46,607,467)</u>	<u>(3,174,559)</u>	<u>166,977</u>	<u>(49,615,049)</u>
Total capital assets being depreciated, net	<u>56,444,566</u>	<u>8,672,806</u>	<u>(11,720)</u>	<u>65,105,652</u>
Business-type activities capital assets, net	<u>\$ 68,987,531</u>	<u>\$ 13,917,188</u>	<u>\$ (11,260,243)</u>	<u>\$ 71,644,476</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	\$ 534,736
Public safety	806,846
Public works	2,726,247
Parks	1,816,671
Total depreciation expense - governmental activities	<u>\$ 5,884,500</u>
Business-type activities:	
Utilities	\$ 1,973,971
Liquor	68,583
Aquatic Center	194,701
Golf Course	424,077
Arena	292,892
Art Center	26,573
Edinborough Park/Centennial Lakes	193,762
Total depreciation expense - business-type activities	<u>\$ 3,174,559</u>

CONSTRUCTION COMMITMENTS

At December 31, 2010, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

<u>Project #</u>	<u>Project Description</u>	<u>Contract Amount</u>	<u>Remaining Commitment</u>
10-12 Eng	Lift Station Rehabilitation	294,960	\$ 21,823
Various	New Public Works Facility	12,289,647	33,677
			<u>\$ 55,500</u>

Note 5 LONG-TERM DEBT

The City has five types of bonded debt outstanding at December 31, 2010: tax increment bonds, general obligation bonds, public improvement revolving bonds, public project revenue bonds and G.O. revenue bonds. The first type of bond is payable solely from tax increment monies with any deficiency to be provided for by general property taxes. The second type is payable from general property taxes. The third type is payable solely from special assessments with any deficiency to be provided for by general property taxes. The fourth type is payable solely from annual appropriation lease payments received from the City of Edina pursuant to a lease between the Edina Housing and Redevelopment Authority and the City. The fifth type is payable primarily from enterprise revenue with any deficiency to be provided for by general property taxes. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

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GOVERNMENTAL ACTIVITIES

As of December 31, 2010, 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 12/31/10
Tax Increment Bonds:					
Tax Increment Bonds, Series 2000A	4.30-4.80%	9/6/2000	2/1/2011	\$ 2,620,000	\$ 325,000
Tax Increment Bonds, Series 2002B	3.00%	8/5/2002	2/1/2012	1,400,000	1,400,000
Tax Increment Refunding Bonds, Series 2005D	3.00-3.40%	7/19/2005	2/1/2013	<u>3,505,000</u>	<u>1,595,000</u>
Total Tax Increment Bonds				<u>7,525,000</u>	<u>3,320,000</u>
General Obligation Bonds:					
General Obligation - Park & Recreation Refunding, 2005A	3.50-4.00%	7/19/2005	2/1/2017	5,375,000	3,665,000
General Obligation - Capital Improvement Plan, 2007A	4.00-4.25%	5/24/2007	2/1/2028	5,865,000	5,465,000
General Obligation - Capital Improvement Plan, 2009A	3.00-4.40%	4/29/2009	2/1/2030	14,000,000	14,000,000
General Obligation - Equipment Certificates, 2009B	2.00-3.00%	4/29/2009	1/1/2012	230,000	155,000
General Obligation - Capital Improvement Plan, 2010A	2.00-4.00%	11/18/2010	2/1/2021	8,285,000	8,285,000
General Obligation - Equipment Certificates, 2010B	2.00%	11/18/2010	2/1/2013	<u>230,000</u>	<u>230,000</u>
Total General Obligation Bonds				<u>33,985,000</u>	<u>31,800,000</u>
Permanent Improvement Revolving (PIR) Bonds:					
Permanent Improvement Revolving, 2005E	3.00-3.75%	9/13/2005	2/1/2016	1,460,000	845,000
Permanent Improvement Revolving, 2007C	3.60-4.00%	5/24/2007	2/1/2019	5,870,000	5,365,000
Permanent Improvement Revolving, 2008B	3.00-4.00%	8/28/2008	2/1/2020	7,755,000	7,755,000
Permanent Improvement Revolving, 2010B	2.00-3.00%	11/18/2010	2/1/2022	<u>2,305,000</u>	<u>2,305,000</u>
Total PIR Bonds				<u>17,390,000</u>	<u>16,270,000</u>
Public Project Revenue Bonds:					
Public Project Revenue, Series 2005	3.50-4.13%	9/13/2005	5/1/2026	5,425,000	4,650,000
Public Project Revenue, Series 2009A	2.10-4.55%	11/24/2009	2/1/2030	2,595,000	2,595,000
Public Project Revenue, Series 2009B	1.95-5.80%	11/24/2009	2/1/2030	<u>6,125,000</u>	<u>6,125,000</u>
Total Public Project Revenue Bonds				<u>14,145,000</u>	<u>13,370,000</u>
Total bonded indebtedness - governmental activities				<u>\$ 73,045,000</u>	<u>\$ 64,760,000</u>

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BUSINESS-TYPE ACTIVITIES

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Issue</u>	<u>Payable 12/31/10</u>
Revenue Bonds:					
Recreational Facility Bonds, Series 2009B	2.00-3.00%	4/29/2009	1/1/2013	\$ 2,010,000	\$ 1,595,000
Recreational Facility Bonds, Series 2009C	2.00-4.00%	12/10/2009	2/1/2030	2,440,000	2,440,000
Utility Revenue Bonds, Series 2003C	1.10-3.55%	3/1/2003	2/1/2013	3,200,000	1,075,000
Utility Revenue Bonds, Series 2007B	4.00%	5/24/2007	2/1/2017	8,210,000	6,010,000
Utility Revenue Bonds, Series 2008A	3.00-4.25%	8/28/2008	2/1/2019	13,985,000	12,255,000
Total Revenue Bonds				<u>29,845,000</u>	<u>23,375,000</u>
Total bonded indebtedness - business-type activities				<u>\$ 29,845,000</u>	<u>\$ 23,375,000</u>

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

Year Ending December 31	Governmental Activities					
	Tax Increment Bonds		General Obligation Bonds		Public Improvement Revolving Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 840,000	\$ 94,359	\$ 2,100,000	\$ 1,065,389	\$ 1,330,000	\$ 524,964
2012	1,930,000	48,445	2,020,000	1,097,868	1,375,000	496,169
2013	550,000	9,350	2,000,000	1,030,105	1,625,000	447,269
2014	-	-	1,985,000	957,899	1,670,000	393,981
2015	-	-	2,080,000	882,868	1,720,000	337,222
2016-2020	-	-	9,640,000	3,287,774	8,045,000	774,554
2021-2025	-	-	6,280,000	1,782,956	505,000	15,225
2026-2030	-	-	5,695,000	581,763	-	-
Total	<u>\$ 3,320,000</u>	<u>\$ 152,154</u>	<u>\$ 31,800,000</u>	<u>\$ 10,686,622</u>	<u>\$ 16,270,000</u>	<u>\$ 2,989,384</u>

Year Ending December 31	Governmental Activities Public Project Revenue Bonds		Business-type Activities Revenue Bonds	
	Principal	Interest	Principal	Interest
	2011	\$ 210,000	\$ 574,681	\$ 2,755,000
2012	345,000	565,388	2,880,000	718,226
2013	595,000	551,251	2,985,000	622,636
2014	615,000	532,811	2,330,000	531,925
2015	630,000	512,211	2,415,000	444,300
2016-2020	3,475,000	2,178,626	8,595,000	917,508
2021-2025	4,170,000	1,358,459	645,000	220,100
2026-2030	3,330,000	414,206	770,000	79,400
Total	<u>\$ 13,370,000</u>	<u>\$ 6,687,633</u>	<u>\$ 23,375,000</u>	<u>\$ 4,342,430</u>

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December 31, 2010

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
Tax increment	\$ 4,125,000	\$ -	\$ (805,000)	\$ 3,320,000	\$ 840,000
General obligation	24,020,000	8,515,000	(735,000)	31,800,000	2,100,000
PIR	14,620,000	2,305,000	(655,000)	16,270,000	1,330,000
Public project revenue	22,650,000	-	(9,280,000)	13,370,000	210,000
Less deferred amounts:					
Discount on bonds	(321,268)	-	29,086	(292,182)	-
Premiums	94,042	898,658	(15,156)	977,544	-
Total bonds payable	65,187,774	11,718,658	(11,461,070)	65,445,362	4,480,000
Compensated absences	3,591,333	1,750,340	(1,696,680)	3,644,993	1,457,997
Governmental activity Long-term liabilities	<u>\$ 68,779,107</u>	<u>\$ 13,468,998</u>	<u>\$ (13,157,750)</u>	<u>\$ 69,090,355</u>	<u>\$ 5,937,997</u>
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 25,975,000	\$ -	\$ (2,600,000)	\$ 23,375,000	\$ 2,755,000
Less deferred amounts:					
Discount on bonds	(13,670)	-	3,698	(9,972)	-
Premiums	230,952	-	(30,220)	200,732	-
Total bonds payable	26,192,282	-	(2,626,522)	23,565,760	2,755,000
Compensated absences	1,139,682	314,155	(475,752)	978,085	391,235
Business-type activity Long-term liabilities	<u>\$ 27,331,964</u>	<u>\$ 314,155</u>	<u>\$ (3,102,274)</u>	<u>\$ 24,543,845</u>	<u>\$ 3,146,235</u>

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

During 2010 the City issued \$8,285,000 of General Obligation Refunding bonds, Series 2010A to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt services payments of \$8,500,000 of Public Project Revenue bonds, Series 2002. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$594,822. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same life as the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$1,026,852 and resulted in an economic gain of \$926,925. The face value of defeased debt outstanding as of December 31, 2010 related to this transaction is \$8,500,000.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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 2010 is computed as follows:

	<u>December 31, 2010</u>
Market Value (after fiscal disparities)	<u>\$ 9,949,807,100</u>
Debt Limit (3% of Market Value)	<u>\$ 298,494,213</u>
Amount of debt applicable to debt limit:	
Total bonded debt	\$ 88,135,000
Less:	
Tax increment bonds	(3,320,000)
Public improvement revolving bonds	(16,270,000)
Revenue bonds	<u>(23,375,000)</u>
Total debt applicable to debt limit	<u>\$ 45,170,000</u>
Legal debt margin	<u>\$ 253,324,213</u>

Note 7 DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

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

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

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all PEPFF and GERP 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 GERP and PEPFF. That report may be obtained on the internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 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 6.0%, respectively, of their covered salary in 2010. PEPFF members were required to contribute 9.4% of their covered salary in 2010. The City of Edina is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERS members, 7% for Coordinated Plan GERS members, and 14.1% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2010, 2009, and 2008 were \$951,791, \$930,938, and \$860,091, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2010, 2009, and 2008 were \$920,988, \$941,561, and \$855,910, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Note 8 OTHER POST-EMPLOYMENT BENEFITS PLAN

A. Plan Description

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

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

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

B. Funding Policy

The required contribution is based on projected pay-as-you-go financing requirements, with additional amounts to pre-fund benefits as determined annually by the City.

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 302,143
Interest on net OPEB obligation	27,051
Adjustment to annual required contribution	(21,313)
Adjustment for 2008 and 2009 costs	17,520
Annual OPEB cost (expense)	<u>325,401</u>
Contributions made	<u>(92,987)</u>
Increase in net OPEB obligation	232,414
Net OPEB obligation - beginning of year	583,612
Net OPEB obligation - end of year	<u><u>\$ 816,026</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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Employer Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	\$ 439,466	\$ 131,962	30.0%	\$ 307,504
December 31, 2009	443,317	167,209	37.7%	583,612
December 31, 2010	325,401	92,987	28.6%	816,026

D. Funded Status and Funding Progress

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

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

E. Actuarial Methods and Assumptions

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

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

Note 9 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of internal balances as of December 31, 2010, is as follows:

Receivable Fund	Payable Fund	Amount
General	HRA	\$ 20,571
Police Special Revenue	Construction	350,000
Communication Special Revenue	Construction	100,000
	General	120,000
Liquor	Construction	890,000
Aquatic Center	Utility	135,000
	Golf Course	1,110,000
	Edinborough Park/Centennial Lakes	8,000
	Construction	45,000
Arena	Construction	80,000
Art Center	Construction	140,000
Total		<u>\$2,998,571</u>

CITY OF EDINA, MINNESOTA
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The City's interfund receivables and payables eliminate what would have been negative cash balances.

	Transfer In:						Total
	General	Debt Service	Construction	Golf Course	Nonmajor Governmental	Nonmajor Business-type	
Transfer out:							
General Fund	\$ -	\$ -	\$ 936,499	\$ -	\$ -	\$ -	\$ 936,499
HRA Fund	-	930,820	-	-	-	-	930,820
Construction Fund	-	20,672	-	-	-	249,777	270,449
Utilities Fund	-	-	100,000	-	-	-	100,000
Liquor Fund	765,100	-	150,000	100,000	-	230,000	1,245,100
Golf Course Fund	-	-	-	-	671	-	671
	<u>\$ 765,100</u>	<u>\$ 951,492</u>	<u>\$ 1,186,499</u>	<u>\$ 100,000</u>	<u>\$ 671</u>	<u>\$ 479,777</u>	<u>\$ 3,483,539</u>

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

1. The liquor fund transferred \$765,100, \$100,000 and \$230,000 to the general fund, golf course fund, art center, and arena funds, respectively, to subsidize operations.
2. The construction fund transferred \$10,000, \$116,406 and \$123,371 to the art center, arena, and edinborough funds, respectively, to subsidize capital improvements to those facilities.
3. The HRA fund transferred \$930,820 of tax increment revenues to the debt service fund to pay principal and interest on outstanding tax increment debt.
4. The utilities fund and liquor fund transferred \$100,000 and \$150,000, respectively, to the construction fund to fund the capital improvement program, as planned in the 2010 budget.
5. The construction fund transferred \$20,672 to the debt service fund to pay a portion of the debt service on the gymnasium bonds.
6. The general fund transferred \$936,499 of the 2009 unreserved and undesignated fund balance to the construction fund according to the City's fund balance policies to fund the capital improvement program.
7. The golf course fund transferred \$671 to the Braemar memorial fund to move the accumulated assets for this program to the newly created fund.

Note 10 TAX INCREMENT DISTRICTS

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

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

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

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

The following table reflects values as of December 31, 2010:

	TIF #1202	TIF #1203	Total
Original tax capacity	\$ 164,885	\$ 229,691	\$ 394,576
Current tax capacity	1,611,759	3,743,154	5,354,913
Tax capacity change	1,446,874	3,513,463	4,960,337
Captured tax capacity value:			
Retained captured tax capacity	\$ 1,446,874	\$ 3,513,463	\$ 4,960,337
Total bonds issued (general obligation)	\$ 9,637,555	\$ 35,894,724	\$ 45,532,279
Amounts redeemed	7,912,555	34,299,724	42,212,279
Outstanding bonds at December 31, 2010	\$ 1,725,000	\$ 1,595,000	\$ 3,320,000

Note 11 CONTINGENCIES

A. RISK MANAGEMENT

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

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

Automobile and general liability coverage is provided through an insurance company. The City pays an annual premium for this coverage and all claims are paid from the plan up to the annual maximum of \$600,000. The City is not subject to a deductible for automobile or general liability coverage.

Property coverage is also provided by an insurance company. The City pays an annual premium for this coverage, and all claims are paid for by the plan. The City has \$2,500 - \$25,000 deductibles per occurrence depending on claim type, with an annual maximum of \$83,446,936.

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

Settlement claims have not exceeded insurance coverage for each of the past three years. There were not significant reductions in insurance coverage during 2010.

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, 2010.

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, 2010, the City of Edina had 4 series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$31,245,000. 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 PSTF was \$1,452,465. Complete financial statements for PSTF can be obtained from the City of Edina, 4801 West 50th Street, Edina, MN 55424.

Note 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, 2010, the City paid a total of \$38,720 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, 2010, the City paid a total of \$11,079 in membership fees to the I-494 Corridor Commission.

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 15 DESIGNATIONS AND RESERVATIONS OF FUND BALANCE

At December 31, 2010 the City had designated and reserved portions of its various fund balances through legal restriction and City Council authorization. A summary of such designations and reservations is as follows:

	<u>December 31, 2010</u>
General Fund:	
Reserved for prepaid items	\$ 10,258
Designated for park dedication	178,295
Designated for investments	13,079
Designated for compensated absences	1,457,997
Designated for cash flow	9,723,830
Debt Service Fund:	
Reserved for debt service	6,104,858
Construction Fund:	
Reserved for encumbrances	33,677
Reserved for special projects	186,219
Reserved for construction projects	3,136,080
Designated for equipment replacement	3,258,633
Designated for capital improvements	8,892,335
	<u>\$ 32,995,261</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2010

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Over (Under)
	Original	Final		
Revenues:				
General property taxes:				
Current	\$ 20,103,348	\$ 20,103,348	\$ 20,405,035	\$ 301,687
Penalties and interest	12,000	12,000	39,552	27,552
Total general property taxes	<u>20,115,348</u>	<u>20,115,348</u>	<u>20,444,587</u>	<u>329,239</u>
Licenses and permits:	<u>2,231,760</u>	<u>2,231,760</u>	<u>2,383,941</u>	<u>152,181</u>
Intergovernmental:				
Federal:	36,000	36,000	21,442	(14,558)
State:				
Municipal state aid	195,000	195,000	195,000	-
Other	51,000	51,000	109,645	58,645
State aid - police	355,000	355,000	332,572	(22,428)
Health programs	120,000	120,000	119,035	(965)
Total intergovernmental	<u>757,000</u>	<u>757,000</u>	<u>777,694</u>	<u>20,694</u>
Charges for services:				
Building Department	5,400	5,400	23,997	18,597
City Clerk	6,000	6,000	97,429	91,429
Fire Department	30,000	30,000	22,683	(7,317)
Ambulance fees	1,545,000	1,545,000	1,648,575	103,575
Police Department	201,000	201,000	183,568	(17,432)
Engineering	170,000	170,000	155,524	(14,476)
Health Department	7,700	7,700	12,933	5,233
Planning Department	27,500	27,500	24,857	(2,643)
Housing Foundation Contract	25,000	25,000	35,748	10,748
HRA Services	21,500	21,500	21,812	312
Park Registration	96,000	96,000	112,048	16,048
Senior Center	100,000	100,000	90,636	(9,364)
Other fees	5,000	5,000	1,090	(3,910)
50th & France Assessment	69,000	69,000	69,000	-
Charges to other funds	393,168	393,168	393,168	-
Total charges for services	<u>2,702,268</u>	<u>2,702,268</u>	<u>2,893,068</u>	<u>190,800</u>
Fines and forfeits	<u>950,000</u>	<u>950,000</u>	<u>1,162,973</u>	<u>212,973</u>
Miscellaneous:				
Rental of property	315,000	315,000	425,005	110,005
Investment income	109,382	109,382	101,165	(8,217)
Donations	11,000	11,000	28,798	17,798
Other	6,000	6,000	2,789	(3,211)
Total miscellaneous	<u>441,382</u>	<u>441,382</u>	<u>557,757</u>	<u>116,375</u>
Total revenues	<u>27,197,758</u>	<u>27,197,758</u>	<u>28,220,020</u>	<u>1,022,262</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2010

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Expenditures:				
General government:				
Mayor and Council:				
Current:				
Personal services	\$ 45,928	\$ 45,928	\$ 45,826	\$ 102
Contractual services	11,855	11,855	8,626	3,229
Commodities	1,200	1,200	1,116	84
Central services	29,340	29,340	25,037	4,303
Total mayor and council	<u>88,323</u>	<u>88,323</u>	<u>80,605</u>	<u>7,718</u>
Administration:				
Current:				
Personal services	874,348	874,348	795,681	78,667
Contractual services	147,200	147,200	134,883	12,317
Commodities	3,100	3,100	1,146	1,954
Central services	72,204	72,204	61,449	10,755
Total administration	<u>1,096,852</u>	<u>1,096,852</u>	<u>993,159</u>	<u>103,693</u>
Planning:				
Current:				
Personal services	370,377	370,377	373,295	(2,918)
Contractual services	28,100	28,100	10,195	17,905
Commodities	4,500	4,500	419	4,081
Central services	54,960	54,960	46,511	8,449
Total planning	<u>457,937</u>	<u>457,937</u>	<u>430,420</u>	<u>27,517</u>
Finance:				
Current:				
Personal services	518,249	518,249	493,771	24,478
Contractual services	103,500	103,500	95,647	7,853
Commodities	3,400	3,400	3,564	(164)
Central services	55,908	55,908	47,307	8,601
Total finance	<u>681,057</u>	<u>681,057</u>	<u>640,289</u>	<u>40,768</u>
Election:				
Current:				
Personal services	142,932	142,932	191,543	(48,611)
Contractual services	23,069	23,069	18,389	4,680
Commodities	19,000	19,000	8,369	10,631
Central services	15,180	15,180	12,746	2,434
Total election	<u>200,181</u>	<u>200,181</u>	<u>231,047</u>	<u>(30,866)</u>
Assessing:				
Current:				
Personal services	657,612	657,612	631,813	25,799
Contractual services	110,200	110,200	88,781	21,419
Commodities	2,800	2,800	1,309	1,491
Central services	71,616	71,616	61,541	10,075
Total assessing	<u>842,228</u>	<u>842,228</u>	<u>783,444</u>	<u>58,784</u>
Legal and court services:				
Current:				
Contractual services	<u>381,800</u>	<u>381,800</u>	<u>347,418</u>	<u>34,382</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2010

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Commissions and projects:				
Current:				
Personal services	\$ 130,000	\$ 130,000	\$ 391,111	\$ (261,111)
Contractual services	443,248	443,248	278,958	164,290
Commodities	1,990	1,990	816	1,174
Total commissions and projects	<u>575,238</u>	<u>575,238</u>	<u>670,885</u>	<u>(95,647)</u>
Total general government	<u>4,323,616</u>	<u>4,323,616</u>	<u>4,177,267</u>	<u>146,349</u>
Public safety:				
Police protection:				
Current:				
Personal services	6,425,381	6,425,381	6,596,810	(171,429)
Contractual services	399,650	399,650	369,443	30,207
Commodities	67,182	67,182	59,065	8,117
Central services	912,648	912,648	849,738	62,910
Total police protection	<u>7,804,861</u>	<u>7,804,861</u>	<u>7,875,056</u>	<u>(70,195)</u>
Fire protection:				
Current:				
Personal services	3,576,126	3,576,126	3,617,741	(41,615)
Contractual services	321,500	321,500	338,585	(17,085)
Commodities	166,000	166,000	184,095	(18,095)
Central services	320,052	320,052	301,241	18,811
Total fire protection	<u>4,383,678</u>	<u>4,383,678</u>	<u>4,441,662</u>	<u>(57,984)</u>
Civil defense:				
Current:				
Personal services	38,848	38,848	40,146	(1,298)
Contractual services	10,026	10,026	13,314	(3,288)
Commodities	8,780	8,780	32	8,748
Total civil defense	<u>57,654</u>	<u>57,654</u>	<u>53,492</u>	<u>4,162</u>
Animal Control:				
Current:				
Personal services	69,543	69,543	70,875	(1,332)
Contractual services	8,424	8,424	15,171	(6,747)
Commodities	2,400	2,400	862	1,538
Central services	7,980	7,980	7,503	477
Total animal control	<u>88,347</u>	<u>88,347</u>	<u>94,411</u>	<u>(6,064)</u>
Public health:				
Current:				
Personal services	268,158	268,158	266,556	1,602
Contractual services	195,306	195,306	188,086	7,220
Commodities	2,325	2,325	501	1,824
Central services	32,328	32,328	28,047	4,281
Total public health	<u>498,117</u>	<u>498,117</u>	<u>483,190</u>	<u>14,927</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2010

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Inspections:				
Current:				
Personal services	\$ 857,199	\$ 857,199	\$ 843,052	\$ 14,147
Contractual services	74,765	74,765	66,575	8,190
Commodities	8,100	8,100	8,194	(94)
Central services	93,192	93,192	82,681	10,511
Total inspections	<u>1,033,256</u>	<u>1,033,256</u>	<u>1,000,502</u>	<u>32,754</u>
Total public safety	<u>13,865,913</u>	<u>13,865,913</u>	<u>13,948,313</u>	<u>(82,400)</u>
Public works:				
Administration:				
Current:				
Personal services	189,884	189,884	167,153	22,731
Contractual services	6,450	6,450	5,979	471
Commodities	500	500	153	347
Central services	22,320	22,320	18,905	3,415
Total administration	<u>219,154</u>	<u>219,154</u>	<u>192,190</u>	<u>26,964</u>
Engineering:				
Current:				
Personal services	816,287	816,287	827,882	(11,595)
Contractual services	76,900	76,900	60,591	16,309
Commodities	14,900	14,900	7,534	7,366
Central services	118,716	118,716	104,242	14,474
Total engineering	<u>1,026,803</u>	<u>1,026,803</u>	<u>1,000,249</u>	<u>26,554</u>
Street maintenance:				
Current:				
Personal services	2,200,543	2,200,543	1,954,735	245,808
Contractual services	737,950	737,950	649,425	88,525
Commodities	983,050	983,050	980,542	2,508
Central services	850,356	850,356	855,754	(5,398)
Total street maintenance	<u>4,771,899</u>	<u>4,771,899</u>	<u>4,440,456</u>	<u>331,443</u>
Total public works	<u>6,017,856</u>	<u>6,017,856</u>	<u>5,632,895</u>	<u>384,961</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2010

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Under (Over)
	Original	Final		
Parks:				
Administration:				
Current:				
Personal services	\$ 648,019	\$ 648,019	\$ 641,697	\$ 6,322
Contractual services	32,344	32,344	20,025	12,319
Commodities	2,986	2,986	2,107	879
Central services	76,176	76,176	64,387	11,789
Total administration	<u>759,525</u>	<u>759,525</u>	<u>728,216</u>	<u>31,309</u>
Recreation:				
Current:				
Personal services	183,806	183,806	166,307	17,499
Contractual services	177,343	177,343	121,396	55,947
Commodities	51,655	51,655	48,641	3,014
Total recreation	<u>412,804</u>	<u>412,804</u>	<u>336,344</u>	<u>76,460</u>
Maintenance:				
Current:				
Personal services	1,559,357	1,559,357	1,577,598	(18,241)
Contractual services	504,091	504,091	331,587	172,504
Commodities	199,608	199,608	161,339	38,269
Central services	320,088	320,088	325,451	(5,363)
Total maintenance	<u>2,583,144</u>	<u>2,583,144</u>	<u>2,395,975</u>	<u>187,169</u>
Total parks	<u>3,755,473</u>	<u>3,755,473</u>	<u>3,460,535</u>	<u>294,938</u>
Total expenditures	<u>27,962,858</u>	<u>27,962,858</u>	<u>27,219,010</u>	<u>743,848</u>
Revenues over (under) expenditures	<u>(765,100)</u>	<u>(765,100)</u>	<u>1,001,010</u>	<u>1,766,110</u>
Other financing sources (uses):				
Transfer from other funds	765,100	765,100	765,100	-
Transfer to other funds	-	(936,499)	(936,499)	-
Total financing sources (uses)	<u>765,100</u>	<u>(171,399)</u>	<u>(171,399)</u>	<u>-</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ (936,499)</u>	829,611	<u>\$ 1,766,110</u>
Fund balance - January 1			<u>12,049,599</u>	
Fund balance - December 31			<u>\$ 12,879,210</u>	

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS PLAN
SCHEDULE OF FUNDING PROGRESS
For The Year Ended December 31, 2010

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

Note A LEGAL COMPLIANCE – BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted by the passage of a resolution by the City Council.
4. Formal budgetary integration is employed as a management control device during the year.
5. Budgets for the General Fund and the Community Development Block Grant Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The City Manager may authorize transfers of budgeted amounts between departments.
7. Reported budget amounts are as originally adopted or as amended by Council-approved supplemental appropriations and budget transfers.
8. Expenditures may not legally exceed appropriations by department unless offset by increases in revenues. All unencumbered appropriations lapse at year-end.

CITY OF EDINA, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2010

Note B EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
General Government:			
Election	\$ 200,181	\$ 231,047	\$ 30,866
Commissions and projects	575,238	670,885	95,647
Public Safety:			
Police protection	7,804,861	7,875,056	70,195
Fire protection	4,383,678	4,441,662	57,984
Animal control	88,347	94,411	6,064

Excess expenditures in the election department are due to the general election in 2010 and are funded by available general fund balance.

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

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

A Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are nonmajor special revenue funds:

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

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

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

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

CITY OF EDINA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2010

	Community Development Block Grant	Communication	Police Special Revenue	Braemar Memorial	Total Nonmajor Special Revenue Funds
Assets					
Cash and cash equivalents	\$ -	\$ 17,036	\$ 3,684	\$ 62,617	\$ 83,337
Investments	-	754,602	245,052	244,999	1,244,653
Accrued interest receivable	-	5,050	727	665	6,442
Accounts receivable	-	189,659	5,818	1,660	197,137
Due from other funds	-	220,000	350,000	-	570,000
Due from other governments	-	375	-	-	375
Total assets	\$ -	\$ 1,186,722	\$ 605,281	\$ 309,941	\$ 2,101,944
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ 45,197	\$ 25,322	\$ -	\$ 70,519
Salaries payable	-	15,239	-	-	15,239
Unearned revenue	-	7,423	-	-	7,423
Total liabilities	-	67,859	25,322	-	93,181
Fund balance:					
Unreserved:					
Undesignated	-	1,118,863	579,959	309,941	2,008,763
Total fund balance	-	1,118,863	579,959	309,941	2,008,763
Total liabilities and fund balance	\$ -	\$ 1,186,722	\$ 605,281	\$ 309,941	\$ 2,101,944

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2010

	Community Development Block Grant	Communication	Police Special Revenue	Braemar Memorial	Total Nonmajor Special Revenue Funds
Revenues:					
Franchise fees	\$ -	\$ 692,288	\$ -	\$ -	\$ 692,288
Intergovernmental	126,921	-	68,765	-	195,686
Charges for services	-	16,493	-	-	16,493
Fines and forfeitures	-	-	40,794	-	40,794
Investment income	-	37,122	1,037	664	38,823
Other	-	59,890	-	315,617	375,507
Total revenues	<u>126,921</u>	<u>805,793</u>	<u>110,596</u>	<u>316,281</u>	<u>1,359,591</u>
Expenditures:					
Current:					
General government	126,921	640,128	-	-	767,049
Public safety	-	-	64,080	-	64,080
Parks	-	-	-	7,011	7,011
Total expenditures	<u>126,921</u>	<u>640,128</u>	<u>64,080</u>	<u>7,011</u>	<u>838,140</u>
Revenues over (under) expenditures	<u>-</u>	<u>165,665</u>	<u>46,516</u>	<u>309,270</u>	<u>521,451</u>
Other financing sources:					
Transfers in	-	-	-	671	671
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>671</u>	<u>671</u>
Net increase (decrease) in fund balance	-	165,665	46,516	309,941	522,122
Fund balance - January 1	<u>-</u>	<u>953,198</u>	<u>533,443</u>	<u>-</u>	<u>1,486,641</u>
Fund balance - December 31	<u>\$ -</u>	<u>\$ 1,118,863</u>	<u>\$ 579,959</u>	<u>\$ 309,941</u>	<u>\$ 2,008,763</u>

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

For The Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	<u>\$ 161,303</u>	<u>\$ 161,303</u>	<u>\$ 126,921</u>	<u>\$ (34,382)</u>
Expenditures:				
Current:				
General government	<u>161,303</u>	<u>161,303</u>	<u>126,921</u>	<u>(34,382)</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance - January 1			<u>-</u>	
Fund balance - December 31			<u>\$ -</u>	

NONMAJOR PROPRIETARY FUNDS

Enterprise Funds

Enterprise funds account for the financing of self-supporting activities of governmental units which render services to the general public on a user charge basis. The following are nonmajor enterprise funds:

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

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

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

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
December 31, 2010

	Arena	Art Center	Edinborough Park Centennial Lakes	Total Nonmajor Proprietary Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,324	\$ 5,628	\$ 394	\$ 7,346
Investments - unrestricted	-	-	2,869,114	2,869,114
Investments - restricted	288,706	-	-	288,706
Interest receivable	-	-	19,201	19,201
Accounts receivable	114,846	-	7,518	122,364
Due from other funds	80,000	140,000	-	220,000
Inventory	-	13,079	-	13,079
Total current assets	<u>484,876</u>	<u>158,707</u>	<u>2,896,227</u>	<u>3,539,810</u>
Noncurrent assets:				
Deferred charges	26,756	-	-	26,756
Net capital assets	<u>4,575,331</u>	<u>231,668</u>	<u>1,677,121</u>	<u>6,484,120</u>
Total noncurrent assets	<u>4,602,087</u>	<u>231,668</u>	<u>1,677,121</u>	<u>6,510,876</u>
Total assets	<u>5,086,963</u>	<u>390,375</u>	<u>4,573,348</u>	<u>10,050,686</u>
Liabilities:				
Current liabilities:				
Accounts payable	147,211	14,022	97,512	258,745
Salaries payable	30,264	8,743	49,936	88,943
Accrued interest payable	35,500	-	-	35,500
Contracts payable	57,399	-	-	57,399
Due to other funds	-	-	8,000	8,000
Due to other governments	1,636	784	8,819	11,239
Unearned revenue	-	7,862	48,317	56,179
Compensated absences payable	35,819	20,962	63,945	120,726
Bonds payable - current	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total current liabilities	<u>387,829</u>	<u>52,373</u>	<u>276,529</u>	<u>716,731</u>
Noncurrent liabilities:				
OPEB payable	9,837	2,690	15,918	28,445
Compensated absences	53,728	31,442	95,917	181,087
Bonds payable, net of unamortized discounts	<u>2,372,981</u>	<u>-</u>	<u>-</u>	<u>2,372,981</u>
Total noncurrent liabilities	<u>2,436,546</u>	<u>34,132</u>	<u>111,835</u>	<u>2,582,513</u>
Total liabilities	<u>2,824,375</u>	<u>86,505</u>	<u>388,364</u>	<u>3,299,244</u>
Net assets:				
Invested in capital assets, net of related debt	2,411,056	231,668	1,677,121	4,319,845
Unrestricted	<u>(148,468)</u>	<u>72,202</u>	<u>2,507,863</u>	<u>2,431,597</u>
Total net assets	<u>\$ 2,262,588</u>	<u>\$ 303,870</u>	<u>\$ 4,184,984</u>	<u>\$ 6,751,442</u>

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	Arena	Art Center	Edinborough Park Centennial Lakes	Total Nonmajor Proprietary Funds
Operating revenues:				
Sales - retail	\$ 6,992	\$ 41,003	\$ -	\$ 47,995
Sales - concessions	-	479	64,402	64,881
Memberships	5,406	24,998	52,515	82,919
Admissions	117,843	-	569,591	687,434
Building rental	1,035,429	-	269,352	1,304,781
Rental of equipment	1,652	-	129,407	131,059
Greens fees	-	-	176,124	176,124
Class registration & other fees	134,184	361,619	498,486	994,289
Total operating revenues	<u>1,301,506</u>	<u>428,099</u>	<u>1,759,877</u>	<u>3,489,482</u>
Operating expenses:				
Cost of sales and services	1,045	17,236	56,382	74,663
Personal services	591,912	219,647	1,226,239	2,037,798
Contractual services	524,060	253,025	445,342	1,222,427
Commodities	75,679	54,725	264,634	395,038
Central Services	41,948	34,897	81,889	158,734
Depreciation	292,892	26,573	193,762	513,227
Total operating expenses	<u>1,527,536</u>	<u>606,103</u>	<u>2,268,248</u>	<u>4,401,887</u>
Operating loss	<u>(226,030)</u>	<u>(178,004)</u>	<u>(508,371)</u>	<u>(912,405)</u>
Nonoperating revenues (expenses):				
Intergovernmental	222,000	-	-	222,000
Investment income (loss)	10,285	-	147,300	157,585
Donations	-	31,701	-	31,701
Interest and fiscal charges	(90,170)	-	-	(90,170)
Amortization of bond discount	(722)	-	-	(722)
Gain (loss) on sale of capital asset	4,187	-	-	4,187
Miscellaneous	6,500	-	-	6,500
Total nonoperating revenues (expenses)	<u>152,080</u>	<u>31,701</u>	<u>147,300</u>	<u>331,081</u>
Income (loss) before transfers	<u>(73,950)</u>	<u>(146,303)</u>	<u>(361,071)</u>	<u>(581,324)</u>
Transfers:				
Transfers in	196,406	160,000	123,371	479,777
Total transfers	<u>196,406</u>	<u>160,000</u>	<u>123,371</u>	<u>479,777</u>
Change in net assets	122,456	13,697	(237,700)	(101,547)
Net assets - January 1	<u>2,140,132</u>	<u>290,173</u>	<u>4,422,684</u>	<u>6,852,989</u>
Net assets - December 31	<u>\$ 2,262,588</u>	<u>\$ 303,870</u>	<u>\$ 4,184,984</u>	<u>\$ 6,751,442</u>

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	Arena	Art Center	Edinborough Park Centennial Lakes	Total Nonmajor Proprietary Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,315,650	\$ 428,694	\$ 1,753,424	\$ 3,497,768
Payment to suppliers	(473,333)	(365,197)	(823,677)	(1,662,207)
Payment to employees	(645,052)	(213,150)	(1,205,060)	(2,063,262)
Donations received	-	31,701	-	31,701
Miscellaneous received	6,500	-	-	6,500
Net cash provided by (used in) operating activities	<u>203,765</u>	<u>(117,952)</u>	<u>(275,313)</u>	<u>(189,500)</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	196,406	160,000	123,371	479,777
Proceeds from interfund borrowing	-	116,000	8,000	124,000
Payment of interfund borrowing	(196,000)	(140,000)	-	(336,000)
Net cash provided by noncapital financing activities	<u>406</u>	<u>136,000</u>	<u>131,371</u>	<u>267,777</u>
Cash flows from capital and related financing activities:				
Capital grant	222,000	-	-	222,000
Acquisition of capital assets	(2,515,947)	(27,255)	(257,410)	(2,800,612)
Proceeds from sale of capital assets	4,187	-	-	4,187
Interest paid on bonds	(54,670)	-	-	(54,670)
Net cash used in capital and related financing activities	<u>(2,344,430)</u>	<u>(27,255)</u>	<u>(257,410)</u>	<u>(2,629,095)</u>
Cash flows from investing activities:				
Proceeds from sales of investments	2,136,885	-	249,118	2,386,003
Interest received	4,213	-	150,883	155,096
Net cash flows provided by (used in) investing activities	<u>2,141,098</u>	<u>-</u>	<u>400,001</u>	<u>2,541,099</u>
Net increase (decrease) in cash and cash equivalents	839	(9,207)	(1,351)	(9,719)
Cash and cash equivalents - January 1	485	14,835	1,745	17,065
Cash and cash equivalents - December 31	<u>\$ 1,324</u>	<u>\$ 5,628</u>	<u>\$ 394</u>	<u>\$ 7,346</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (226,030)	\$ (178,004)	\$ (508,371)	\$ (912,405)
Adjustments to reconcile operating loss to net cash flows from operating activities:				
Depreciation	292,892	26,573	193,762	513,227
Donations	-	31,701	-	31,701
Miscellaneous revenue	6,500	-	-	6,500
Changes in assets and liabilities:				
Decrease (increase) in receivables	14,144	-	(6,078)	8,066
Decrease (increase) in inventory	-	(336)	-	(336)
Increase (decrease) in accounts payable	112,135	(5,019)	20,962	128,078
Increase (decrease) in salaries payable	(1,937)	579	8,544	7,186
Increase (decrease) in contracts payable	57,399	-	-	57,399
Increase (decrease) in due to other governments	(135)	41	3,608	3,514
Increase (decrease) in unearned revenue	-	595	(375)	220
Increase (decrease) in OPEB payable	2,687	717	4,213	7,617
Increase (decrease) in compensated absences	(53,890)	5,201	8,422	(40,267)
Total adjustments	<u>429,795</u>	<u>60,052</u>	<u>233,058</u>	<u>722,905</u>
Net cash provided by (used in) operating activities	<u>\$ 203,765</u>	<u>\$ (117,952)</u>	<u>\$ (275,313)</u>	<u>\$ (189,500)</u>
Noncash investing activities:				
Increase (decrease) in fair value of investments	<u>\$ 6,146</u>	<u>\$ -</u>	<u>\$ (3,073)</u>	<u>\$ 3,073</u>

FIDUCIARY FUNDS

Agency Funds

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

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

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

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

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

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CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2010

	Balance January 1	Additions	Deductions	Balance December 31
POLICE SEIZURE				
Assets:				
Cash	\$ 22,689	\$ -	\$ -	\$ 22,689
Liabilities:				
Due to other governmental units	\$ 22,689	\$ -	\$ -	\$ 22,689
PUBLIC SAFETY TRAINING FACILITY				
Assets:				
Cash	\$ 4,502	\$ 3,050	\$ -	\$ 7,552
Investments	245,000	15,000	-	260,000
Total Assets	\$ 249,502	\$ 18,050	\$ -	\$ 267,552
Liabilities:				
Accounts payable	\$ 4,157	\$ 9,868	\$ -	\$ 14,025
Salaries payable	4,716	302	-	5,018
Due to other governmental units	240,629	7,880	-	248,509
Total Liabilities	\$ 249,502	\$ 18,050	\$ -	\$ 267,552
PAYROLL				
Assets:				
Cash	\$ 30,249	\$ 618	\$ -	\$ 30,867
Liabilities:				
Accounts payable	\$ 30,249	\$ 618	\$ -	\$ 30,867
I-494 CORRIDOR COMMISSION				
Assets:				
Cash	\$ 119,608	\$ 334,753	\$ 344,310	\$ 110,051
Liabilities:				
Due to other governmental units	\$ 119,608	\$ 334,753	\$ 344,310	\$ 110,051
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash	\$ 177,048	\$ 338,421	\$ 344,310	\$ 171,159
Investments	245,000	15,000	-	260,000
Total Assets	\$ 422,048	\$ 353,421	\$ 344,310	\$ 431,159
Liabilities:				
Accounts payable	\$ 34,406	\$ 10,486	\$ -	\$ 44,892
Salaries payable	4,716	302	-	5,018
Due to other governmental units	382,926	342,633	344,310	381,249
Total Liabilities	\$ 422,048	\$ 353,421	\$ 344,310	\$ 431,159

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total tax capacity	\$ 113,428,895	\$ 120,084,430	\$ 122,532,149	\$ 120,816,822	\$ 113,981,017
Increment valuation	(8,771,951)	(9,771,137)	(10,307,195)	(4,960,337)	(4,043,859)
Contribution to fiscal disparities pool	<u>(8,486,997)</u>	<u>(9,358,999)</u>	<u>(10,393,526)</u>	<u>(10,942,782)</u>	<u>(11,039,952)</u>
Tax capacity used for rate calculation	<u>96,169,947</u>	<u>100,954,294</u>	<u>101,831,428</u>	<u>104,913,703</u>	<u>98,897,206</u>
Fiscal disparities distribution	<u>2,595,376</u>	<u>2,895,523</u>	<u>3,298,549</u>	<u>3,537,906</u>	<u>3,421,345</u>
Adjusted net tax capacity	<u>\$ 98,765,323</u>	<u>\$ 103,849,817</u>	<u>\$ 105,129,977</u>	<u>\$ 108,451,609</u>	<u>\$ 102,318,551</u>
Tax levies:					
General fund	\$ 19,427,890	\$ 20,314,404	\$ 21,202,691	\$ 20,737,472	\$ 21,004,000
Equipment	-	-	-	940,494	992,072
Debt service	<u>1,497,500</u>	<u>1,695,827</u>	<u>2,351,030</u>	<u>3,212,757</u>	<u>3,174,308</u>
Total certified tax levies	<u>20,925,390</u>	<u>22,010,231</u>	<u>23,553,721</u>	<u>24,890,723</u>	<u>25,170,380</u>
Referendum market value levy	<u>605,138</u>	<u>595,438</u>	<u>600,212</u>	<u>602,250</u>	<u>615,837</u>
Total levy	<u>\$ 21,530,528</u>	<u>\$ 22,605,669</u>	<u>\$ 24,153,933</u>	<u>\$ 25,492,973</u>	<u>\$ 25,786,217</u>
Tax capacity rate:					
General fund revenue	19.636	19.563	20.204	20.004	21.548
Bonds & interest	<u>1.514</u>	<u>1.634</u>	<u>2.243</u>	<u>2.968</u>	<u>3.112</u>
Total tax capacity rate	<u>21.150</u>	<u>21.197</u>	<u>22.447</u>	<u>22.972</u>	<u>24.660</u>
Market value rate	<u>0.00641</u>	<u>0.00601</u>	<u>0.00597</u>	<u>0.00606</u>	<u>0.00654</u>

CITY OF EDINA, MINNESOTA
COMBINED SCHEDULE OF BONDED INDEBTEDNESS
December 31, 2010

	Interest Rates	Date	Final Maturity Date	Prior Years	
				Original Issue	Redeemed
Tax Increment Bonds:					
Tax Increment Bonds, Series 2000A	4.30 - 4.80	09/06/00	02/01/11	\$ 2,620,000	\$ 1,990,000
Tax Increment Bonds, Series 2002B	3.00%	08/05/02	02/01/12	1,400,000	-
Tax Increment Refunding Bonds, Series 2005D	3.00 - 3.40	07/19/05	02/01/13	3,505,000	1,410,000
Total Tax Increment Bonds				<u>7,525,000</u>	<u>3,400,000</u>
General Obligation Bonds:					
GO Park & Recreation Refunding Bonds, Series 2005A	3.50 - 4.00	07/19/05	02/01/17	5,375,000	1,255,000
GO Capital Improvement Plan, Series 2007A	4.00 - 4.25	05/24/07	02/01/28	5,865,000	195,000
GO Capital Improvement Plan, Series 2009A	3.00 - 4.40	04/29/09	02/01/30	14,000,000	-
GO Equipment Certificates, Series 2009B	2.00 - 3.00	04/29/09	01/01/12	230,000	-
GO Capital Improvement Plan, Series 2010A	2.00 - 4.00	11/18/10	02/01/21	-	-
GO Equipment Certificates, Series 2010B	2.00	11/18/10	02/01/13	-	-
Total General Obligation Bonds				<u>25,470,000</u>	<u>1,450,000</u>
Permanent Improvement Revolving (PIR) Bonds:					
GO Permanent Improvement Revolving, Series 2005E	3.00 - 3.75	09/13/05	02/01/16	1,460,000	465,000
GO Permanent Improvement Revolving Series 2007C	3.60 - 4.25	05/24/07	02/01/19	5,870,000	-
GO Permanent Improvement Revolving Series 2008B	3.00 - 4.00	08/28/08	02/01/20	7,755,000	-
GO Permanent Improvement Revolving Series 2010B	2.00 - 3.00	11/18/10	02/01/22	-	-
Total PIR Bonds				<u>15,085,000</u>	<u>465,000</u>
Public Project Revenue Bonds:					
Public Project Revenue, Series 2005	3.00 - 4.13	09/13/05	05/01/26	5,425,000	570,000
Taxable Public Project Revenue, Series 2009A	2.10 - 4.55	11/24/09	02/01/30	2,595,000	-
Taxable Public Project Revenue, Series 2009B	1.95 - 5.80	11/24/09	02/01/30	6,125,000	-
Total Public Project Revenue Bonds				<u>14,145,000</u>	<u>570,000</u>
Revenue Bonds:					
Recreational Facility Bonds, Series 2009B	2.00 - 3.00	04/29/09	01/01/17	2,010,000	-
Recreational Facility Bonds, Series 2009C	2.00 - 4.00	12/10/09	02/01/30	2,440,000	-
Utility Revenue Bonds, Series 2003C	1.10 - 3.55	03/01/03	02/01/13	3,200,000	1,795,000
Utility Revenue Bonds, Series 2007B	4.00%	05/24/07	02/01/17	8,210,000	1,470,000
Utility Revenue Bonds, Series 2008A	3.00 - 4.00	08/28/08	02/01/19	13,985,000	605,000
Total Public Project Revenue Bonds				<u>29,845,000</u>	<u>3,870,000</u>
Total - Bonded indebtedness				<u>\$ 92,070,000</u>	<u>\$ 9,755,000</u>

Outstanding 12/31/09	2010		Payable 12/31/10	Principal Due In 2011	Interest Due In 2011	Interest Payable to Maturity
	Issued	Payments				
\$ 630,000	\$ -	\$ 305,000	\$ 325,000	\$ 325,000	\$ 7,800	\$ 7,800
1,400,000	-	-	1,400,000	-	42,000	63,000
<u>2,095,000</u>	<u>-</u>	<u>500,000</u>	<u>1,595,000</u>	<u>515,000</u>	<u>44,559</u>	<u>81,354</u>
<u>4,125,000</u>	<u>-</u>	<u>805,000</u>	<u>3,320,000</u>	<u>840,000</u>	<u>94,359</u>	<u>152,154</u>
4,120,000	-	455,000	3,665,000	470,000	131,062	521,857
5,670,000	-	205,000	5,465,000	210,000	218,744	2,267,503
14,000,000	-	-	14,000,000	510,000	500,524	6,079,377
230,000	-	75,000	155,000	75,000	2,350	3,151
-	8,285,000	-	8,285,000	755,000	210,276	1,809,301
-	230,000	-	230,000	80,000	2,433	5,433
<u>24,020,000</u>	<u>8,515,000</u>	<u>735,000</u>	<u>31,800,000</u>	<u>2,100,000</u>	<u>1,065,389</u>	<u>10,686,622</u>
995,000	-	150,000	845,000	150,000	27,362	89,410
5,870,000	-	505,000	5,365,000	525,000	195,613	961,518
7,755,000	-	-	7,755,000	655,000	263,969	1,542,710
-	2,305,000	-	2,305,000	-	38,020	395,746
<u>14,620,000</u>	<u>2,305,000</u>	<u>655,000</u>	<u>16,270,000</u>	<u>1,330,000</u>	<u>524,964</u>	<u>2,989,384</u>
4,855,000	-	205,000	4,650,000	210,000	183,119	1,679,191
2,595,000	-	-	2,595,000	-	100,203	1,285,614
<u>6,125,000</u>	<u>-</u>	<u>-</u>	<u>6,125,000</u>	<u>-</u>	<u>291,359</u>	<u>3,722,828</u>
<u>13,575,000</u>	<u>-</u>	<u>205,000</u>	<u>13,370,000</u>	<u>210,000</u>	<u>574,681</u>	<u>6,687,633</u>
2,010,000	-	415,000	1,595,000	405,000	30,650	86,050
2,440,000	-	-	2,440,000	80,000	84,400	1,031,000
1,405,000	-	330,000	1,075,000	345,000	31,248	57,161
6,740,000	-	730,000	6,010,000	760,000	225,200	879,200
<u>13,380,000</u>	<u>-</u>	<u>1,125,000</u>	<u>12,255,000</u>	<u>1,165,000</u>	<u>436,837</u>	<u>2,289,019</u>
<u>25,975,000</u>	<u>-</u>	<u>2,600,000</u>	<u>23,375,000</u>	<u>2,755,000</u>	<u>808,335</u>	<u>4,342,430</u>
<u>\$ 82,315,000</u>	<u>\$ 10,820,000</u>	<u>\$ 5,000,000</u>	<u>\$ 88,135,000</u>	<u>\$ 7,235,000</u>	<u>\$ 3,067,728</u>	<u>\$ 24,858,223</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, 2010

	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	16,435,582	1,329,251	11,972,274
Real estate sales *	-	4,700,000	5,402,344	-	(702,344)
Interest on invested funds	-	300,000	1,056,264	43,762	(800,026)
Other	-	-	61,068	-	(61,068)
Total sources of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>32,431,173</u>	<u>1,373,013</u>	<u>10,832,921</u>
Uses of funds:					
Land acquisition	-	6,500,000	4,598,131	386,597	1,515,272
Installation of public utilities and improvements	4,310,000	17,127,000	9,738,935	-	7,388,065
Bond payments:					
Principal	-	9,900,000	7,607,555	305,000	1,987,445
Interest	-	9,190,000	3,209,337	64,767	5,915,896
Loan/note interest	-	-	4,594,258	556,030	(5,150,288)
Paid to other governments	-	-	201,046	2,938	(203,984)
Administrative costs	190,000	1,920,107	1,362,163	12,860	545,084
Total uses of funds:	<u>4,500,000</u>	<u>44,637,107</u>	<u>31,311,425</u>	<u>1,328,192</u>	<u>11,997,490</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,119,748</u>	<u>\$ 44,821</u>	<u>\$ (1,164,569)</u>

	Cost to authority	Price paid by developer
* Real estate sales		
5229 Eden Ave.	\$ 1,822,319	
5220 Eden Circle	995,000	
5244 Eden Circle (condemnation deposit)	309,937	
5201 Eden Circle	1,447,043	2,070,119
Project area	23,832	4,005,694
	<u>\$ 4,598,131</u>	<u>\$ 6,075,813</u>

CITY OF EDINA, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS

FOR SOUTHEAST EDINA REDEVELOPMENT DISTRICT-NO. 1203, A TAX INCREMENT FINANCING DISTRICT

(Districts 1200, 1201, 1203 and 1204 are pooled)

December 31, 2010

	Original Budget	Amended Budget	Accounted for in prior years	Current year	Amount remaining
Source of funds:					
Bond proceeds	\$ 41,400,000	\$ 34,400,000	\$ 33,761,677	\$ -	\$ 638,323
Tax increments received	80,000,000	90,000,000	42,170,896	3,158,822	44,670,282
Real estate sales *	5,000,000	11,637,070	11,637,070	-	-
Special assessment	-	1,321,096	-	-	1,321,096
Interest on invested funds	-	2,500,000	4,020,154	152,623	(1,672,777)
Transfer in	-	40,000,000	38,646,971	-	1,353,029
Sale of material	-	255,710	255,710	-	-
Developer payments	-	297,826	297,826	-	-
Other	-	20,000	21,799	-	(1,799)
Total sources of funds:	<u>126,400,000</u>	<u>180,431,702</u>	<u>130,812,103</u>	<u>3,311,445</u>	<u>46,308,154</u>
Uses of funds:					
Land acquisition	13,900,000	22,981,425	22,981,425	-	-
Installation of public utilities and improvements	26,677,000	25,871,230	20,972,054	213,985	4,685,191
Bond payments:					
Principal	41,400,000	41,400,000	33,799,724	500,000	7,100,276
Interest	38,000,000	38,000,000	34,154,750	61,052	3,784,198
Administrative costs	1,140,800	1,600,000	1,377,153	21,032	201,815
Paid to other governments	-	42,000	41,003	4,834	(3,837)
Loan/note interest	-	14,684,711	5,683,307	566,966	8,434,438
Parkland dedication fees	-	2,030,345	2,030,345	-	-
Total uses of funds:	<u>121,117,800</u>	<u>146,609,711</u>	<u>121,039,761</u>	<u>1,367,869</u>	<u>24,202,081</u>
Funds remaining (deficit)	<u>\$ 5,282,200</u>	<u>\$ 33,821,991</u>	<u>\$ 9,772,342</u>	<u>\$ 1,943,576</u>	<u>\$ 22,106,073</u>

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

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, 2010

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Accounted for in prior years</u>	<u>Current year</u>	<u>Amount remaining</u>
Source of funds:					
Bond proceeds	\$ 1,911,000	\$ 1,911,000	\$ -	\$ -	\$ 1,911,000
Tax increments received	2,177,855	2,177,855	746,863	-	1,430,992
Interest on invested funds	-	-	259,423	17,067	(276,490)
Total sources of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>1,006,286</u>	<u>17,067</u>	<u>3,065,502</u>
Uses of funds:					
Land acquisition	529,400	529,400	41,993	1,944	485,463
Installation of public utilities and improvements	325,000	325,000	540,279	-	(215,279)
Demolition	150,000	150,000	-	-	150,000
Relocation	160,000	160,000	-	-	160,000
Capitalized interest	150,000	150,000	-	-	150,000
Debt service	2,178,455	2,178,455	-	-	2,178,455
Paid to other governments	-	-	2,730	-	(2,730)
Administrative costs	596,000	596,000	74,830	-	521,170
Total uses of funds:	<u>4,088,855</u>	<u>4,088,855</u>	<u>659,832</u>	<u>1,944</u>	<u>3,427,079</u>
Funds remaining (deficit)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,454</u>	<u>\$ 15,123</u>	<u>\$ (361,577)</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.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	90
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	98
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>	102
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>	107
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>	109

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

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

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

					Fiscal Year				
2006		2007		2008		2009		2010	
\$	69,814,012	\$	67,680,882	\$	71,601,227	\$	69,622,370	\$	69,783,162
	-		-		3,362,446		7,132,865		9,952,443
	15,280,058		25,136,312		29,577,462		30,705,600		41,709,528
<u>\$</u>	<u>85,094,070</u>	<u>\$</u>	<u>92,817,194</u>	<u>\$</u>	<u>104,541,135</u>	<u>\$</u>	<u>107,460,835</u>	<u>\$</u>	<u>121,445,133</u>
\$	46,981,755	\$	43,046,160	\$	46,851,736	\$	47,333,794	\$	48,807,806
	-		-		954,486		624,837		618,852
	6,379,515		13,649,355		12,071,776		15,158,720		17,041,122
<u>\$</u>	<u>53,361,270</u>	<u>\$</u>	<u>56,695,515</u>	<u>\$</u>	<u>59,877,998</u>	<u>\$</u>	<u>63,117,351</u>	<u>\$</u>	<u>66,467,780</u>
\$	116,795,767	\$	110,727,042	\$	118,452,963	\$	116,956,164	\$	118,590,968
	-		-		4,316,932		7,757,702		10,571,295
	21,659,573		38,785,667		41,649,238		45,864,320		58,750,650
<u>\$</u>	<u>138,455,340</u>	<u>\$</u>	<u>149,512,709</u>	<u>\$</u>	<u>164,419,133</u>	<u>\$</u>	<u>170,578,186</u>	<u>\$</u>	<u>187,912,913</u>

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

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
General government	\$ 5,839,893	\$ 6,934,045	\$ 4,967,008
Public safety	10,784,215	11,063,767	12,019,027
Public works	5,621,291	5,834,490	7,185,784
Parks	4,484,685	4,248,060	5,901,648
Interest on long-term debt	<u>2,760,022</u>	<u>2,399,682</u>	<u>2,288,524</u>
Total governmental activities expenses	<u>29,490,106</u>	<u>30,480,044</u>	<u>32,361,991</u>
Business-type activities:			
Utilities	7,930,502	7,801,580	8,254,409
Liquor	8,764,081	9,110,888	9,749,313
Aquatic center	711,061	701,768	725,936
Golf course	3,555,243	3,508,741	3,580,307
Community activity centers	<u>3,833,026</u>	<u>3,850,192</u>	<u>3,825,562</u>
Total business-type activities expenses	<u>24,793,913</u>	<u>24,973,169</u>	<u>26,135,527</u>
Total primary government expenses	<u>\$ 54,284,019</u>	<u>\$ 55,453,213</u>	<u>\$ 58,497,518</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 930,391	\$ 454,603	\$ 619,526
Public safety	4,213,081	4,634,744	5,614,406
Other activities	898,141	748,398	630,157
Operating grants and contributions	1,215,745	1,154,808	1,512,366
Capital grants and contributions	<u>7,214,393</u>	<u>4,192,947</u>	<u>2,252,491</u>
Total governmental activities program revenues	<u>14,471,751</u>	<u>11,185,500</u>	<u>10,628,946</u>
Business-type activities:			
Charges for services:			
Utilities	9,694,981	9,875,078	10,240,381
Liquor	9,659,631	10,030,067	10,752,724
Aquatic center	861,340	764,134	849,380
Golf course	3,684,079	3,538,122	3,482,999
Community activity centers	2,966,731	3,254,012	3,251,860
Operating grants and contributions	<u>132,031</u>	<u>138,447</u>	<u>131,408</u>
Total business-type activities program revenues	<u>26,998,793</u>	<u>27,599,860</u>	<u>28,708,752</u>
Total primary government program revenues	<u>\$ 41,470,544</u>	<u>\$ 38,785,360</u>	<u>\$ 39,337,698</u>
Net (Expense)/Revenue			
Governmental activities	\$ (15,018,355)	\$ (19,294,544)	\$ (21,733,045)
Business-type activities	<u>2,204,880</u>	<u>2,626,691</u>	<u>2,573,225</u>
Total primary government net expense	<u>\$ (12,813,475)</u>	<u>\$ (16,667,853)</u>	<u>\$ (19,159,820)</u>
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Property taxes	\$ 17,815,426	\$ 17,865,757	\$ 19,071,202
Tax increment collections	7,342,270	6,761,934	7,060,744
Franchise taxes	-	450,956	457,421
Unrestricted investment earnings	286,209	443,074	977,956
Gain on disposal of capital assets	26,669	-	63,674
Transfers	<u>(4,053,805)</u>	<u>655,227</u>	<u>841,500</u>
Total governmental activities	<u>21,416,769</u>	<u>26,176,948</u>	<u>28,472,497</u>
Business-type activities:			
Property taxes	\$ -	\$ -	\$ -
Unrestricted investment earnings	387,117	227,167	236,654
Gain (loss) on disposal of capital assets	(177,051)	6,490	22,538
Transfers	<u>4,053,805</u>	<u>(655,227)</u>	<u>(841,500)</u>
Total business-type activities	<u>4,263,871</u>	<u>(421,570)</u>	<u>(582,308)</u>
Total primary government	<u>\$ 25,680,640</u>	<u>\$ 25,755,378</u>	<u>\$ 27,890,189</u>
Change in Net Assets			
Governmental activities	\$ 6,398,414	\$ 6,882,404	\$ 6,739,452
Business-type activities	<u>6,468,751</u>	<u>2,205,121</u>	<u>1,990,917</u>
Total primary government	<u>\$ 12,867,165</u>	<u>\$ 9,087,525</u>	<u>\$ 8,730,369</u>

Fiscal Year					
2006	2007	2008	2009	2010	
\$ 5,414,961	\$ 7,039,298	\$ 6,836,248	\$ 7,362,560	\$ 6,961,082	
13,300,351	13,743,194	14,833,647	14,751,479	15,543,594	
8,973,031	8,757,022	9,046,873	8,993,290	8,558,363	
5,341,682	5,025,560	5,971,565	7,732,777	5,608,758	
2,973,749	1,887,633	1,923,821	2,129,490	2,528,424	
<u>36,003,774</u>	<u>36,452,707</u>	<u>38,612,154</u>	<u>40,969,596</u>	<u>39,200,221</u>	
9,234,651	10,036,844	10,625,811	11,833,994	11,848,538	
9,968,963	10,361,998	11,049,223	11,449,194	11,594,643	
795,614	780,981	787,663	798,369	769,608	
3,652,169	3,621,977	3,612,482	3,588,831	3,561,573	
4,048,649	4,168,534	4,502,849	4,636,375	4,492,779	
<u>27,700,046</u>	<u>28,970,334</u>	<u>30,578,028</u>	<u>32,306,763</u>	<u>32,267,141</u>	
<u>\$ 63,703,820</u>	<u>\$ 65,423,041</u>	<u>\$ 69,190,182</u>	<u>\$ 73,276,359</u>	<u>\$ 71,467,362</u>	
\$ 731,613	\$ 784,659	\$ 840,070	\$ 811,087	\$ 946,107	
6,146,114	5,632,642	5,839,683	5,081,563	5,448,505	
793,796	736,329	763,130	804,500	723,559	
1,423,302	1,384,024	1,170,183	1,377,785	1,162,411	
4,013,617	4,299,509	7,710,015	2,582,999	13,325,431	
<u>13,108,442</u>	<u>12,837,163</u>	<u>16,323,081</u>	<u>10,657,934</u>	<u>21,606,013</u>	
11,421,474	13,125,773	13,713,249	14,858,488	15,036,016	
11,029,445	11,436,175	12,122,599	12,655,777	12,857,064	
867,626	868,833	925,388	859,816	945,529	
3,646,620	3,630,538	3,680,584	3,660,466	3,443,204	
3,337,153	3,517,111	3,517,218	3,606,684	3,495,982	
122,358	127,492	147,456	135,917	373,230	
<u>30,424,676</u>	<u>32,705,922</u>	<u>34,106,494</u>	<u>35,777,148</u>	<u>36,151,025</u>	
<u>\$ 43,533,118</u>	<u>\$ 45,543,085</u>	<u>\$ 50,429,575</u>	<u>\$ 46,435,082</u>	<u>\$ 57,757,038</u>	
\$ (22,895,332)	\$ (23,615,544)	\$ (22,289,073)	\$ (30,311,662)	\$ (17,594,208)	
2,724,630	3,735,588	3,528,466	3,470,385	3,883,884	
<u>\$ (20,170,702)</u>	<u>\$ (19,879,956)</u>	<u>\$ (18,760,607)</u>	<u>\$ (26,841,277)</u>	<u>\$ (13,710,324)</u>	
\$ 20,414,298	\$ 21,459,001	\$ 22,242,276	\$ 23,834,274	\$ 25,122,113	
7,228,002	7,793,577	8,578,434	7,587,386	4,488,073	
499,206	570,871	647,466	667,791	692,288	
1,230,264	1,581,702	1,185,899	387,177	474,444	
8,418	58,377	1,265	11,709	35,594	
838,230	919,625	967,800	743,025	765,994	
<u>30,218,418</u>	<u>32,383,153</u>	<u>33,623,140</u>	<u>33,231,362</u>	<u>31,578,506</u>	
\$ -	\$ -	\$ -	\$ 300,372	\$ -	
283,771	510,678	607,312	209,371	205,965	
25,210	7,604	14,505	2,250	26,574	
(838,230)	(919,625)	(967,800)	(743,025)	(765,994)	
<u>(529,249)</u>	<u>(401,343)</u>	<u>(345,983)</u>	<u>(231,032)</u>	<u>(533,455)</u>	
<u>\$ 29,689,169</u>	<u>\$ 31,981,810</u>	<u>\$ 33,277,157</u>	<u>\$ 33,000,330</u>	<u>\$ 31,045,051</u>	
\$ 7,323,086	\$ 8,767,609	\$ 11,334,067	\$ 2,919,700	\$ 13,984,298	
2,195,381	3,334,245	3,182,483	3,239,353	3,350,429	
<u>\$ 9,518,467</u>	<u>\$ 12,101,854</u>	<u>\$ 14,516,550</u>	<u>\$ 6,159,053</u>	<u>\$ 17,334,727</u>	

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

	Fiscal Year			
	2001	2002	2003^a	2004
General fund				
Reserved	\$ 15,872	\$ 417,093	\$ 412,991	\$ 390,771
Unreserved	<u>14,359,821</u>	<u>14,325,972</u>	<u>9,961,074</u>	<u>10,226,055</u>
Total general fund	<u>\$ 14,375,693</u>	<u>\$ 14,743,065</u>	<u>\$ 10,374,065</u>	<u>\$ 10,616,826</u>
All other governmental funds				
Reserved	\$ 2,319,839	\$ 4,186,436	\$ 4,084,987	\$ 3,465,440
Unreserved, reported in:				
Special revenue funds	1,435,949	1,589,518	686,777	781,458
Capital projects funds	<u>22,869,578</u>	<u>26,750,351</u>	<u>19,608,849</u>	<u>16,651,788</u>
Total all other governmental funds	<u>\$ 26,625,366</u>	<u>\$ 32,526,305</u>	<u>\$ 24,380,613</u>	<u>\$ 20,898,686</u>

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

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

^c 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.

Fiscal Year					
2005^b	2006	2007	2008	2009^c	2010
\$ 223,351	\$ 36,849	\$ 28,637	\$ 13,982	\$ 18,241	\$ 10,258
<u>11,595,433</u>	<u>13,797,189</u>	<u>14,078,220</u>	<u>14,365,021</u>	<u>12,031,358</u>	<u>12,868,952</u>
<u>\$ 11,818,784</u>	<u>\$ 13,834,038</u>	<u>\$ 14,106,857</u>	<u>\$ 14,379,003</u>	<u>\$ 12,049,599</u>	<u>\$ 12,879,210</u>
\$ 13,792,312	\$ 2,682,238	\$ 6,247,539	\$ 8,467,918	\$ 15,223,353	\$ 9,460,834
731,027	13,179,904	14,750,448	14,950,538	12,813,439	15,333,460
<u>17,032,750</u>	<u>3,160,085</u>	<u>5,853,322</u>	<u>4,270,440</u>	<u>6,683,668</u>	<u>12,150,968</u>
<u>\$ 31,556,089</u>	<u>\$ 19,022,227</u>	<u>\$ 26,851,309</u>	<u>\$ 27,688,896</u>	<u>\$ 34,720,460</u>	<u>\$ 36,945,262</u>

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

	Fiscal Year			
	2001	2002	2003	2004
Revenues				
General property taxes	\$ 24,409,785	\$ 24,735,336	\$ 17,903,618	\$ 17,865,757
Tax increment collections	-	-	7,342,270	6,761,934
Special assessments	1,086,093	998,908	1,019,461	966,879
Franchise fees	473,702	418,153	393,627	450,956
License and permits	2,239,611	1,939,207	2,182,263	2,247,759
Intergovernmental	5,085,981	2,254,968	4,678,735	3,933,540
Charges for services	1,962,172	2,096,806	2,076,519	2,279,302
Fines and forfeitures	976,952	910,407	785,227	863,073
Investment income	1,357,701	1,178,211	286,209	443,074
Rental of property	4,262,984	1,782,063	354,266	385,707
Other revenues	184,466	180,081	200,551	294,136
Total revenues	<u>42,039,447</u>	<u>36,494,140</u>	<u>37,222,746</u>	<u>36,492,117</u>
Expenditures				
General government	5,353,002	5,372,431	5,709,741	5,213,469
Public safety	9,409,291	9,893,428	10,352,816	11,125,388
Public works	4,313,065	4,161,373	4,142,668	4,386,669
Parks	2,375,565	2,602,266	2,974,164	2,954,372
Capital outlay	11,193,155	11,059,757	15,539,676	7,772,321
Debt service				
Principal	3,740,000	5,885,000	5,700,000	6,450,000
Interest and other charges	3,148,719	3,094,480	2,908,787	2,484,291
Total expenditures	<u>39,532,797</u>	<u>42,068,735</u>	<u>47,327,852</u>	<u>40,386,510</u>
Revenues over (under) expenditures	2,506,650	(5,574,595)	(10,105,106)	(3,894,393)
Other Financing Sources (Uses)				
Transfers in	6,215,411	12,308,480	8,752,126	8,367,595
Transfers out	(6,201,152)	(11,552,990)	(12,805,931)	(7,712,368)
Parkland dedication	60,280	-	-	-
Sale of capital assets	-	-	-	-
Bonds issued	-	13,637,416	1,540,000	-
Premium on bonds issued	-	-	59,219	-
Discount on bonds issued	-	-	-	-
Refunding bonds issued	-	-	6,570,000	-
Payment to refunding escrow	(15,810,000)	(2,550,000)	(6,525,000)	-
Principal paid by escrow	-	-	-	-
Total other financing sources (uses)	<u>(15,735,461)</u>	<u>11,842,906</u>	<u>(2,409,586)</u>	<u>655,227</u>
Net change in fund balances	<u>\$ (13,228,811)</u>	<u>\$ 6,268,311</u>	<u>\$ (12,514,692)</u>	<u>\$ (3,239,166)</u>
Debt service as a percentage of noncapital expenditures	24.3%	29.0%	27.1%	27.4%

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

Fiscal Year					
2005	2006	2007^a	2008	2009	2010
\$ 19,071,202	\$ 20,414,298	\$ 21,459,001	\$ 22,242,276	\$ 23,834,274	\$ 25,122,113
7,060,744	7,228,002	7,793,577	8,578,434	7,587,386	4,488,073
1,354,264	1,751,219	1,750,444	2,442,490	2,703,833	6,746,186
457,421	499,206	570,871	647,466	667,791	692,288
3,240,622	3,488,897	2,909,521	2,915,455	2,104,967	2,410,314
1,539,169	2,773,350	3,699,006	3,005,883	1,507,170	3,726,849
2,466,663	2,691,354	2,748,709	3,093,941	2,905,410	3,014,894
742,917	1,023,935	971,486	1,073,174	1,224,983	1,203,767
977,956	1,230,264	1,581,702	1,185,899	387,177	474,444
315,542	310,145	355,734	255,607	343,616	426,517
227,446	246,797	225,839	126,723	160,035	413,400
<u>37,453,946</u>	<u>41,657,467</u>	<u>44,065,890</u>	<u>45,567,348</u>	<u>43,426,642</u>	<u>48,718,845</u>
5,477,308	5,995,804	6,544,307	6,235,352	6,895,329	6,523,398
11,373,763	12,431,114	12,985,215	13,788,797	13,692,686	14,177,387
4,882,811	5,233,907	5,787,619	6,189,594	5,911,758	5,898,023
3,146,029	3,300,375	3,455,789	3,693,595	3,688,063	3,524,950
8,227,191	8,980,526	11,991,122	14,666,907	22,997,065	13,505,827
6,830,000	5,985,000	6,190,000	7,090,000	7,415,000	2,975,000
2,543,639	2,107,036	1,677,770	1,967,021	1,841,342	2,584,006
<u>42,480,741</u>	<u>44,033,762</u>	<u>48,631,822</u>	<u>53,631,266</u>	<u>62,441,243</u>	<u>49,188,591</u>
(5,026,795)	(2,376,295)	(4,565,932)	(8,063,918)	(19,014,601)	(469,746)
7,797,369	6,865,258	7,290,391	7,983,585	11,347,773	2,903,762
(6,955,869)	(6,027,028)	(6,370,766)	(7,015,785)	(10,604,748)	(2,137,768)
-	-	-	-	-	-
135,045	54,457	66,845	96,825	34,592	134,329
15,816,165	-	11,735,000	7,755,000	22,950,000	2,535,000
-	-	-	-	64,765	898,658
(36,275)	-	(53,637)	(35,848)	(75,621)	-
16,764,721	-	-	-	-	8,285,000
(16,635,000)	-	-	-	-	(9,094,822)
-	(9,035,000)	-	-	-	-
<u>16,886,156</u>	<u>(8,142,313)</u>	<u>12,667,833</u>	<u>8,783,777</u>	<u>23,716,761</u>	<u>3,524,159</u>
<u>\$ 11,859,361</u>	<u>\$ (10,518,608)</u>	<u>\$ 8,101,901</u>	<u>\$ 719,859</u>	<u>\$ 4,702,160</u>	<u>\$ 3,054,413</u>
27.4%	23.1%	20.9%	22.6%	21.7%	15.4%

CITY OF EDINA, MINNESOTA

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

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

Source: Hennepin County Taxpayer Services. 2001-2004 estimated market values obtained from previous CAFRs and do not include personal property.

DNA: Historical data is not available

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

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

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

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

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

Source: Hennepin County Taxpayer Services. Some 2001-2004 data obtained from previous CAFR's.

RMV: Referendum Market Value

DNA: Historical data is not available

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

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

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

Taxpayer	2010			2001		
	Tax Capacity	Rank	Percentage of Total Capacity	Tax Capacity	Rank	Percentage of Total Capacity
Southdale Shopping Center	\$ 2,988,940	1	2.47%	\$ 2,987,632	1	3.00%
Galleria Shopping Center	1,188,800	2	0.98%	964,866	3	0.97%
Southdale Office Park	782,790	3	0.65%	839,688	4	0.84%
Centennial Lakes Retail	679,250	4	0.56%	409,952	11	0.41%
Southdale Medical Bldg	620,285	5	0.51%	496,792	8	0.50%
National Car	536,870	6	0.44%	-		0.00%
Centennial Lakes Phase V	527,364	7	0.44%	473,362	9	0.48%
Centennial Lakes Phase IV	517,146	8	0.43%	552,218	6	0.55%
Macy's Department Stores	439,250	9	0.36%	-		0.00%
Target	344,580	10	0.29%	-		0.00%
Pentagon Office Park	-		0.00%	1,016,172	2	1.02%
United Healthcare Corporation	-		0.00%	524,504	7	0.53%
Cedars of Edina	-		0.00%	612,748	5	0.61%
7700 France	-		0.00%	469,250	10	0.47%
Totals	<u>\$ 8,625,275</u>		<u>7.14%</u>	<u>\$ 9,347,184</u>		<u>9.38%</u>

Source: City of Edina Assessing Office

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

Taxes Payable	Total Tax Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 15,165,091	\$ 15,053,569	99.26%	\$ 100,594	\$ 15,154,163	99.93%
2002	17,728,603	16,985,098 ^a	95.81% ^a	85,589	17,070,687	96.29%
2003	18,506,442	17,808,469	96.23%	50,633	17,859,102	96.50%
2004	18,808,903	18,066,892	96.06%	22,734	18,089,626	96.18%
2005	19,667,551	19,090,016	97.06%	82,177	19,172,193	97.48%
2006	20,820,130	20,310,889	97.55%	62,009	20,372,898	97.85%
2007	21,530,528	21,347,789 ^b	99.15% ^b	57,641	21,405,430	99.42%
2008	22,605,669	22,178,719 ^c	98.11% ^c	154,546	22,333,265	98.79%
2009	24,153,933	23,484,137 ^d	97.23% ^d	142,022	23,626,159	97.81%
2010	25,492,973	24,904,346	97.69%	-	24,904,346	97.69%

Source: Hennepin County Taxpayer Services.

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

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

^c In 2008 the State of Minnesota reimbursed the City for only 50% of MVHC.

^d In 2009 the State of Minnesota once again quit reimbursing the City for MVHC.

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

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Debt	Public Project Revenue	Tax Increment Bonds	Permanent Improvement Revolving	Rec. Facility Bonds	Utility Revenue Bonds			
2001	\$ 7,250	\$ -	\$ 47,590	\$ -	\$ 14,670	\$ 2,955	\$ 72,465	3.51%	\$ 1,527
2002	6,950	12,410	40,855	-	7,890	2,630	70,735	3.31%	1,490
2003	8,165	12,035	35,900	-	7,145	5,495	68,740	2.97%	1,445
2004	7,295	11,595	30,760	-	6,325	4,860	60,835	2.58%	1,263
2005	11,765	16,560	28,905	1,460	5,475	4,215	68,380	2.92%	1,441
2006	5,670	16,080	20,460	1,460	4,595	3,550	51,815	2.19%	1,105
2007	10,990	15,390	15,665	7,170	3,690	11,070	63,975	2.39%	1,359
2008	10,420	14,675	10,015	14,770	2,845	23,570	76,295	3.00%	1,584
2009	24,020	22,650	4,125	14,620	4,450	21,525	91,390	3.54%	1,897
2010	31,800	13,370	3,320	16,270	4,035	19,340	88,135	3.32%	1,781

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

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

Fiscal Year	General Bonded Debt			Total	Percentage of Property Value ^a	Per Capita
	General Obligation Debt	Public Project Revenue	Tax Increment Bonds			
2001	\$ 7,250	\$ -	\$ 47,590	\$ 54,840	1.13%	\$ 1,155
2002	6,950	12,410	40,855	60,215	1.03%	1,269
2003	8,165	12,035	35,900	56,100	0.89%	1,179
2004	7,295	11,595	30,760	49,650	0.72%	1,031
2005	11,765	16,560	28,905	57,230	0.71%	1,206
2006	5,670	16,080	20,460	42,210	0.48%	900
2007	10,990	15,390	15,665	42,045	0.44%	893
2008	10,420	14,675	10,015	35,110	0.35%	729
2009	24,020	22,650	4,125	50,795	0.50%	1,055
2010	31,800	13,370	3,320	48,490	0.49%	980

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

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

CITY OF EDINA, MINNESOTA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2010

	<u>Net General Obligation Bonded Debt Outstanding^a</u>	<u>Percentage Applicable in City^b</u>	<u>City Share of Debt</u>
Overlapping Debt:			
Hennepin County	\$ 683,934,500	7.49%	\$ 51,226,694
Hennepin Suburban Park District	67,630,065	10.06%	6,803,585
Hennepin Regional Rail Authority	39,570,778	7.49%	2,963,851
School Districts:			
ISD No. 273 (Edina)	76,181,729	98.72%	75,206,603
ISD No. 270 (Hopkins)	158,041,582	8.64%	13,654,793
ISD No. 271 (Bloomington)	46,746,081	0.00%	-
ISD No. 272 (Eden Prairie)	69,846,622	0.89%	621,635
ISD No. 280 (Richfield)	28,475,818	23.02%	6,555,133
ISD No. 283 (St. Louis Park)	47,481,739	0.02%	9,496
Metro Council	<u>181,078,903</u>	3.42%	<u>6,192,898</u>
Total Overlapping Debt	1,398,987,817		163,234,688
Direct Debt:			
City of Edina	<u>22,686,467</u>	100.00%	<u>22,686,467</u>
Total Overlapping and Direct Debt	<u>\$ 1,421,674,284</u>		<u>\$ 185,921,155</u>

Debt Ratios:

Ratio of debt per capita (47,941 population)	\$ 3,878
Ratio of debt to estimated market valuation of \$9,960,341	1.87%

Source: Hennepin County Taxpayer Services

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

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

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

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008^a</u>	<u>2009</u>	<u>2010</u>
Debt limit	\$ 116,431	\$ 138,279	\$ 138,190	\$ 160,674	\$ 173,867	\$ 191,974	\$ 199,775	\$ 302,385	\$ 301,369	\$ 298,494
Total net debt applicable to limit	<u>7,250</u>	<u>19,360</u>	<u>20,200</u>	<u>18,890</u>	<u>29,785</u>	<u>21,750</u>	<u>26,380</u>	<u>25,095</u>	<u>46,670</u>	<u>45,170</u>
Legal debt margin	\$ <u>109,181</u>	\$ <u>118,919</u>	\$ <u>117,990</u>	\$ <u>141,784</u>	\$ <u>144,082</u>	\$ <u>170,224</u>	\$ <u>173,395</u>	\$ <u>277,290</u>	\$ <u>254,699</u>	\$ <u>253,324</u>
Total net debt applicable to the limit as a percentage of debt limit	6.23%	14.00%	14.62%	11.76%	17.13%	11.33%	13.20%	8.30%	15.49%	15.13%

Legal Debt Margin Calculation for Fiscal Year 2010

Market value (after fiscal disparities)	\$ 9,949,807,100
Debt limit (3% of market value)	298,494,213
Debt applicable to limit:	
General obligation bonds	31,800,000
Public project revenue bonds	<u>13,370,000</u>
Total debt applicable to limit	<u>45,170,000</u>
Legal debt margin	<u>\$ 253,324,213</u>

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

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

Fiscal Year	Less: operating		Net available revenue	Debt service requirements			Coverage
	Revenue	expenses		Principal	Interest	Total	
Public Project Revenue Bonds (Annual Appropriation Lease Revenue)							
2003	\$ 1,026,437	\$ -	\$ 1,026,437	\$ 375,000	\$ 15,000	\$ 390,000	2.63
2004	1,028,837	-	1,028,837	440,000	557,636	997,636	1.03
2005	1,058,840	-	1,058,840	460,000	558,486	1,018,486	1.04
2006	1,501,741	-	1,501,741	480,000	779,778	1,259,778	1.19
2007	1,497,500	-	1,497,500	690,000	725,855	1,415,855	1.06
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
Tax Increment Bonds							
2001	9,309,360	-	9,309,360	3,270,000	3,205,971	6,475,971	1.44
2002	7,053,836	-	7,053,836	4,570,000	2,355,928	6,925,928	1.02
2003	7,342,270	-	7,342,270	5,000,000	1,889,329	6,889,329	1.07
2004	6,761,934	-	6,761,934	5,140,000	1,520,376	6,660,376	1.02
2005	7,060,744	-	7,060,744	5,465,000	1,327,983	6,792,983	1.04
2006	7,228,002	-	7,228,002	8,445,000	902,607	9,347,607	0.77
2007	7,793,577	-	7,793,577	4,795,000	625,606	5,420,606	1.44
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
Permanent Improvement Revolving Bonds (Special Assessment)							
2001	684,660	-	684,660	170,000	4,420	174,420	3.93
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
Utility Bond							
2001	8,556,810	7,065,589	1,491,221	310,000	116,794	426,794	3.49
2002	8,561,287	7,399,773	1,161,514	325,000	105,205	430,205	2.70
2003	9,668,434	7,769,810	1,898,624	335,000	160,691	495,691	3.83
2004	9,473,355	7,643,129	1,830,226	635,000	158,451	793,451	2.31
2005	10,225,975	8,107,039	2,118,936	645,000	141,226	786,226	2.70
2006	11,416,361	9,107,143	2,309,218	665,000	129,608	794,608	2.91
2007	13,125,419	9,735,839	3,389,580	690,000	108,840	798,840	4.24
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
Recreational Facility Bonds							
2001	5,430,507	5,231,143	199,364	470,000	531,176	1,001,176	0.20
2002	5,424,422	5,031,839	392,583	6,780,000	611,509	7,391,509	0.05
2003	5,866,300	5,511,730	354,570	745,000	265,602	1,010,602	0.35
2004	5,621,743	5,492,510	129,233	820,000	241,387	1,061,387	0.12
2005	5,708,827	5,604,464	104,363	850,000	214,108	1,064,108	0.10
2006	5,929,984	5,808,902	121,082	880,000	199,260	1,079,260	0.11
2007	5,870,485	5,798,005	72,480	905,000	168,159	1,073,159	0.07
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)

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

Fiscal Year	Population	Estimated Personal Income (In thousands)	Per Capita Personal Income	High School Graduation Rate	Unemployment Rate
2001	47,465	\$ 2,065,867	\$ 43,524	91.5%	3.30%
2002	47,465	2,134,976	44,980	91.5%	4.00%
2003	47,570	2,317,801	48,724	91.5%	4.10%
2004	48,156	2,356,369	48,932	93.3%	3.90%
2005	47,448	2,341,464	49,348	92.1%	3.30%
2006	46,896	2,365,434	50,440	92.0%	3.00%
2007	47,090	2,673,959	56,784	92.0%	3.45%
2008	48,169	2,547,369	52,884	92.0%	4.33%
2009	48,169	2,582,436	53,612	92.4%	6.38%
2010	49,491	2,653,311	53,612	91.6%	5.56%

Sources:

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

Personal income and per capita income estimates based on MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. 2009 is the most recent.

High school graduation rate data from U.S. Census Bureau for all of Hennepin County. 2009 is the most recent estimate.

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

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

Employer	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fairview Southdale Hospital	1,000	1	4.62%	2,000	2	8.41%
Edina Public Schools ISD #273	600	2	2.77%	DNA	DNA	DNA
Promenade Salon Concepts	500	3	2.31%	DNA	DNA	DNA
City of Edina	280	4	1.29%	DNA	DNA	DNA
Phoenix Direct	250	5	1.15%	DNA	DNA	DNA
Design Studio of Gabberts	250	5	1.15%	DNA	DNA	DNA
Westin	250	5	1.15%	DNA	DNA	DNA
Super Target	250	5	1.15%	DNA	DNA	DNA
JC Penny Co.	250	5	1.15%	400	6	1.68%
Express Scripts Inc.	250	5	1.15%	DNA	DNA	DNA
Regis Salons Corporate Office	250	5	1.15%	DNA	DNA	DNA
Jerry's Enterprises, Inc.	-		0.00%	2,400	1	10.10%
Golden Valley Microwave Foods	-		0.00%	650	3	2.73%
Macy's (Marshall Field's or Dayton's)	-		0.00%	500	5	2.10%
Nash Finch Co.	-		0.00%	350	8	1.47%
International Dairy Queen Inc.	-		0.00%	300	9	1.26%
Health Risk Management Inc.	-		0.00%	552	4	2.32%
Norwest Funding	-		0.00%	358	7	1.51%
Roach Organization Inc.	-		0.00%	140	10	0.59%
Totals	4,130		19.08%	7,650		32.18%

Sources:

2010 data from www.mnprospector.com, ISD #273's annual report, and the cities employee count. For data obtained from www.mnprospector.com, low number in the range was used.

2001 data from State of Minnesota Department of Employment and Economic Development (DEED).

DNA: Historical data is not available

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

Function	Budgeted Full-time Employees for Fiscal Year ^a									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Administration	8.00	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25	8.25
Planning	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.85	3.85
Finance	5.75	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Elections	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Assessing	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public Works										
Administration	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Engineering	7.50	7.50	6.50	7.50	7.50	7.50	8.50	8.50	8.50	8.50
Supervision	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Maintenance	27.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	27.00	27.00
Public Safety										
Police Protection	70.00	69.00	68.00	66.00	69.00	69.00	70.00	70.00	71.00	70.00
Animal Control	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Fire Protection	32.00	32.00	32.00	32.00	32.00	32.00	33.00	33.00	33.00	33.00
Public Health	3.08	3.75	2.75	2.75	2.75	2.75	2.75	2.75	2.65	2.65
Inspections	6.75	6.50	6.50	6.50	6.50	6.50	7.50	7.50	7.50	7.50
Parks & Recreation										
Administration	7.00	7.00	7.00	6.80	6.80	6.80	6.80	6.80	6.80	6.80
Maintenance	17.00	17.00	16.00	16.50	16.40	16.40	16.40	16.40	16.40	16.40
Central Services										
General	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
City Hall	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Public Works Bldg	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
Equipment Ops	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Utilities	15.70	14.50	14.50	15.50	15.75	15.75	15.25	15.75	18.75	18.75
Liquor	9.30	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75	9.75
Aquatic Center	-	-	-	0.20	0.55	0.55	0.55	0.55	0.55	0.55
Golf Course	14.00	15.00	15.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00
Arena	5.00	5.00	6.00	6.00	6.00	6.00	6.00	6.00	5.00	5.00
Art Center	3.00	3.00	3.00	3.00	2.50	2.00	2.00	2.00	2.00	2.00
Edinborough Park/ Centennial Lakes	13.00	12.00	12.00	12.00	12.00	11.00	12.00	12.00	12.00	12.00
Other	2.00	2.00	2.00	2.00	2.00	2.00	4.00	4.00	5.00	5.00
Total	272.83	273.00	270.00	268.50	271.50	270.00	277.50	278.00	281.00	280.00

Source: City of Edina Finance Department

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

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Total City employees	868	860	879	870	909	887	890	918	885	869
Votes cast ^a	10,008	28,156	10,721	31,730	1,367	26,270	7,930	31,512	2,733	25,463
Public Works										
Asphalt placed (tons)	-	-	-	-	-	9,000	8,000	7,500	9,500	7,643
Concrete (cu. yds.)	-	-	-	-	-	650	850	480	640	503
Public Safety										
Crimes reported	2,411	2,139	2,073	1,983	1,908	1,937	2,010	2,025	NA	NA
Fire calls	1,142	1,106	1,062	1,060	1,055	963	1,012	913	852	910
Medical calls	2,931	3,153	3,030	3,199	3,423	3,470	3,510	3,516	3,496	3,599
Central Services										
Vehicle fixes	-	-	-	-	-	2,398	2,460	2,967	2,539	2,431
Utilities										
Daily consumption ^b	-	-	-	-	-	7,209	7,372	7,376	7,596	6,790
Aquatic Center										
Attendance	115,000	111,056	96,419	88,636	139,415	120,406	114,173	110,000	64,836	86,654
Golf Course										
Total rounds played	120,898	112,078	123,770	116,734	113,679	114,737	112,821	112,663	117,819	101,314

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.

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

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

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

Function	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Works										
Miles of streets	224	224	224	224	224	224	224	224	224	224
City parking ramps	4	4	4	4	4	4	4	4	4	4
Public Safety										
Fire stations	2	2	2	2	2	2	2	2	2	2
Parks & Recreation										
City parks	39	39	40	40	40	40	40	40	40	40
Acreage of parks	1,552	1,552	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Park buildings	26	27	27	27	27	27	27	27	27	27
Utilities										
Wells	18	18	18	18	18	18	19	19	19	18
Watermain miles	199	199	199	199	199	199	199	199	199	199
Sanitary sewer miles	186	186	186	186	186	186	186	186	186	186
Sewer connections	13,984	13,984	13,984	14,851	14,851	14,851	14,851	14,851	13,933	13,933
Arena										
Ice sheets	3	3	3	3	3	3	3	3	3	3

Source: Various City departments