

This Preliminary Official Statement and the information contained herein is deemed by the issuer to be final as of the date hereof for purposes of SEC Rule 15c2-2(b)(1), however, the pricing and underwriting information is subject to revision, completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

In the opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and assuming compliance with certain requirements of the Internal Revenue Code of 1986, as amended, (the "Code"), and certain covenants, interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Such interest is included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions. The Bonds will be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code. See "TAX EXEMPTION" and "RELATED TAX CONSIDERATIONS".

New Issue

**Rating Applications Made: Moody's Investors Service
and S&P Global Rating**

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 9, 2017

CITY OF EDINA, MINNESOTA (Hennepin County)

\$9,480,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN REFUNDING BONDS, SERIES 2017C

PROPOSAL OPENING: November 21, 2017, 11:00 A.M., C.T.

CONSIDERATION: November 21, 2017, 7:00 P.M., C.T.

PURPOSE/AUTHORITY/SECURITY: The \$9,480,000* General Obligation Capital Improvement Plan Refunding Bonds, Series 2017C (the "Bonds") are authorized pursuant to Minnesota Statutes, Chapter 475, and Sections 475.67 and 475.521, by the City of Edina, Minnesota (the "City"), for the purpose of effecting a current refunding of certain outstanding general obligations of the City as more fully described herein. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged. Delivery is subject to receipt of an approving legal opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota.

DATE OF BONDS: December 14, 2017

MATURITY: February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$750,000	2023	\$845,000	2027	\$915,000
2020	795,000	2024	865,000	2028	935,000
2021	810,000	2025	880,000	2029	955,000
2022	830,000	2026	900,000		

MATURITY ADJUSTMENTS: * The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BONDS: See "Term Bond Option" herein.

INTEREST: August 1, 2018 and semiannually thereafter.

OPTIONAL REDEMPTION: Bonds maturing February 1, 2027 and thereafter are subject to call for prior redemption on February 1, 2026 and any date thereafter, at par.

MINIMUM PROPOSAL: \$9,562,500

GOOD FAITH DEPOSIT: A cashier's check in the amount of \$189,600 may be submitted contemporaneously with the proposal or, alternatively, a good faith deposit shall be made by the winning bidder by wire transfer of funds.

PAYING AGENT: U.S. Bank National Association, St. Paul, Minnesota.

BOOK-ENTRY-ONLY: See "Book-Entry-Only System" herein (unless otherwise specified by the purchaser).



REPRESENTATIONS

No dealer, broker, salesperson or other person has been authorized by the City to give any information or to make any representation other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. *This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.*

This Official Statement is not to be construed as a contract with the Syndicate Manager or Syndicate Members. Statements contained herein which involve estimates or matters of opinion are intended solely as such and are not to be construed as representations of fact. Ehlers & Associates, Inc. prepared this Official Statement and any addenda thereto relying on information of the City and other sources for which there is reasonable basis for believing the information is accurate and complete. Bond Counsel has not participated in the preparation of this Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers & Associates, Inc., payable entirely by the City, is contingent upon the sale of the issue.

COMPLIANCE WITH S.E.C. RULE 15c2-12

Certain municipal obligations (issued in an aggregate amount over \$1,000,000) are subject to Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended (the "Rule").

Official Statement: This Official Statement was prepared for the City for dissemination to potential investors. Its primary purpose is to disclose information regarding the Bonds to prospective underwriters in the interest of receiving competitive proposals in accordance with the sale notice contained herein. Unless an addendum is posted prior to the sale, this Official Statement shall be deemed nearly final for purposes of the Rule subject to completion, revision and amendment in a Final Official Statement as defined below.

Review Period: This Official Statement has been distributed to prospective bidders for review. Comments or requests for the correction of omissions or inaccuracies must be submitted to Ehlers & Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Official Statement received on or before this date will not be considered a qualification of a proposal received from an underwriter. If there are any changes, corrections or additions to the Official Statement, interested bidders will be informed by an addendum prior to the sale.

Final Official Statement: Upon award of sale of the Bonds, the Official Statement together with any previous addendum of corrections or additions will be further supplemented by an addendum specifying the offering prices, interest rates, aggregate principal amount, principal amount per maturity, anticipated delivery date, and Syndicate Manager and Syndicate Members, together with any other information required by law, and, as supplemented, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as defined in the Rule. Copies of the Final Official Statement will be delivered to the underwriter (Syndicate Manager) within seven business days following the proposal acceptance.

Continuing Disclosure: Subject to certain exemptions, issues in an aggregate amount over \$1,000,000 may be required to comply with provisions of the Rule which require that underwriters obtain from the issuers of municipal securities (or other obligated party) an agreement for the benefit of the owners of the securities to provide continuing disclosure with respect to those securities. This Official Statement describes the conditions under which the Bonds are required to comply with the Rule.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the underwriter (Syndicate Manager) will be furnished with the following items: (1) a certificate of the appropriate officials to the effect that at the time of the sale of the Bonds and all times subsequent thereto up to and including the time of the delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (2) a receipt signed by the appropriate officer evidencing payment for the Bonds; (3) a certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending, or to the knowledge of signers, threatened, restraining or enjoining the issuance and delivery of the Bonds, (b) neither the corporate existence or boundaries of the City nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (4) a certificate setting forth facts and expectations of the City which indicates that the City does not expect to use the proceeds of the Bonds in a manner that would cause them to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or within the meaning of applicable Treasury Regulations.

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CITY COUNCIL

		<u>Term Expires</u>
James Hovland	Mayor	January 2021
Kevin Staunton	Council Member	January 2019
Bob Stewart	Council Member	January 2019
Mary Brindle	Council Member	January 2021
Mike Fischer	Council Member	January 2021

ADMINISTRATION

Scott Neal, City Manager
Don Uram, Finance Director
Kyle Sawyer, Assistant Finance Director

PROFESSIONAL SERVICES

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota
Ehlers & Associates, Inc., Municipal Advisors, Roseville, Minnesota
(Other offices located in Waukesha, Wisconsin, Chicago, Illinois and Denver, Colorado)

INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Edina, Minnesota (the "City") and the issuance of its \$9,480,000* General Obligation CIP Refunding Bonds, Series 2017C (the "Bonds") or the "Obligations". Any descriptions or summaries of the Bonds, statutes, or documents included herein are not intended to be complete and are qualified in their entirety by reference to such statutes and documents and the form of the Bonds to be included in the resolution awarding the sale of the Bonds (the "Award Resolution") to be adopted by the City Council on November 21, 2017.

Inquiries may be directed to Ehlers & Associates, Inc. ("Ehlers" or the "Municipal Advisor"), Roseville, Minnesota, (651) 697-8500, the City's Municipal Advisor. A copy of this Preliminary Official Statement may be downloaded from Ehlers' web site at www.ehlers-inc.com by connecting to the Bond Sales link and following the directions at the top of the site.

THE BONDS

GENERAL

The Bonds will be issued in fully registered form as to both principal and interest in denominations of \$5,000 each or any integral multiple thereof, and will be dated, as originally issued, as of December 14, 2017. The Bonds will mature on February 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board ("MSRB"). **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from the date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

Unless otherwise specified by the purchaser, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). (See "Book-Entry-Only System" herein.) As long as the Bonds are held under the book-entry system, beneficial ownership interests in the Bonds may be acquired in book-entry form only, and all payments of principal of, premium, if any, and interest on the Bonds shall be made through the facilities of DTC and its participants. If the book-entry system is terminated, principal of, premium, if any, and interest on the Bonds shall be payable as provided in the Award Resolution.

The City has selected U.S. Bank National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent"). The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

*Preliminary, subject to change.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2027 shall be subject to optional redemption prior to maturity on February 1, 2026 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

AUTHORITY; PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapters 475, and Sections 475.67 and 475.521 for the purpose of effecting a current refunding of the City’s \$14,000,000 General Obligation Capital Improvement Plan Bonds, Series 2009A, maturing in 2019 and later years, (the “Series 2009A Bonds”).

Minnesota Statutes, Section 475.521, adopted by the 2003 Minnesota State Legislature and amended in 2005 and 2013, allows cities and towns to plan for and finance the acquisition and betterment of public lands, buildings, and certain other improvements within the municipality, including financing the construction of city halls, town halls, libraries, public safety, and public works facilities. Annual principal and interest payments on General Obligation Capital Improvement Bonds are limited to .16% of the City’s estimated market value. The estimated market value of the City for taxes collectible in 2017 is \$10,902,621,300. This results in a maximum annual debt service allowable of \$1,744,419,408 for General Obligation Capital Improvement Bonds outstanding at any time.

The maturities of the Series 2009A Bonds being refunded but this issue are as follows:

Issue Being Refunded	Date of Refunded Issue	Call Date	Call Price	Maturities Being Refunded	Interest Rates	Principal to be Refunded	CUSIP Base 280605
Series 2009A Bonds	4/29/09	2/1/18	Par	2019	3.100%	\$645,000	S31
				2020	3.300%	665,000	S49
				2021	3.450%	685,000	S56
				2022	3.600%	710,000	S64
				2023	3.750%	735,000	S72
				2024	3.900%	760,000	S80
				2025	4.000%	790,000	S98
				2026	4.125%	825,000	T22
				2027	4.250%	860,000	T30
				2028	4.300%	895,000	T48
				2029	4.350%	935,000	T55
				2030	4.400%	<u>975,000</u>	T63
Total Series 2009A Bonds Being Refunded						<u>\$9,480,000</u>	

Proceeds of the Bonds will be used to call and prepay the maturities described above and to pay all or most of the costs of issuance. The City will pay the principal and interest payment due on February 1, 2018 from the Debt Service Fund for the Series 2009A Bonds.

ESTIMATED SOURCES AND USES

Sources		
Par Amount of Bonds	\$9,480,000	
Reoffering Premium	<u>163,303</u>	
Total Sources		\$9,643,303
Uses		
Deposit to Current Refunding Fund	\$9,480,000	
Contingency	4,963	
Estimated Discount	75,840	
Finance Related Expenses	<u>82,500</u>	
Total Uses		\$9,643,303

SECURITY

The Bonds are general obligations of the City for which its full faith, credit and taxing powers are pledged without limitation as to rate or amount. In accordance with Minnesota Statutes, the City will levy each year an amount not less than 105% of the debt service requirements on the Bonds. In the event funds on hand for payment of principal and interest are at any time insufficient, the City is required to levy an additional ad valorem tax upon all taxable properties within its boundaries without limit as to rate or amount to make up any deficiency.

CONCURRENT FINANCING

Through direct placement the City anticipates issuing General Obligation Capital Improvement Plan Refunding Bonds, Series 2017D (the "Series 2017D Bonds") closing in December 2017.

RATING

General obligation debt of the City, with the exception of any outstanding credit enhanced issues, is currently rated "Aaa" by Moody's Investor's Service ("Moody's") and "AAA" by S&P Global Ratings ("S&P").

The City has requested a rating on this issue from Moody's and S&P, and bidders will be notified as to the assigned ratings prior to the sale. Such ratings reflect only the views of such organizations and explanations of the significance of such ratings may be obtained from the respective organizations furnishing the same.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if in the judgement of such rating agency circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Such rating is not to be construed as a recommendation of the rating agency to buy, sell or hold the Bonds, and the rating assigned by the rating agency should be evaluated independently. Except as may be required by the Disclosure Undertaking described under the heading "CONTINUING DISCLOSURE" neither the City nor the underwriter undertake responsibility to bring to the attention of the owner of the Bonds any proposed changes in or withdrawal of such rating or to oppose any such revision or withdrawal.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (hereinafter the "Rule"), the City shall covenant to take certain actions pursuant to a Resolution adopted by the City Council by entering into a Continuing Disclosure Undertaking (the "Disclosure Undertaking") for the benefit of holders, including beneficial holders. The Disclosure Undertaking requires the City to provide electronically or in the manner otherwise prescribed certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule. The details and terms of the Disclosure Undertaking for this issue are set forth in Appendix D to be executed and delivered by the City at the time of delivery of the Bonds. Such Disclosure Undertaking will be in substantially the form attached hereto.

In the previous five years, the City believes it has not failed to comply in all material respects with its prior undertakings under the Rule.

A failure by the City to comply with any Disclosure Undertaking will not constitute an event of default on this issue or any issue outstanding. However, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

The City will file its continuing disclosure information using the Electronic Municipal Market Access ("EMMA") system or any system that may be prescribed in the future. Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. Ehlers is currently engaged as disclosure dissemination agent for the City.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP, Minneapolis, Minnesota, bond counsel to the City.

TAX EXEMPTION AND RELATED TAX CONSIDERATIONS

The following discussion is not intended to be an exhaustive discussion of collateral tax consequences arising from ownership or disposition of the Bonds or receipt of interest on the Bonds. Prospective purchasers should consult their tax advisors with respect to collateral tax consequences, including, without limitation, the determination of gain or loss on the sale of a Bond, the calculation of alternative minimum tax liability, the inclusion of Social Security or other retirement payments in taxable income, the disallowance of deductions for certain expenses attributable to the Bonds, and applicable state and local tax rules in states other than Minnesota. The form of the approving opinion of Dorsey & Whitney LLP, Bond Counsel, is attached as Appendix B hereto.

Tax Exemption

It is the opinion of Dorsey & Whitney LLP, Minneapolis, Minnesota, Bond Counsel, based on present federal and Minnesota laws, regulations, rulings and decisions, and on certifications to be furnished at closing, and assuming compliance by the City with certain covenants (the "Tax Covenants"), that interest to be paid on the Bonds is excluded from gross income for federal income tax purposes and from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes. Such interest is, however, included in taxable income for purposes of the Minnesota franchise tax on corporations and financial institutions.

Certain provisions of the Internal Revenue Code of 1986, as amended (the "Code"), however, impose continuing requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be and remain excludable from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. These requirements include, but are not limited to, provisions regarding the use of Bond proceeds and the facilities financed or refinanced with such proceeds; restrictions on the investment of Bond proceeds and other amounts; and provisions requiring that certain investment earnings be rebated periodically to the federal government. Noncompliance with such requirements of the Code may cause interest on the Bonds to be includable in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Compliance with the Tax Covenants will satisfy the current requirements of the Code with respect to exclusion of interest on the Bonds from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts. No provision has been made for redemption of or for an increase in the interest rate on the Bonds in the event that interest on the same becomes includable in federal gross income or in Minnesota taxable net income.

Qualified Tax-Exempt Obligations

The Bonds will be deemed designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the ability of financial institutions to deduct from income for federal income tax purposes a portion of the interest expense that is allocable to carrying and acquiring tax-exempt obligations. Sections 265(a)(2) and 291 of the Code impose additional limitations on the deductibility of such interest expense.

Original Issue Discount

Certain maturities of the Bonds may be issued at a discount from the principal amount payable on such Bonds at maturity (collectively, the "Discount Bonds"). The difference between the price at which a substantial amount of the Discount Bonds of a given maturity is first sold to the public (the "Issue Price") and the principal amount payable at maturity constitutes "original issue discount" under the Code. The amount of original issue discount that accrues to a holder of a Discount Bond under section 1288 of the Code is excluded from federal gross income and from Minnesota taxable net income of individuals, estates, and trusts to the same extent that stated interest on such Discount Bond would be so excluded. The amount of the original issue discount that accrues with respect to a Discount Bond under section 1288 is added to the owner's federal and Minnesota tax basis in determining gain or loss upon disposition of such Discount Bond (whether by sale, exchange, redemption or payment at maturity). Original issue discount is taxable under the Minnesota franchise tax on corporations and financial institutions.

Interest in the form of original issue discount accrues under section 1288 pursuant to a constant yield method that reflects semiannual compounding on dates that are determined by reference to the maturity date of the Discount Bond. The amount of original issue discount that accrues for any particular semiannual accrual period generally is equal to the excess of (1) the product of (a) one-half of the yield on such Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Bonds, over (2) the amount of stated interest actually payable. For purposes of the preceding sentence, the adjusted issue price is determined by adding to the Issue Price for such Bonds the original issue discount that is treated as having accrued during all prior semiannual accrual periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, then the original issue discount that would have accrued for that semiannual accrual period for federal income tax purposes is allocated ratably to the days in such accrual period.

If a Discount Bond is purchased for a cost that exceeds the sum of the Issue Price plus accrued interest and accrued original issue discount, the amount of original issue discount that is deemed to accrue thereafter to the purchaser is reduced by an amount that reflects amortization of such excess over the remaining term of such Bond. If such excess is greater than the amount of remaining original issue discount, the basis reduction rules in the Code for amortizable Bond premium might result in taxable gain upon sale, redemption or maturity of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

Except for the Minnesota rules described above, no opinion is expressed as to state and local income tax treatment of original issue discount. It is possible under certain state and local income tax laws that original issue discount on a Discount Bond may be taxable in the year of accrual, and may be deemed to accrue differently than under federal law.

Holders of Discount Bonds should consult their tax advisors with respect to the computation and accrual of original issue discount and with respect to the other federal, state and local tax consequences associated with the purchase, ownership, redemption, sale or other disposition of Discount Bonds.

Bond Premium

Certain maturities of the Bonds may be issued at a premium to the principal amount payable at maturity. Except in the case of dealers, which are subject to special rules, Bondholders who acquire Bonds at a premium, even Bonds that were not initially offered at a premium, must, from time to time, reduce their federal and Minnesota tax bases for the Bonds for purposes of determining gain or loss on the sale or payment of such Bonds. Premium generally is amortized for federal and Minnesota income and franchise tax purposes on the basis of a Bondholder's constant yield to maturity or to certain call dates with semiannual compounding. Accordingly, Bondholders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds, even if such Bonds are sold for an amount equal to or less than their original cost. Amortized premium is not deductible for federal or Minnesota income tax purposes. Bondholders who acquire Bonds at a premium should consult their tax advisors concerning the calculation of Bond premium and the timing and rate of premium amortization, as well as the state and local tax consequences of owning and selling Bonds acquired at a premium.

Related Tax Considerations

Interest on the Bonds is not an item of tax preference for federal or Minnesota alternative minimum tax purposes, but is included in adjusted current earnings of corporations for purposes of the federal alternative minimum tax. Section 86 of the Code and corresponding provisions of Minnesota law require recipients of certain Social Security and railroad retirement benefits to take interest on the Bonds into account in determining the taxability of such benefits. Passive investment income, including interest on the Bonds, may be subject to taxation under section 1375 of the Code, and corresponding provisions of Minnesota law, for an S corporation that has accumulated earnings and profits at the close of the taxable year, if more than 25 percent of its gross receipts is passive investment income. Section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds, and

Minnesota law similarly denies a deduction for such interest in the case of individuals, estates, and trusts. Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchase of the Bonds. Federal and Minnesota laws also restrict the deductibility of other expenses allocable to the Bonds. [Because of the basis reduction rules in the Code for amortizable Bond premium, Bondholders who acquire Bonds at a premium might recognize taxable gain upon sale of the Bonds even if the Bonds are sold for an amount equal to or less than their original cost.] In the case of an insurance company subject to the tax imposed by section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under section 832(b)(5) of the Code must be reduced by an amount equal to 15 percent of the interest on the Bonds that is received or accrued during the taxable year. Interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by section 884 of the Code, and is included in net investment income of foreign insurance companies under section 842(b) of the Code.

Proposed Changes in Federal and State Law

From time to time, there are Presidential proposals, proposals of various federal committees and legislative proposals in Congress and in the state that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, in the recent past, legislation has been proposed that effectively would have imposed a partial tax on otherwise tax exempt interest for certain higher income taxpayers, and proposed legislation has restricted the applicability of the highest tax rate and reduced incentives to itemize deductions. In addition, regulatory and administrative actions may from time to time be announced that could adversely affect the market value, marketability or tax status of the Bonds.

No prediction is made concerning future events. The opinions expressed by Bond Counsel in connection with the issuance of the Bonds are based upon existing law only. Purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed legislation, regulatory action, or litigation.

THE FOREGOING IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF COLLATERAL TAX CONSEQUENCES ARISING FROM OWNERSHIP OR DISPOSITION OF THE BONDS OR RECEIPT OF INTEREST ON THE BONDS. PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF, OR TAX CONSIDERATIONS FOR, PURCHASING OR HOLDING THE BONDS.

MUNICIPAL ADVISOR

Ehlers has served as municipal advisor to the City in connection with the issuance of the Bonds. The Municipal Advisor cannot participate in the underwriting of the Bonds. The financial information included in this Preliminary Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. Ehlers is not a firm of certified public accountants. Ehlers is registered with the Securities and Exchange Commission and the MSRB as a Municipal Advisor.

MUNICIPAL ADVISOR AFFILIATED COMPANIES

Bond Trust Services Corporation ("BTSC") and Ehlers Investment Partners, LLC ("EIP") are affiliate companies of Ehlers. BTSC is chartered by the State of Minnesota and authorized in Minnesota, Wisconsin, and Illinois to transact the business of a limited purpose trust company. BTSC provides paying agent services to debt issuers. EIP is a Registered Investment Advisor with the Securities and Exchange Commission. EIP assists issuers with the investment of bond proceeds or investing other issuer funds. This includes escrow bidding agent services. Issuers, such as the City, have retained or may retain BTSC and/or EIP to provide these services. If hired, BTSC and/or EIP would be retained by the City under an agreement separate from Ehlers.

INDEPENDENT AUDITORS

The basic financial statements of the City for the fiscal year ended December 31, 2016 have been audited by Malloy, Montague, Karnowski, Radosevich & Co., P.A. ("MMKR"), Minneapolis, Minnesota, independent auditors (the "Auditor"). The report of the Auditor, together with the basic financial statements, component units financial statements, and notes to the financial statements are attached hereto as "APPENDIX A – FINANCIAL STATEMENTS". The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Preliminary Official Statement.

RISK FACTORS

Following is a description of possible risks to holders of the Bonds without weighting as to probability. This description of risks is not intended to be all-inclusive, and there may be other risks not now perceived or listed here.

Taxes: The Bonds are general obligations of the City, the ultimate payment of which rests in the City's ability to levy and collect sufficient taxes to pay debt service should other revenue be insufficient. In the event of delayed billing, collection or distribution of property taxes, sufficient funds may not be available to the City in time to pay debt service when due.

State Actions: Many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the state may affect the overall financial condition of the City, the taxable value of property within the City, and the ability of the City to levy and collect property taxes.

Future Changes in Law: Various State and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in or interpretation of any such applicable laws, regulations and provisions which would have a material effect on the City or the taxing authority of the City.

Ratings; Interest Rates: In the future, the City's credit rating may be reduced or withdrawn, or interest rates for this type of obligation may rise generally, either possibility resulting in a reduction in the value of the Bonds for resale prior to maturity.

Tax Exemption: If the federal government or the State of Minnesota taxes all or a portion of the interest on municipal obligations, directly or indirectly, or if there is a change in federal or state tax policy, the value of the Bonds may fall for purposes of resale. Noncompliance following the issuance of the Bonds with certain requirements of the Code and covenants of the bond resolution may result in the inclusion of interest on the Bonds in gross income of the recipient for United States income tax purposes or in taxable net income of individuals, estates or trusts for State of Minnesota income tax purposes. No provision has been made for redemption of the Bonds, or for an increase in the interest rate on the Bonds, in the event that interest on the Bonds becomes subject to United States or State of Minnesota income taxation, retroactive to the date of issuance.

Continuing Disclosure: A failure by the City to comply with the Disclosure Undertaking for continuing disclosure (see "CONTINUING DISCLOSURE") will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with the Rule and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

State Economy; State Aids: State of Minnesota cash flow problems could affect local governments and possibly increase property taxes.

Book-Entry-Only System: The timely credit of payments for principal and interest on the Bonds to the accounts of the Beneficial Owners of the Bonds may be delayed due to the customary practices, standing instructions or for other unknown reasons by DTC participants or indirect participants. Since the notice of redemption or other notices to holders of these obligations will be delivered by the City to DTC only, there may be a delay or failure by DTC, DTC participants or indirect participants to notify the Beneficial Owners of the Bonds.

Economy: A combination of economic, climatic, political or civil disruptions or terrorist actions outside of the control of the City, including loss of major taxpayers or major employers, could affect the local economy and result in reduced tax collections and/or increased demands upon local government. Real or perceived threats to the financial stability of the City may have an adverse effect on the value of the Bonds in the secondary market.

Secondary Market for the Bonds: No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof. Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Bankruptcy: The rights and remedies of the holders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws, or equitable principles that may affect the enforcement of creditors' rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

VALUATIONS

OVERVIEW

All non-exempt property is subject to taxation by local taxing districts. Exempt real property includes Indian lands, public property, and educational, religious and charitable institutions. Most personal property is exempt from taxation (except investor-owned utility mains, generating plants, etc.).

The valuation of property in Minnesota consists of three elements. (1) The estimated market value is set by city or county assessors. Not less than 20% of all real properties are to be appraised by local assessors each year. (2) The taxable market value is the estimated market value adjusted by all legislative exclusions. (3) The tax capacity (taxable) value of property is determined by class rates set by the State Legislature. The tax capacity rate varies according to the classification of the property. Tax capacity represents a percent of taxable market value.

The property tax rate for a local taxing jurisdiction is determined by dividing the total tax capacity or market value of property within the jurisdiction into the dollars to be raised from the levy. State law determines whether a levy is spread on tax capacity or market value. Major classifications and the percentages by which tax capacity is determined are:

Type of Property	2014/15	2015/16	2016/17
Residential homestead ¹	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%	First \$500,000 - 1.00% Over \$500,000 - 1.25%
Agricultural homestead ¹	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% ² Over \$1,900,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,140,000 - 0.50% ² Over \$2,140,000 - 1.00% ²	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,050,000 - 0.50% ² Over \$2,050,000 - 1.00% ²
Agricultural non-homestead	Land - 1.00% ²	Land - 1.00% ²	Land - 1.00% ²
Seasonal recreational residential	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³	First \$500,000 - 1.00% ³ Over \$500,000 - 1.25% ³
Residential non-homestead:	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$100,000 - .75% Over \$100,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$106,000 - .75% Over \$106,000 - .25%	1 unit - 1st \$500,000 - 1.00% Over \$500,000 - 1.25% 2-3 units - 1.25% 4 or more - 1.25% Small City ⁴ - 1.25% Affordable Rental: First \$115,000 - .75% Over \$115,000 - .25%
Industrial/Commercial/Utility ⁵	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%	First \$150,000 - 1.50% Over \$150,000 - 2.00%

¹ A residential property qualifies as "homestead" if it is occupied by the owner or a relative of the owner on the assessment date.

² Applies to land and buildings. Exempt from referendum market value tax.

³ Exempt from referendum market value tax.

⁴ Cities of 5,000 population or less and located entirely outside the seven-county metropolitan area and the adjacent nine-county area and whose boundaries are 15 miles or more from the boundaries of a Minnesota city with a population of over 5,000.

⁵ The estimated market value of utility property is determined by the Minnesota Department of Revenue.

CURRENT PROPERTY VALUATIONS

2016/17 Economic Market Value \$11,731,689,381¹

	2016/17 Assessor's Estimated Market Value	2016/17 Net Tax Capacity
Real Estate	\$10,873,997,200	\$131,623,185
Personal Property	28,624,100	557,254
Total Valuation	<u>\$10,902,621,300</u>	<u>\$132,180,439</u>
Less: Captured Tax Increment Tax Capacity ²		(3,474,097)
Fiscal Disparities Contribution ³		<u>(11,851,919)</u>
Taxable Net Tax Capacity		\$116,854,423
Plus: Fiscal Disparities Distribution ³		<u>2,901,964</u>
Adjusted Taxable Net Tax Capacity		<u>\$119,756,387</u>

¹ According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City of Edina is about 92.93% of the actual selling prices of property most recently sold in the City. The sales ratio was calculated by comparing the selling prices with the AEMV. Dividing the AEMV of real estate by the sales ratio and adding the AEMV of personal property and utility, railroads and minerals, if any, results in an Economic Market Value ("EMV") for the City of \$11,731,689,381.

² The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City of Edina.

³ Each community in the seven-county metropolitan area contributes 40% of the growth in its commercial-industrial property tax base since 1972 to an area pool which is then distributed among the municipalities on the basis of population, special needs, etc. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

2016/17 NET TAX CAPACITY BY CLASSIFICATION

	2016/17 Net Tax Capacity	Percent of Total Net Tax Capacity
Residential homestead	\$ 88,467,641	66.93%
Commercial/industrial	34,602,294	26.18%
Public utility	133,158	0.10%
Railroad operating property	156,574	0.12%
Non-homestead residential	8,242,311	6.24%
Commercial & residential seasonal/rec.	21,207	0.02%
Personal property	557,254	0.42%
Total	<u>\$132,180,439</u>	<u>100.00%</u>

TREND OF VALUATIONS

Levy Year	Assessor's Estimated Market Value	Assessor's Taxable Market Value	Net Tax Capacity¹	Adjusted Taxable Net Tax Capacity²	Percent +/- in Estimated Market Value
2012/13	\$8,955,431,000	\$8,798,600,609	\$106,529,983	\$96,119,519	-2.44%
2013/14	9,065,549,600	8,911,694,683	108,069,277	96,155,803	+1.23%
2014/15	9,837,972,300	9,701,676,898	117,907,214	109,202,691	+8.52%
2015/16	10,420,339,300	10,296,341,540	125,663,820	115,127,646	+5.92%
2016/17	10,902,621,300	10,785,198,454	132,180,439	119,756,387	+4.63%

¹ Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

² Adjusted Taxable Net Tax Capacity is after fiscal disparities adjustments and does not include tax increment values.

LARGER TAXPAYING PARCELS¹

Taxpayer	Type of Property	2016/17 Net Tax Capacity	Percent of City's Total Net Tax Capacity
Southdale Center LLC	Commercial	\$ 1,982,130	1.50%
Galeria Shopping Center LLC	Commercial	1,923,450	1.46%
IRET Properties	Commercial	1,090,270	0.82%
Southdale Office Partners	Commercial	906,994	0.69%
Centennial Lakes V LLC	Commercial	703,404	0.53%
Centennial Lakes IV LLC	Commercial	689,778	0.52%
One Southdale Place LLC	Apartment	637,321	0.48%
Southdale Center LLC	Commercial	592,290	0.45%
770 France Avenues LLC	Commercial	579,250	0.44%
Centennial Shops	Commercial	534,756	0.40%
Total		<u><u>\$ 9,639,643</u></u>	<u><u>7.29%</u></u>

City's Total 2016/17 Net Tax Capacity \$132,180,439

Source: Current Property Valuations, Net Tax Capacity by Classification, Trend of Valuations and Larger Taxpaying Parcels have been furnished by Hennepin County.

¹ Hennepin County has provided only the ten largest taxpaying *parcels* which appear on the tax rolls of the County, and therefore the information stated above may not be reflective of the entire valuation of all parcels and may not include all classifications of property.

DEBT

DIRECT DEBT¹

General Obligation Debt (see schedules following)

Total g.o. debt being paid from revenues (includes the Series 2017D Bonds)*	\$ 18,630,000
Total g.o. debt being paid from taxes (includes the 2017C Bonds)*	13,475,000
Total g.o. debt being paid from revenues and special assessments	36,580,000
Total g.o. debt being paid from special assessments and taxes	8,050,000
Total g.o. debt being paid from revenues, special assessments, and taxes	<u>21,850,000</u>
Total General Obligation Debt*	<u><u>\$ 98,585,000</u></u>

Lease Purchase Obligations (see schedule following)²

Total lease purchase obligations paid by annual appropriations ³	<u><u>\$ 19,485,000</u></u>
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Other Obligations-Special Assessment Revenues

Name of Issue	Date of Issue	Interest Rate	Final Maturity	Principal Outstanding
Edina Emerald Energy Program Bond, Series 2012A	2/25/12	7.00%	1/1/2023	\$20,214
Edina Emerald Energy Program Bond, Series 2012B	8/28/12	5.50%	1/1/2018	<u>8,006</u>
Total Special Assessment Revenue Debt				<u><u>\$28,220</u></u>

*Preliminary, subject to change.

¹ Outstanding debt is as of the dated date of the Bonds.

² Computers and copiers have not been included, however, information related to these leases can be reviewed in the audit.

³ Non-general obligation debt has not been included in the debt ratios.

CITY OF EDINA, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Revenues
(As of 12/14/17)

Dated Amount	Ice Arena Series 2009C		Taxable G.O. Bonds Series 2012B		G.O. Bonds Series 2012C		G.O. Bonds Series 2013B		Utility Revenue Series 2014A		G.O. Bonds Series 2015B	
	12/10/09 \$2,440,000	2/01	11/15/12 \$815,000	2/01	11/15/12 \$2,100,000	2/01	10/10/13 \$1,125,000	2/01	7/15/14 \$5,680,000	2/01	7/09/15 \$2,140,000	2/01
Fiscal Year Ending	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	110,000	66,263	125,000	3,999	0	53,794	65,000	28,590	540,000	99,550	120,000	55,044
2019			130,000	2,240	0	53,794	70,000	26,565	550,000	88,650	125,000	52,594
2020			75,000	600	60,000	52,894	70,000	24,465	560,000	74,750	125,000	50,094
2021					135,000	49,969	75,000	22,290	580,000	57,650	130,000	47,544
2022					140,000	45,844	75,000	20,040	595,000	43,000	130,000	44,294
2023					145,000	42,294	75,000	17,790	605,000	27,975	135,000	40,319
2024					145,000	39,303	80,000	15,465	630,000	9,450	140,000	36,194
2025					150,000	36,169	80,000	13,065			145,000	31,919
2026					155,000	32,831	85,000	10,590			150,000	27,494
2027					155,000	29,344	85,000	7,849			155,000	22,919
2028					160,000	25,800	90,000	4,830			160,000	18,194
2029					165,000	21,938	95,000	1,639			165,000	13,319
2030					165,000	17,813					165,000	8,266
2031					170,000	13,200					165,000	2,844
2032					175,000	8,025						
2033					180,000	2,700						
	110,000	66,263	330,000	6,839	2,100,000	525,709	945,000	193,178	4,060,000	401,025	2,020,000	451,034

Continued on next page...

CITY OF EDINA, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Revenues, continued
(As of 12/14/17)

Golf Course & Aquatic Center
Series 2017B **Refunding 1)**
Series 2017D

Fiscal Year Ending	6/29/17		12/14/17		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Amount	Maturity	Principal	Interest						
	\$7,425,000	2/01		2/01						
				\$1,640,000*						
2018	80,000	298,607	0	25,813	1,040,000	631,659	1,671,659	17,590,000	5.58%	2018
2019	400,000	264,500	110,000	39,288	1,385,000	527,630	1,912,630	16,205,000	13.02%	2019
2020	420,000	248,100	120,000	35,838	1,430,000	486,740	1,916,740	14,775,000	20.69%	2020
2021	440,000	230,900	125,000	32,163	1,485,000	440,515	1,925,515	13,290,000	28.66%	2021
2022	450,000	213,100	130,000	28,338	1,520,000	394,615	1,914,615	11,770,000	36.82%	2022
2023	470,000	194,700	135,000	24,363	1,565,000	347,440	1,912,440	10,205,000	45.22%	2023
2024	485,000	175,600	140,000	20,238	1,620,000	296,249	1,916,249	8,585,000	53.92%	2024
2025	510,000	155,700	140,000	16,738	1,025,000	253,590	1,278,590	7,560,000	59.42%	2025
2026	530,000	134,900	140,000	13,938	1,060,000	219,753	1,279,753	6,500,000	65.11%	2026
2027	550,000	113,300	145,000	11,088	1,090,000	184,499	1,274,499	5,410,000	70.96%	2027
2028	470,000	92,900	150,000	8,138	1,030,000	149,861	1,179,861	4,380,000	76.49%	2028
2029	490,000	73,700	150,000	5,063	1,065,000	115,658	1,180,658	3,315,000	82.21%	2029
2030	510,000	56,250	155,000	1,744	995,000	84,072	1,079,072	2,320,000	87.55%	2030
2031	525,000	40,725			870,000	56,769	926,769	1,450,000	92.22%	2031
2032	540,000	24,750			715,000	32,775	747,775	735,000	96.05%	2032
2033	555,000	8,325			735,000	11,025	746,025	0	100.00%	2033
	7,425,000	2,326,057	1,640,000	262,745	18,630,000	4,232,849	22,862,849			

*Preliminary, subject to change.

1) This issue is refunding the 2019 through 2030 maturities of the City's \$2,440,000 General Obligation Recreational Facility Bonds, Series 2009C, dated December 10, 2009. The refunded maturities will be called for prior redemption on February 1, 2018 and have not been included in the calculation of debt ratios.

CITY OF EDINA, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Taxes
(As of 12/14/17)

Fiscal Year Ending	Capital Improvement Series 2009A		CIP 1) Series 2010A		CIP Ref 2) Series 2017C		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Principal	Interest	Principal	Interest						
2018	4/29/09 \$14,000,000	2/01	790,000	119,000	0	124,653	1,415,000	625,602	2,040,602	12,060,000	10.50%	2018
2019			825,000	86,700	750,000	189,250	1,575,000	275,950	1,850,950	10,485,000	22.19%	2019
2020			860,000	53,000	795,000	171,869	1,655,000	224,869	1,879,869	8,830,000	34.47%	2020
2021			895,000	17,900	810,000	153,813	1,705,000	171,713	1,876,713	7,125,000	47.12%	2021
2022					830,000	135,778	830,000	135,778	965,778	6,295,000	53.28%	2022
2023					845,000	118,405	845,000	118,405	963,405	5,450,000	59.55%	2023
2024					865,000	101,305	865,000	101,305	966,305	4,585,000	65.97%	2024
2025					880,000	83,855	880,000	83,855	963,855	3,705,000	72.50%	2025
2026					900,000	66,055	900,000	66,055	966,055	2,805,000	79.18%	2026
2027					915,000	47,905	915,000	47,905	962,905	1,890,000	85.97%	2027
2028					935,000	29,405	935,000	29,405	964,405	955,000	92.91%	2028
2029					955,000	10,028	955,000	10,028	965,028	0	100.00%	2029
2030							0	0	0	0	100.00%	2030
			625,000	381,949	3,370,000	276,600	9,480,000	1,232,319	13,475,000	1,890,868	15,365,868	

*Preliminary, subject to change

- 1) This issue refunded the 2012 through 2020 maturities of the HRA's \$12,410,000 Public Project Revenue Bonds, Series 2002, dated January 1, 2002.
- 2) This issue is refunding the 2019 through 2030 maturities of the City's \$14,000,000 General Obligation Capital Improvement Plan Bonds, Series 2009A, dated April 29, 2009. The refunded maturities will be called for prior redemption on February 1, 2018 and have not been included in the calculation of debt ratios.

CITY OF EDINA, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Revenues and Special Assessments
(As of 12/14/17)

Fiscal Year Ending	G.O. Bonds 1) Series 2011A		G.O. Bonds 2) Series 2012A		G.O. Bonds 3) Series 2015A		G.O. Bonds 4) Series 2017A		Total P & I Outstanding	% Paid	Fiscal Year Ending	
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest				
2018	\$14,550,000	2/01	1,455,000	196,700	1,120,000	202,500	935,000	394,875	3,510,000	1,138,599	33,070,000	2018
2019			1,495,000	167,200	1,015,000	159,800	960,000	375,925	4,020,000	1,008,325	29,050,000	2019
2020			1,525,000	129,375	820,000	127,200	980,000	356,525	3,995,000	894,100	25,055,000	2020
2021			1,565,000	83,025	845,000	102,225	995,000	336,775	4,105,000	775,625	20,950,000	2021
2022			1,615,000	35,325	870,000	76,500	1,015,000	306,525	4,230,000	643,350	16,720,000	2022
2023			370,000	5,550	895,000	50,025	1,060,000	265,025	3,085,000	515,800	13,635,000	2023
2024					190,000	33,750	1,100,000	221,825	2,075,000	419,875	11,560,000	2024
2025					195,000	27,975	1,140,000	182,725	2,155,000	342,900	9,405,000	2025
2026					200,000	22,050	565,000	157,150	1,620,000	277,900	7,785,000	2026
2027					205,000	15,975	585,000	139,900	1,675,000	224,200	6,110,000	2027
2028					210,000	9,750	605,000	121,294	1,735,000	172,294	4,375,000	2028
2029					220,000	3,300	620,000	101,388	980,000	130,038	3,395,000	2029
2030							640,000	80,913	785,000	101,988	2,610,000	2030
2031							660,000	58,963	810,000	75,613	1,800,000	2031
2032							685,000	35,425	840,000	47,500	960,000	2032
2033							150,000	20,813	310,000	28,163	650,000	2033
2034							155,000	15,281	320,000	17,756	330,000	2034
2035							160,000	9,375	160,000	9,375	170,000	2035
2036							170,000	3,188	170,000	3,188	0	2036
			8,025,000	617,175	6,785,000	831,050	13,180,000	3,183,888	36,580,000	1,448,225	43,406,587	

- 1) The water, sanitary sewer and storm sewer portions of this issue are paid entirely from revenues (\$5,945,000 current principal outstanding).
- 2) A portion of this issue refunded the 2014 through 2019 maturities of the City's \$5,870,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2007C, dated May 24, 2007. The water, sanitary sewer and storm sewer portions of this issue are paid entirely from revenues (\$3,960,000 current principal outstanding).
- 3) The water and storm portions of this issue are paid entirely from revenues (\$4,235,000 current principal outstanding).
- 4) The water, sewer and storm portions of this issue are paid entirely from revenues (\$6,595,000 current principal outstanding).

CITY OF EDINA, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Special Assessments and Taxes
(As of 12/14/17)

G.O. Bonds Series 2010B

G.O. Bonds 1) Series 2013A

Fiscal Year Ending	11/18/10		10/10/13		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Principal	Interest	Principal	Interest						
2018	230,000	29,613	440,000	196,675	670,000	226,288	896,288	7,380,000	8.32%	2018
2019	235,000	24,088	455,000	183,250	690,000	207,338	897,338	6,690,000	16.89%	2019
2020	240,000	18,150	470,000	169,375	710,000	187,525	897,525	5,980,000	25.71%	2020
2021	250,000	11,400	480,000	155,125	730,000	166,525	896,525	5,250,000	34.78%	2021
2022	255,000	3,825	495,000	140,500	750,000	144,325	894,325	4,500,000	44.10%	2022
2023			510,000	127,338	510,000	127,338	637,338	3,990,000	50.43%	2023
2024			525,000	113,725	525,000	113,725	638,725	3,465,000	56.96%	2024
2025			540,000	99,100	540,000	99,100	639,100	2,925,000	63.66%	2025
2026			550,000	84,100	550,000	84,100	634,100	2,375,000	70.50%	2026
2027			570,000	67,300	570,000	67,300	637,300	1,805,000	77.58%	2027
2028			585,000	49,975	585,000	49,975	634,975	1,220,000	84.84%	2028
2029			600,000	31,450	600,000	31,450	631,450	620,000	92.30%	2029
2030			620,000	10,850	620,000	10,850	630,850	0	100.00%	2030
	1,210,000	87,075	6,840,000	1,428,763	8,050,000	1,515,838	9,565,838			

1) A portion of this issue refunded the 2014 through 2030 maturities of the Edina Housing and Redevelopment Authority's \$6,125,000 Taxable Public Project Revenue Bonds (City of Edina Annual Appropriation Lease Obligations) (Build America Bonds - Direct Payment), Series 2009B, dated November 24, 2009.

The refunding portion of this issue is payable entirely from taxes (\$4,565,000 current principal outstanding) and is subject to the debt limit.

CITY OF EDINA, MINNESOTA
Schedule of Bonded Indebtedness
General Obligation Debt Being Paid From Revenues, Special Assessments and Taxes
(As of 12/14/17)

Refunding 1)
Series 2014B

Fiscal Year Ending	12/11/14		7/06/16	
	Principal	Interest	Principal	Interest
2018	2,270,000	122,150	1,050,000	434,663
2019	2,350,000	52,850	1,305,000	399,338
2020	880,000	8,800	1,340,000	359,663
2021			1,380,000	318,863
2022			1,420,000	276,863
2023			1,470,000	233,513
2024			1,505,000	188,888
2025			1,545,000	150,863
2026			1,585,000	117,581
2027			1,615,000	79,563
2028			650,000	51,250
2029			280,000	39,275
2030			290,000	31,438
2031			295,000	23,025
2032			305,000	14,025
2033			315,000	4,725
2034				
	5,500,000	183,800	16,350,000	2,723,531

G.O. Bonds 2)
Series 2016A

Fiscal Year Ending	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
2019	3,655,000	452,188	4,107,188	14,875,000	31.92%	2019
2020	2,220,000	368,463	2,588,463	12,655,000	42.08%	2020
2021	1,380,000	318,863	1,698,863	11,275,000	48.40%	2021
2022	1,420,000	276,863	1,696,863	9,855,000	54.90%	2022
2023	1,470,000	233,513	1,703,513	8,385,000	61.62%	2023
2024	1,505,000	188,888	1,693,888	6,880,000	68.51%	2024
2025	1,545,000	150,863	1,695,863	5,335,000	75.58%	2025
2026	1,585,000	117,581	1,702,581	3,750,000	82.84%	2026
2027	1,615,000	79,563	1,694,563	2,135,000	90.23%	2027
2028	650,000	51,250	701,250	1,485,000	93.20%	2028
2029	280,000	39,275	319,275	1,205,000	94.49%	2029
2030	290,000	31,438	321,438	915,000	95.81%	2030
2031	295,000	23,025	318,025	620,000	97.16%	2031
2032	305,000	14,025	319,025	315,000	98.56%	2032
2033	315,000	4,725	319,725	0	100.00%	2033
2034	0	0	0	0		
	21,850,000	2,907,331	24,757,331			

1) This issue current refunded the following: the 2016 and 2017 maturities of the \$5,375,000 General Obligation Park and Recreation Refunding Bonds, Series 2005A, dated 7/19/05; the 2016 and 2017 maturities of the \$8,210,000 General Obligation Utility Revenue Bonds, Series 2007B, dated 5/24/07; the 2016 through 2019 maturities of the \$13,985,000 General Obligation Utility Revenue Bonds, Series 2008A, dated 8/28/08; and the 2016 through 2020 maturities of the \$7,755,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2008B, dated 8/28/08. The 2008A refunding portion is payable entirely from revenues (\$2,960,000 current principal outstanding).

2) A portion of this issue refunded the 2018 through 2028 maturities of the City's \$5,865,000 General Obligation Capital Improvement Plan Bonds, Series 2007A, dated May 24, 2007. The PIR portion of this issue is subject to the debt limit (\$3,940,000 current principal outstanding). The water, sewer and storm portions of this issue are payable entirely from revenues (\$8,775,000 current principal outstanding). The 2007A crossover refunding portion of this issue is payable entirely by taxes (\$3,635,000 current principal outstanding) and is subject to the debt limit.

EDINA HOUSING AND REDEVELOPMENT AUTHORITY, MINNESOTA
Schedule of Bonded Indebtedness
Non-General Obligation Lease Payable From Annual Appropriations
(As of 12/14/17)

Fiscal Year Ending	Public Project Series 2009A		Public Project Series 2014A		Refunding 1) Series 2015A		Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Fiscal Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity						
2017							0	42,138	42,138	19,485,000	0.00%	2017
2018	125,000	2/01	635,000	2/01	285,000	7/09/15	1,045,000	607,198	1,652,198	18,440,000	5.36%	2018
2019	125,000	2/01	660,000	2/01	295,000	\$3,490,000	1,080,000	574,566	1,654,566	17,360,000	10.91%	2019
2020	130,000	2/01	680,000	2/01	305,000		1,115,000	540,690	1,655,690	16,245,000	16.63%	2020
2021	135,000	2/01	695,000	2/01	315,000		1,145,000	505,649	1,650,649	15,100,000	22.50%	2021
2022	145,000	2/01	715,000	2/01	325,000		1,185,000	472,949	1,657,949	13,915,000	28.59%	2022
2023	150,000	2/01	735,000	2/01	335,000		1,220,000	438,951	1,658,951	12,695,000	34.85%	2023
2024	155,000	2/01	755,000	2/01	345,000		1,255,000	400,171	1,655,171	11,440,000	41.29%	2024
2025	160,000	2/01	780,000	2/01	355,000		1,295,000	360,980	1,655,980	10,145,000	47.93%	2025
2026	165,000	2/01	800,000	2/01	370,000		1,335,000	321,335	1,656,335	8,810,000	54.79%	2026
2027	175,000	2/01	825,000	2/01			1,000,000	285,006	1,285,006	7,810,000	59.92%	2027
2028	180,000	2/01	850,000	2/01			1,030,000	251,566	1,281,566	6,780,000	65.20%	2028
2029			875,000	2/01			875,000	220,088	1,095,088	5,905,000	69.69%	2029
2030			905,000	2/01			905,000	191,163	1,096,163	5,000,000	74.34%	2030
2031			935,000	2/01			935,000	160,678	1,095,678	4,065,000	79.14%	2031
2032			965,000	2/01			965,000	128,013	1,093,013	3,100,000	84.09%	2032
2033			1,000,000	2/01			1,000,000	93,625	1,093,625	2,100,000	89.22%	2033
2034			1,030,000	2/01			1,030,000	57,456	1,087,456	1,070,000	94.51%	2034
2035			1,070,000	2/01			1,070,000	19,394	1,089,394	0	100.00%	2035
			1,645,000		2,930,000		19,485,000	5,671,614	25,156,614			

1) This issue refunded the 2016 through 2026 maturities of the Authority's \$5,425,000 Public Project Revenue Bonds, Series 2005A, dated September 13, 2005. On February 1, 2012 the Authority issued a partial redemption of the 2013 through 2017 and 2029 through 2030 maturities of this issue.

DEBT LIMIT

The statutory limit on debt of Minnesota municipalities other than school districts or cities of the first class (Minnesota Statutes, Section 475.53, subd. 1) is 3% of the Assessor's Estimated Market Value of all taxable property within its boundaries. "Net debt" (Minnesota Statutes, Section 475.51, subd. 4) is the amount remaining after deducting from gross debt: (1) obligations payable wholly or partly from special assessments levied against benefitted property; (2) warrants or orders having no definite or fixed maturity; (3) obligations issued to finance any public revenue producing convenience (includes the Series 2017D Bonds)*; (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) funds held as sinking funds for payment of principal and interest on debt other than those deductible under 1-4 above; and (6) other obligations which are not to be included in computing the net debt of a municipality under the provisions of the law authorizing their issuance.

2016/17 Assessor's Estimated Market Value	\$10,902,621,300
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$ 327,078,639
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes ¹	(21,675,000)
Less: Long-Term Debt Outstanding Being Paid Solely from Annual Appropriations	<u>(19,485,000)</u>
Unused Debt Limit	<u><u>\$ 285,918,639</u></u>

*Preliminary, subject to change.

¹ This includes portions of the City's \$8,265,000 General Obligation Bonds, Series 2013A (\$4,565,000 principal outstanding) and the \$16,350,000 General Obligation Bonds, Series 2016A (\$3,635,000 principal outstanding), which are payable entirely from taxes.

OVERLAPPING DEBT¹

Taxing District	2016/17 Adjusted Taxable Net Tax Capacity	% In City	Total G.O. Debt²	City's Proportionate Share
Hennepin County	\$ 1,718,948,808	6.9668%	\$ 898,110,000 ³	\$ 62,569,527
I.S.D. No. 270 (Hopkins)	114,136,722	7.3780%	143,265,000 ⁴	10,570,092
I.S.D. No. 271 (Bloomington)	134,063,779	0.0122%	128,680,000 ⁴	15,699
I.S.D. No. 272 (Eden Prairie)	100,972,870	0.9595%	66,540,000	638,451
I.S.D. No. 273 (Edina)	99,554,454	98.5227%	182,230,000	179,537,916
I.S.D. No. 280 (Richfield)	46,099,812	26.5905%	36,330,000	9,660,329
I.S.D. No. 283 (St. Louis Park)	62,000,773	0.0135%	35,010,000	4,726
Metropolitan Council	3,696,732,996	3.2395%	186,185,000 ⁵	6,031,463
Three Rivers Park District	1,225,469,292	9.7723%	62,125,000	6,071,041
City's Share of Total Overlapping Debt				<u>\$275,099,245</u>

¹ Overlapping debt is as of the dated date of the Bonds. Only those taxing jurisdictions with general obligation debt outstanding are included in this section. Does *not* include non-general obligation debt, self-supporting general obligation revenue debt, short-term general obligation debt, or general obligation tax/aid anticipation certificates of indebtedness.

² Outstanding debt is based on information in official statements obtained on EMMA and the Municipal Advisor's records.

³ Hennepin County also has General Obligation Solid Waste Revenue Bonds outstanding which are payable entirely from the County's solid waste enterprise fund; General Obligation Bonds (Century Plaza Debt) which are expected to be paid from building rental fees from County departments and non-County tenants; and General Obligation Ice Arena Revenue Bonds which are expected to be paid from building rental payments from Augsburg College. These issues have not been included in the overlapping debt or debt ratios.

⁴ Based upon the long term facilities maintenance revenue formula and current statistics, the District anticipates a portion of this debt will be paid by the State of Minnesota.

⁵ The above debt includes all outstanding general obligation debt supported by taxes of the Metropolitan Council. The Council also has general obligation sewer revenue, wastewater revenue, and radio revenue bonds and lease obligations outstanding all of which are supported entirely by revenues and have not been included in the Overlapping Debt or Debt Ratios sections. The adjusted taxable net tax capacity is the 2015/16 values, which are the most recent values available.

DEBT RATIOS

	G.O. Debt	Debt/Economic Market Value (\$11,731,689,381)	Debt/ Current Population Estimate (51,804)
Direct G.O. Debt Being Paid From:			
Revenues*	\$ 18,630,000		
Taxes*	13,475,000		
Revenues & Special Assessments	36,580,000		
Special Assessments & Taxes	8,050,000		
Revenues, Special Assessments & Taxes	<u>21,850,000</u>		
Total General Obligation Debt*	\$ 98,585,000		
Less: G.O. Debt Paid Entirely from Revenues ¹	<u>(51,100,000)</u>		
Tax Supported General Obligation Debt*	\$ 47,485,000	0.40%	\$916.63
 City's Share of Total Overlapping Debt	 <u>\$ 275,099,245</u>	 <u>2.34%</u>	 <u>\$5,310.39</u>
 Total*	 <u><u>\$ 322,584,245</u></u>	 <u><u>2.75%</u></u>	 <u><u>\$6,227.01</u></u>

*Preliminary, subject to change.

DEBT PAYMENT HISTORY

The City has no record of default in the payment of principal and interest on its debt.

FUTURE FINANCING

In addition to the Concurrent Obligations, the City plans to issue \$15,000,000 General Obligation Utility Revenue and \$3,000,000 Improvement Bonds in the next 12 months for various utility and street improvement projects within the City.

¹ Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt. This includes portions of the City's \$14,550,000 General Obligation Bonds, Series 2011A (\$5,945,000 current principal outstanding), the \$10,765,000 General Obligation Bonds, Series 2012A (\$3,960,000 current principal outstanding), the \$12,720,000 General Obligation Refunding Bonds, Series 2014B (\$2,960,000 current principal outstanding), the \$14,275,000 General Obligation Bonds, Series 2015A (\$4,235,000 current principal outstanding), the \$16,350,000 General Obligation Bonds, Series 2016A (\$8,775,000 current principal outstanding), and the \$8,590,000 General Obligation Bonds, Series 2017A (\$6,595,000 current principal outstanding) which are payable entirely from revenues.

TAX RATES, LEVIES AND COLLECTIONS

TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy ¹	Total Collected Following Year	Collected to Date ²	% Collected
2012/13	\$26,545,984	\$26,438,226	\$26,536,088	99.96%
2013/14	27,326,092	27,256,795	27,299,102	99.90%
2014/15	29,497,362	29,365,951	28,953,511	98.16%
2015/16	31,383,415	31,240,900	31,240,900	99.55%
2016/17	34,395,427	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.³ Mobile home taxes are collectible in full by August 31. Minnesota Statutes require that levies (taxes and special assessments) for debt service be at least 105% of the actual debt service requirements to allow for delinquencies.

TAX CAPACITY RATES⁴

	2012/13	2013/14	2014/15	2015/16	2016/17
Hennepin County	49.461%	49.959%	46.398%	45.356%	44.087%
City of Edina	27.216%	27.920%	26.605%	27.137%	28.271%
I.S.D. No. 270 (Hopkins)	29.730%	32.358%	30.340%	28.514%	26.611%
I.S.D. No. 271 (Bloomington)	26.758%	28.183%	25.739%	24.254%	20.627%
I.S.D. No. 272 (Eden Prairie)	29.067%	27.817%	22.030%	20.948%	21.865%
I.S.D. No. 273 (Edina)	27.762%	27.556%	27.344%	34.898%	34.798%
I.S.D. No. 280 (Richfield)	31.011%	34.138%	26.629%	28.771%	27.054%
I.S.D. No. 283 (St. Louis Park)	23.587%	25.386%	22.694%	24.122%	21.740%
Hennepin Co. Regional Railroad Auth.	1.561%	1.777%	1.817%	1.879%	1.925%
Hennepin County HRA	0.478%	0.514%	0.471%	0.439%	0.497%
Metro Mosquito	0.556%	0.563%	0.507%	0.483%	0.475%
Metropolitan Council	0.997%	1.069%	0.976%	0.925%	0.883%

¹ This reflects the Final Levy Certification of the City after all adjustments have been made.

² Collections are through January 1, 2017.

³ Second half tax payments on agricultural property are due on November 15th of each year.

⁴ After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

TAX CAPACITY RATES CONTINUED

	2012/13	2013/14	2014/15	2015/16	2016/17
Metropolitan Transit	1.689%	1.703%	1.523%	1.491%	1.463%
Park Museum	0.754%	0.766%	0.702%	0.712%	0.711%
Three Rivers Park District	4.054%	4.169%	3.789%	3.601%	3.365%
<i>Referendum Market Value Rates:</i>					
City of Edina	0.00690%	0.00695%	0.00631%	0.00550%	0.00000%
I.S.D. No. 270 (Hopkins)	0.16234%	0.19702%	0.17933%	0.18711%	0.18024%
I.S.D. No. 271 (Bloomington)	0.19983%	0.20125%	0.19388%	0.17794%	0.18584%
I.S.D. No. 272 (Eden Prairie)	0.16505%	0.16743%	0.24421%	0.23086%	0.22013%
I.S.D. No. 273 (Edina)	0.21657%	0.22291%	0.21489%	0.20075%	0.18759%
I.S.D. No. 280 (Richfield)	0.17546%	0.16422%	0.15314%	0.15551%	0.12679%
I.S.D. No. 283 (St. Louis Park)	0.18326%	0.22477%	0.23783%	0.20736%	0.19126%

Source: Tax Levies and Collections and Tax Capacity Rates have been furnished by Hennepin County.

LEVY LIMITS

The State Legislature has periodically imposed limitations on the ability of municipalities to levy property taxes. For taxes levied in 2013, payable in 2014, only, the Legislature imposed a one year levy limit on all counties with a population greater than 5,000, and all cities with a population greater than 2,500. While these limitations have expired, the potential exists for future legislation to limit the ability of local governments to levy property taxes. All previous limitations have not limited the ability to levy for the payment of debt service on bonded indebtedness. For more detailed information about Minnesota levy limits, contact the Minnesota Department of Revenue or Ehlers & Associates.

THE ISSUER

CITY GOVERNMENT

The City of Edina was organized as a municipality in 1888. The City operates under a statutory form of government consisting of a five-member City Council of which the Mayor is a voting member. The City Manager, Finance Director and City Clerk are responsible for administrative details and financial records.

EMPLOYEES; PENSIONS; UNIONS

The City currently has 291 full-time, 470 part-time, and 534 seasonal employees. All full-time and certain part-time employees of the City are covered by defined benefit pension plans administered by the Public Employee 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. PERA members belong to either the Coordinated Plan or the Basic Plan. Coordinated members are covered by Social Security. See the Notes to Financial Statements in Appendix A for a detailed description of the Plans.

Recognized and Certified Bargaining Units

Bargaining Unit	Expiration Date of Current Contract
International Association of Firefighters Local 1275	December 31, 2018
Minnesota Teamsters Public & Law Enforcement Local 320	December 31, 2017
Minnesota Public Employees Association Public Safety Dispatches Local 320	December 31, 2018
IUOE Local 49 (AFL-CIO)	December 31, 2017

POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits (some mandated by State Statute and others that cover a portion of the cost of health insurance during retirement) for the majority of its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 45 (GASB 45). The City has completed an actuarial study of its obligations. The study shows an actuarial accrued liability of \$2,546,522 with a discount rate of 4% as of January 1, 2016.

The City is currently funding these obligations on a pay-as-you-go basis, but will be considering other funding options in the next year. The City also recently approved several new labor agreements which are expected to reduce its GASB 45 liability for other post employment benefits.

LITIGATION

There is no litigation threatened or pending questioning the organization or boundaries of the City or the right of any of its officers to their respective offices or in any manner questioning their rights and power to execute and deliver the Bonds or otherwise questioning the validity of the Bonds.

MUNICIPAL BANKRUPTCY

Municipalities are prohibited from filing for bankruptcy under Chapter 11 (reorganization) or Chapter 7 (liquidation) of the U.S. Bankruptcy Code (11 U.S.C. §§ 101-1532) (the "Bankruptcy Code"). Instead, the Bankruptcy Code permits municipalities to file a petition under Chapter 9 of the Bankruptcy Code, but only if certain requirements are met. These requirements include that the municipality must be "specifically authorized" under State law to file for relief under Chapter 9. For these purposes, "State law" may include, without limitation, statutes of general applicability enacted by the State legislature, special legislation applicable to a particular municipality, and/or executive orders issued by an appropriate officer of the State's executive branch.

As of the date hereof, Minnesota Statutes, 471.831, authorizes municipalities to file for bankruptcy relief under Chapter 9 of the Bankruptcy Code. A municipality is defined in United States Code, title 11, section 101, as amended through December 31, 1996, but limited to a county, statutory or home rule charter city, or town; or a housing and redevelopment authority, economic development authority, or rural development financing authority established under Chapter 469, a home rule charter or special law.

FUNDS ON HAND (As of September 30, 2017)

Fund	Total Cash and Investments
General	\$14,794,497
Special Revenue	13,708,420
Debt Service	2,254,859
Capital Projects	16,073,857
Enterprise Funds	29,515,238
Internal Service Fund	<u>(59,294)</u>
Total Funds on Hand	<u><u>\$76,287,577</u></u>

ENTERPRISE FUNDS

Cash flows for the City's enterprise funds have been as follows as of December 31 each year:

	2014	2015	2016
Utilities			
Total Operating Revenues	\$ 17,548,883	\$ 19,334,023	\$ 19,472,645
Less: Operating Expenses	<u>(13,443,940)</u>	<u>(14,387,132)</u>	<u>(16,222,211)</u>
Operating Income	\$ 4,104,943	\$ 4,946,891	\$ 3,250,434
Plus: Depreciation	<u>3,642,118</u>	<u>4,012,165</u>	<u>4,431,633</u>
Revenues Available for Debt Service	<u><u>\$ 7,747,061</u></u>	<u><u>\$ 8,959,056</u></u>	<u><u>\$ 7,682,067</u></u>
Liquor			
Total Operating Revenues	\$ 13,515,168	\$ 12,462,387	\$ 12,937,092
Less: Operating Expenses	<u>(12,386,852)</u>	<u>(11,818,602)</u>	<u>(12,130,254)</u>
Operating Income	\$ 1,128,316	\$ 643,785	\$ 806,838
Plus: Depreciation	<u>88,269</u>	<u>102,720</u>	<u>108,722</u>
Revenues Available for Debt Service	<u><u>\$ 1,216,585</u></u>	<u><u>\$ 746,505</u></u>	<u><u>\$ 915,560</u></u>
Aquatic Center			
Total Operating Revenues	\$ 918,412	\$ 971,936	\$ 956,068
Less: Operating Expenses	<u>(820,815)</u>	<u>(868,539)</u>	<u>(913,537)</u>
Operating Income	\$ 97,597	\$ 103,397	\$ 42,531
Plus: Depreciation	<u>241,671</u>	<u>241,407</u>	<u>248,242</u>
Revenues Available for Debt Service	<u><u>\$ 339,268</u></u>	<u><u>\$ 344,804</u></u>	<u><u>\$ 290,773</u></u>
Golf Course			
Total Operating Revenues	\$ 3,229,348	\$ 2,857,190	\$ 2,809,702
Less: Operating Expenses	<u>(3,300,544)</u>	<u>(2,882,603)</u>	<u>(2,968,297)</u>
Operating Income	\$ (71,196)	\$ (25,413)	\$ (158,595)
Plus: Depreciation	<u>502,528</u>	<u>572,105</u>	<u>612,166</u>
Revenues Available for Debt Service	<u><u>\$ 431,332</u></u>	<u><u>\$ 546,692</u></u>	<u><u>\$ 453,571</u></u>
Arena			
Total Operating Revenues	\$ 2,091,685	\$ 2,307,985	\$ 2,314,759
Less: Operating Expenses	<u>(2,236,671)</u>	<u>(2,506,996)</u>	<u>(2,711,478)</u>
Operating Income	\$ (144,986)	\$ (199,011)	\$ (396,719)
Plus: Depreciation	<u>489,471</u>	<u>522,206</u>	<u>622,911</u>
Revenues Available for Debt Service	<u><u>\$ 344,485</u></u>	<u><u>\$ 323,195</u></u>	<u><u>\$ 226,192</u></u>

SUMMARY GENERAL FUND INFORMATION

Following are summaries of the revenues and expenditures and fund balances for the City's General Fund. These summaries are not purported to be the complete audited financial statements of the City, and potential purchasers should read the included financial statements in their entirety for more complete information concerning the City. Copies of the complete statements are available upon request. Appendix A includes the City's 2016 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				2017 Adopted Budget ¹
	2013 Audited	2014 Audited	2015 Audited	2016 Audited	
Revenues:					
General property taxes	\$ 22,006,527	\$ 22,147,135	\$ 22,822,441	\$ 24,681,406	\$ 26,860,319
Franchise taxes	794,261	808,738	833,229	870,690	790,000
Lodging tax	0	11,301	22,716	22,624	20,000
Licenses and permits	4,122,305	4,490,993	4,827,634	5,192,934	4,192,660
Intergovernmental	1,234,425	1,197,284	1,477,694	1,398,980	1,195,550
Charges for services	3,564,341	4,236,442	4,226,690	4,449,894	4,017,973
Fines and forfeitures	1,017,219	993,954	1,033,116	946,199	975,000
Investment income	53,583	144,127	78,713	125,095	120,000
Rental of property	518,862	546,874	416,522	514,955	470,700
Parkland dedication	0	757,278	800,000	1,250,000	0
Other revenues	5,539	22,291	69,139	127,496	8,100
Total Revenues	\$ 33,317,062	\$ 35,356,417	\$ 36,607,894	\$ 39,580,273	\$ 38,650,302
Expenditures:					
Current:					
General government	\$ 5,883,436	\$ 6,024,288	\$ 5,771,748	\$ 6,155,261	\$ 6,547,498
Public safety	15,749,935	16,462,293	17,314,312	18,408,651	19,185,174
Public works	6,690,986	9,669,174	9,981,474	9,934,494	11,370,124
Parks	3,872,432	1,283,592	1,365,420	1,505,397	1,597,506
Total Expenditures	\$ 32,196,789	\$ 33,439,347	\$ 34,432,954	\$ 36,003,803	\$ 38,700,302
Excess of revenues over (under) expenditures	\$ 1,120,273	\$ 1,917,070	\$ 2,174,940	\$ 3,576,470	\$ (50,000)
Other Financing Sources (Uses)					
Operating transfers in	\$ 765,100	\$ 0	\$ 0	\$ 100,000	
Operating transfers out	(2,392,872)	(2,254,968)	(1,848,294)	(804,542)	
Total Other Financing Sources (Uses)	\$ (1,627,772)	\$ (2,254,968)	\$ (1,848,294)	\$ (704,542)	
Net Changes in Fund Balances	\$ (507,499)	\$ (337,898)	\$ 326,646	\$ 2,871,928	
General Fund Balance January 1	14,839,134	14,331,635	13,993,737	14,320,383	
Prior Period Adjustment	0	0	0	0	
Residual Equity Transfer in (out)	0	0	0	0	
General Fund Balance December 31	\$ 14,331,635	\$ 13,993,737	\$ 14,320,383	\$ 17,192,311	
DETAILS OF DECEMBER 31 FUND BALANCE					
Nonspendable	\$ 13,322	\$ 240,291	\$ 529,513	27,643	
Restricted	185,395	757,673	417,673	927,673	
Assigned	1,559,461	1,566,329	1,547,398	1,612,240	
Unassigned	12,573,457	11,429,444	11,825,799	14,624,755	
Total	\$ 14,331,635	\$ 13,993,737	\$ 14,320,383	\$ 17,192,311	

¹ The 2017 Budget was adopted on December 6, 2016.

GENERAL INFORMATION

LOCATION

The City of Edina, with a 2010 U.S. Census population of 47,941, and a current population estimate of 51,804, and comprising an area of 16.5 square miles, is located adjacent to the southwest corner of the City of Minneapolis.

LARGER EMPLOYERS¹

Larger employers in the City of Edina include the following:

Firm	Type of Business/Product	Estimated No. of Employees
Fairview Southdale Hospital	Hospital	2,613 ²
I.S.D. No. 273 (Edina)	Elementary and secondary education	1,343
BI Worldwide	Marketing consulting services	1,000
Regis Corporation	Corporate office and beauty salons	900
City of Edina	Municipal government and services	1,295 ³
Spartan Nash	Distributor - groceries (wholesale)	450
Edina Realty	Real estate company	400
International Dairy Queen, Inc.	Corporate office and chain of fast food restaurants	400 ⁴
Lund Food Holdings, Inc.	Parent company of Lunds and Byerly's grocery stores	400
FilmTec Corporation		375 ⁵

Source: *ReferenceUSA, written and telephone survey (May 2017), and the Minnesota Department of Employment and Economic Development.*

¹ This does not purport to be a comprehensive list and is based on available data obtained through a survey of individual employers, as well as the sources identified above. Some employers do not respond to inquiries for employment data.

² As of April 2016. More recent values are unavailable.

³ Includes seasonal employees, averaging 45 per month.

⁴ International Dairy Queen also owns Orange Julius and Karmelkorn.

⁵ FilmTec Corporation is a business unit within Dow Water & Process Solutions, which is a subsidiary of the Dow Chemical Company.

BUILDING PERMITS

	2013	2014	2015	2016	2017 ¹
<u>New Single Family Homes</u>					
No. of building permits	3,771	2,579	1,960	1,832	1,519
Valuation	\$136,312,255	\$129,620,088	\$125,515,530	\$120,051,020	\$88,360,505
<u>New Multiple Family Buildings</u>					
No. of building permits	69	105	135	52	96
Valuation	\$37,902,896	\$54,285,640	\$95,261,159	\$12,260,845	\$41,110,730
<u>New Commercial/Industrial</u>					
No. of building permits	311	272	294	324	261
Valuation	\$59,094,437	\$64,543,449	\$76,208,001	\$163,255,127	\$102,483,059
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	4,151	2,956	2,389	2,280	1,876
Valuation	\$233,309,588	\$248,449,177	\$296,954,690	\$297,948,392	\$231,954,294

Source: The City.

¹ As of October 24, 2017.

U.S. CENSUS DATA

2000 U.S. Census population	47,425
2010 U.S. Census population	47,941
2016 State Demographer's Estimate	51,804
Percent of Change 2000 - 2010	+ 1.09%

Income and Age Statistics

	City of Edina	Hennepin County	State of Minnesota	United States
2015 per capita income	\$62,587	\$38,724	\$32,157	\$28,930
2015 median household income	\$88,298	\$65,834	\$61,492	\$53,889
2015 median family income	\$130,199	\$87,230	\$77,055	\$66,011
2015 median gross rent	\$1,188	\$951	\$848	\$928
2015 median value owner-occupied units	\$403,000	\$229,200	\$186,200	\$178,600
2015 median age	44.5 yrs.	36.1 yrs.	37.7 yrs.	37.6 yrs.

	State of Minnesota	United States
City % of 2015 per capita income	194.63%	216.34%
City % of 2015 median family income	168.97%	197.24%

Housing Statistics

	<u>City of Edina</u>		
	2000	2015	Percent of Change
All Housing Units	21,669	22,364	3.21%

Source: 2000 and 2010 Census of Population and Housing, and 2014 American Community Survey (Based on a five-year estimate), U.S. Census Bureau (www.factfinder2.census.gov).

EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

Year	<u>Average Employment</u>		<u>Average Unemployment</u>	
	Hennepin County	Hennepin County	State of Minnesota	State of Minnesota
2013	639,295	4.6%	4.9%	
2014	649,194	3.8%	4.2%	
2015	657,229	3.3%	3.7%	
2016	661,008	3.3%	3.8%	
2017, September	647,831	2.9%	2.9%	

Source: Minnesota Department of Employment and Economic Development.

FINANCIAL STATEMENTS

Potential purchasers should read the included financial statements in their entirety for more complete information concerning the City's financial position. Such financial statements have been audited by the Auditor, to the extent and for the periods indicated thereon. The City has not requested the Auditor to perform any additional examination, assessments or evaluation with respect to such financial statements since the date thereof, nor has the City requested that the Auditor consent to the use of such financial statements in this Official Statement. Although the inclusion of the financial statements in this Official Statement is not intended to demonstrate the fiscal condition of the City since the date of the financial statements, in connection with the issuance of the Bonds, the City represents that there have been no material adverse change in the financial position or results of operations of the City, nor has the City incurred any material liabilities, which would make such financial statements misleading.

Copies of the complete audited financial statements for the past three years and the current budget are available upon request from Ehlers.

CITY OF EDINA, MINNESOTA

**Comprehensive Annual Financial Report
For the fiscal year ended
December 31, 2016**

**Prepared by:
Department of Finance**

**Kyle Sawyer – Interim Finance Director
Sharae Sledge – Accountant**



PRINCIPALS

Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA/CMA

INDEPENDENT AUDITOR'S REPORT

To the City Council and Management
City of Edina, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Edina, Minnesota (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

(continued)

OPINIONS

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, supplementary financial information, and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

(continued)

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Minneapolis, Minnesota
June 13, 2017

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, 2016. 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 and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$239,550,955 (net position). Of this amount, \$39,447,040 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$14,234,473 from current year operations, \$5,268,519 of the operations increase is due to licenses and permits revenues from continued residential and commercial redevelopment of the City. Also, \$3,181,939 of the increase is due to Utility revenues over expenses, which are being reinvested in new or rebuilt infrastructure according to the City's Capital Improvement Plan (CIP) and Utility Rate Study.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54,181,877, an increase of \$9,642,149 in comparison with the prior year. The increase can be attributed to the general obligation bond, series 2016A that was issued in 2016 in the amount of \$16,350,000 with a portion of the proceeds used to refund \$3,785,000 of governmental fund bonds in early 2017.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,624,755 or 41% of total general fund expenditures.
- The City's total bonded debt increased by \$5,803,625 during the current fiscal year, from \$11,069,595 to \$16,893,220. The City issued new debt during the year consisting of \$12,715,000 general obligation bonds to finance various street and utility infrastructure improvement projects, and \$3,635,000 general obligation bonds to refund old debt.

Overview of the Financial Statements

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

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

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

Management's Discussion and Analysis (Continued)

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

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

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

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

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

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

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

The City adopts an annual appropriated budget for all governmental and proprietary funds. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with these budgets.

Proprietary funds. The City maintains five major enterprise funds and one internal service fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City's major enterprise funds are used to account for its utility, liquor, aquatic center, golf course and arena operations.

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.

Management's Discussion and Analysis (Continued)

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

Internal service funds. Internal service funds are used as an accounting device to accumulate and allocate costs internally among the City's various functions. The City uses its internal service fund to account for risk management activities, including worker's compensation, volunteer accident, and property/casualty insurance. Because the internal service activities predominantly benefit government rather than business-type functions, these services have been included within governmental activities in the government-wide financial statements.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$239,550,955 at the close of the most recent fiscal year.

The largest portion of the City's net position (\$178,406,842 or 74%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Management's Discussion and Analysis (Continued)

City of Edina's Net Position

	Governmental Activities		Business-Type Activities		Totals
	2016	2015	2016	2015	
Assets:					
Capital assets	\$ 81,778,984	\$ 68,610,375	\$ 26,967,470	\$ 25,007,055	\$ 108,746,464
Other assets	164,999,307	158,595,429	128,110,759	123,860,540	283,110,068
Capital assets					\$ 282,556,989
Total assets	\$ 246,778,301	\$ 227,205,804	\$ 155,078,229	\$ 148,867,595	\$ 401,856,530
Deferred outflows of resources:					
Pension plan deferments	\$ 29,550,556	\$ 3,643,551	\$ 2,612,692	\$ 571,368	\$ 32,183,248
Total liabilities	\$ 118,112,504	\$ 91,065,688	\$ 45,628,265	\$ 40,070,384	\$ 193,841,029
Long-term liabilities	16,355,830	12,937,382	1,855,263	4,976,162	\$ 20,124,635
Other liabilities	\$ 134,470,624	\$ 103,463,771	\$ 43,986,179	\$ 49,443,547	\$ 186,161,472
Total liabilities					\$ 151,859,318
Deferred inflows of resources:					
Pension plan deferments	\$ 5,571,402	\$ 2,723,965	\$ 736,009	\$ 497,553	\$ 6,307,411
Total liabilities					\$ 3,221,518
Net investment in capital assets	\$ 93,247,973	\$ 85,838,618	\$ 85,199,699	\$ 83,395,794	\$ 178,406,842
Restricted	20,862,880	16,825,171	804,393	793,664	21,667,073
Unrestricted	22,140,108	21,937,850	17,360,072	16,455,405	39,447,040
Total net position	\$ 136,250,961	\$ 124,721,619	\$ 103,264,134	\$ 100,384,963	\$ 239,550,955

An additional portion of the City's net position (\$21,697,073) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$39,447,040) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was an increase of \$1,083,805 in unrestricted net position, largely due to positive operating results in the Utility Fund and a large new assessment for the Arden Park D neighborhood reconstruction project.

Management's Discussion and Analysis (Continued)

As shown below, the City's net position increased by \$14,234,473 during the current fiscal year. Factors contributing to this change are discussed in the next two sections.

City of Edina's Changes in Net Position

	2016	2015	Business-Type Activities	2016	2015	Totals	2016	2015
Revenues:								
Program revenues:								
Charges for services	\$ 11,738,825	\$ 11,164,102	\$ 41,714,434	\$ 41,083,398	\$ 53,453,259	\$ 52,227,700		
Operating grants and contributions	2,751,495	3,122,178	448,484	595,141	3,196,959	3,717,319		
Capital grants and contributions	15,252,861	10,044,077	-	15,252,861	-	10,044,077		
General revenues:								
Property taxes	31,396,421	29,632,072	-	31,396,421	-	29,632,072		
Other taxes	5,146,144	3,904,650	-	5,146,144	-	3,904,650		
Other income	66,044	41,800	35,946	39,427	100,990	81,327		
Unrestricted investment earnings	344,277	195,620	136,208	91,807	460,485	287,327		
Total revenues	66,697,067	58,104,599	42,332,052	41,790,073	109,029,119	99,894,872		
Expenses:								
General government	9,997,567	6,518,238	-	9,997,567	-	6,518,238		
Public safety	16,749,229	15,207,770	-	16,749,229	-	15,207,770		
Parks	19,444,479	15,294,777	-	19,444,479	-	15,294,777		
Public works	3,822,716	3,985,367	-	3,822,716	-	3,985,367		
Interest on long-term debt	2,133,474	2,180,979	-	2,133,474	-	2,180,979		
Utilities	-	-	16,760,474	14,983,304	16,760,474	14,983,304		
Liquor	-	-	12,130,254	11,819,602	12,130,254	11,819,602		
Aquatic center	-	-	872,860	815,960	872,860	815,960		
Community centers	-	-	3,853,091	3,436,325	3,853,091	3,436,325		
Other	-	-	2,842,666	2,642,667	2,842,666	2,642,667		
Total expenses	55,231,436	48,876,628	39,853,091	37,142,631	94,794,646	86,019,459		
Increase in net position before transfers	11,465,629	9,227,771	2,768,844	4,647,442	14,234,473	13,875,413		
Transfers	98,573	(2,230,985)	(66,573)	2,230,985	-	-		
Change in net position	11,564,202	6,996,786	2,699,271	6,978,409	14,234,473	13,875,413		
Net position - January 1	124,721,619	117,724,614	100,594,863	93,718,465	225,316,482	211,441,269		
Net position - December 31	\$136,285,821	\$ 124,721,619	\$103,294,134	\$100,594,863	\$239,550,955	\$ 225,316,482		

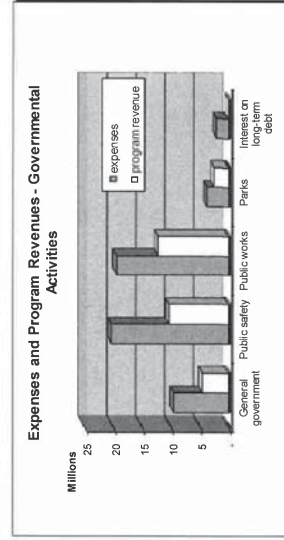
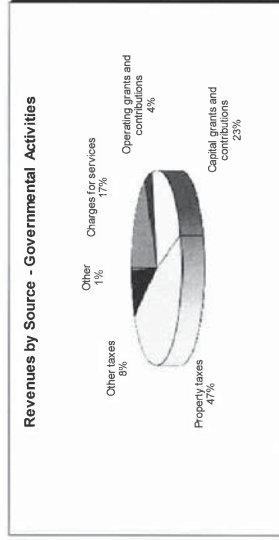
Management's Discussion and Analysis (Continued)

Governmental Activities

Governmental activities increased the City's net position by \$11,565,202, accounting for 81% of the total growth in net position. Key elements of the increase are as follows:

- Charges for services increased by \$574,723, or 5% in 2016. This is primarily a result of increased building and permit revenue due to continuing residential and commercial redevelopment growth throughout the City.
- Capital grants and contributions increased by \$5,208,784, or 52% in 2016. This is primarily a result of increased special assessment revenue received for various neighborhood reconstruction projects.
- Property taxes increased by \$1,764,349 as the result of an increased general operating levy that provides funding to continue existing service levels that were previously subsidized by liquor transfers.
- Net transfers decreased by \$2,330,539. In 2015, large transfers were made from the construction fund to the arena and sports dome funds to move proceeds initially received in the construction fund for capital projects at those facilities.
- Other taxes increased by \$1,243,494 due to an increase in tax increment collections from the Southdale 2 tax increment financing district.

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

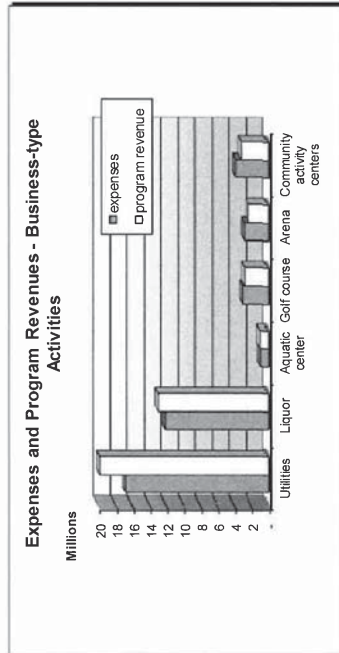
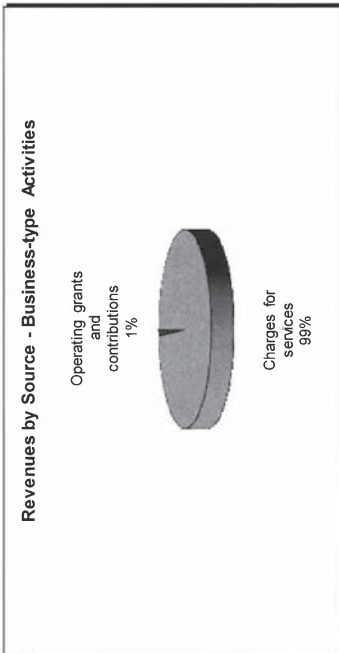


Management's Discussion and Analysis (Continued)

Business-type Activities

Business-type activities increased net position by \$2,669,271, accounting for 19% of the City's growth in net position. Key elements of the current year increase before the change in accounting principle are as follows:

- The utility fund had income before transfers of \$3,181,939 for 2016. This additional equity is used to invest in new and rebuilt utility infrastructure according to the City's CIP and utility rate study.
- The liquor fund had income before transfer of \$828,326 for 2016. This majority of the additional equity is used to subsidize operations at other enterprise facilities.



Management's Discussion and Analysis (Continued)

Financial Analysis of the City's Funds

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

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$54,181,877, an increase of \$9,642,149 in comparison with the prior year. Approximately 27% of this total amount (\$14,433,910) constitutes unassigned fund balance. The remainder of the fund balance is 1) nonspendable due to prepaid items (\$27,643), 2) restricted by external creditors, grantors, laws or regulations (\$24,998,646), or 3) assigned by internal constraints (\$14,721,678).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,624,755. As a measure of the general fund's liquidity, unassigned fund balance represents 41% of total general fund expenditures.

The fund balance of the City's general fund increased by \$2,871,928 during the current fiscal year. Key factors in this increase are as follows:

- Total general fund revenues were \$3,018,401 over budget, including higher than expected building permit activity. General fund license and permit revenues increased by 7.6% in the current fiscal year after a 7.5% and 8.9% increase in 2015 and 2014, respectively.
- Total general fund expenditures were \$658,069 under budget. Much of this savings occurred in the police and public works departments as a result of less being spent on contractual services than anticipated. The City's central services divisions also came in under budget in 2016 resulting in fewer expenses being charged back to the general fund.
- The liquor fund transferred \$100,000 of profits to the general fund, as planned in the 2016 budget.
- Transfers out of the general fund totaled \$804,542 related to the 2015 unassigned fund balance and parkland dedication fees transferred to fund various construction projects.

The Housing and Redevelopment Authority fund balance increased by \$3,777,787 in the current fiscal year due to unanticipated revenue received from a development to be spent on affordable housing. In addition, there was less capital outlay spending than anticipated. Discussions were held regarding various redevelopment projects, and increased capital outlay spending anticipated for future years.

The debt service fund has a total fund balance of \$11,187,468, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$4,052,893. Fund balance increased as the result of the general obligation refunding bond, series 2016A that was issued in 2016 in the amount of \$16,350,000 and refunded \$3,635,000 of debt service fund bonds in February 2017.

The construction fund balance decreased by \$240,904 in 2016 due to capital outlay related to various projects. Also, new debt was issued in 2016 to help finance various street improvement projects.

Management's Discussion and Analysis (Continued)

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

Unrestricted net position of the utility fund at the end of the year amounted to \$15,458,755. The total growth in net position from current year operations was \$3,081,939. Operating revenues in the utilities fund increased by 7% while expenses increased by 12.8% in 2016. The minimal revenue increase was due to an increase in the water, sewer and storm rates offset by less consumption. Expenses increased as a result of higher depreciation expenses related to infrastructure projects completed in recent years, along with increased fees set by the Metropolitan Council for sewer service. The City invested \$8,794,245 in utility fund capital assets during 2016.

Unrestricted net position of the liquor fund at the end of the year amounted to \$630,261. Total net position increased by \$128,326 from current year operations. The liquor fund continues to transfer profits back into other City funds, including the general construction, golf course, arena, centennial lakes and art center funds. The liquor fund made transfers totaling \$700,000 to other funds during 2016.

Unrestricted net position of the aquatic center fund at the end of the year amounted to \$598,594. Aquatic center revenues decreased by 1.6% from 2015 due to less favorable weather in 2016. The aquatic center remains profitable.

Unrestricted net position of the golf course fund at the end of the year amounted to a deficit of (\$856,034), a decrease of \$682,607 from the prior year. The newly redesigned Par 3 course opened in August 2016 and the 27-hole regulation course closed in October 2016 for renovations, resulting in \$47,488 in less revenue compared to 2015. In addition, the braemar memorial fund transferred \$156,874 to the golf course in 2015 to subsidize capital improvements; no such transfer was received in 2016.

Unrestricted net position of the arena fund at the end of the year amounted to a deficit of (\$409,470), a decrease of \$56,463 from the prior year. Expenses increased as a result of higher depreciation expenses related to the backyard rink project.

General Fund Budgetary Highlights

During the year, there was an \$804,542 increase in appropriations between the original and final amended budget. The increase is the result of transfers to the construction fund of unassigned general fund balance according to the City's fund balance policy along with parkland dedication fees transferred for the centennial lakes bridge project.

During the year, revenues were \$3,018,401 more than budget, as the continued commercial and residential redevelopment of the City increased our licenses and permits and parkland dedication revenues, which exceeded budget by \$2,419,774.

During the year, expenditures were \$658,069 under budget; much of the savings occurred in the police and public works departments as a result of less being spent on contractual services than anticipated. The City's central service divisions also came in under budget in 2016 resulting in fewer expenses being charged back to the general fund.

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2016, amounted to \$293,110,066 (net of accumulated depreciation). This investment in capital assets included land, land improvements, intangible assets such as easements, infrastructure assets (roads, bridges, sidewalks, and similar items), buildings, vehicles, equipment, parks, and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was 3.7% (a 4.0% increase for governmental activities and a 3.3% increase for business-type activities).

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

- The City completed construction on the sports dome; the remaining \$3,416,375 of the project was capitalized for a total project cost of \$9,091,327.
- The City completed construction on the outdoor rink at the arena; the remaining \$1,070,841 of the project was capitalized for a total project cost of \$3,160,070.
- A variety of street construction, sidewalk and park projects; construction in progress as of the close of the fiscal year reached \$12,176,272.
- A variety of utility infrastructure improvements, including watermain, sanitary and storm sewer, construction in progress as of the close of the fiscal year reached \$7,604,149 in the utility fund.
- The City completed the Arden Park D and Birchcrest B neighborhoods utility and street reconstruction projects; total construction cost was \$7,600,470.

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

	Governmental Activities			Business-Type Activities			Totals
	2016	2015	2016	2015	2016	2015	
Land and land improvements	\$ 29,081,323	\$ 27,379,588	\$ 3,220,890	\$ 3,425,592	\$ 30,610,478	\$ 253,000	\$ 253,000
Easements	253,000	253,000	-	-	65,208,778	63,966,919	63,966,919
Buildings and structures	41,999,729	43,816,890	23,207,049	20,150,029	12,948,620	12,484,457	12,484,457
Machinery and equipment	6,210,384	5,806,091	6,738,236	6,578,366	146,846,566	126,459,615	126,459,615
Infrastructure	63,484,786	51,625,947	83,361,760	74,783,668	11,793,813	8,260,392	8,260,392
Parks	11,793,813	8,260,392	9,259,425	19,217,387	21,435,697	40,571,106	40,571,106
Construction in progress	12,176,272	21,353,521	1,228,110,759	\$ 723,960,540	\$ 293,110,066	\$ 292,555,969	\$ 292,555,969
Total	\$ 164,896,307	\$ 158,955,429	\$ 1,231,110,759	\$ 723,960,540	\$ 293,110,066	\$ 292,555,969	\$ 292,555,969

Additional information on the City's capital assets can be found in Note 3.

Long-term debt. At the end of the current fiscal year, the City had total bonded long-term debt outstanding of \$116,893,220, an increase of \$5,803,625 from 2017. This increase resulted from \$16,350,000 in new debt, offset by payment of previously scheduled principal payments.

\$27,935,000 is for general obligation improvement debt that is supported by property tax levies and special assessments. This amount increased from 2015 due to a new debt issue that refunded the 2007A bond in February 2017.

\$25,920,000 is for permanent improvement revolving (PIR) bonds, which finance the City's special assessment program. This amount increased from 2015 due to regularly scheduled principal payments offset by newly issued debt of \$3,940,000.

Also outstanding is \$20,390,000 HRA public project revenue bonds which financed two gymnasiums, the new public works facility, sports dome, outdoor rink at the arena, and improvements to Pamela Park. This amount decreased in 2016 due to regularly scheduled principal payments.

Management's Discussion and Analysis (Continued)

There is a total of \$42,620,000 in revenue bonds for improvements to the enterprise funds. This amount increased \$3,475,000 during the year due to \$8,775,000 in issued debt offset by \$5,300,000 in regularly scheduled principal payments. The issued debt is being used to finance various utility infrastructure improvement projects.

City of Edina's Outstanding Debt

	Governmental Activities		Business-Type Activities		Totals
	2016	2015	2016	2015	
General obligation bonds	\$ 27,935,000	\$ 26,710,000	\$ -	\$ 27,935,000	\$ 26,710,000
Public improvement bonds	25,920,000	23,905,000	-	25,920,000	23,905,000
Public project revenue bonds	20,390,000	21,290,000	-	20,390,000	21,290,000
Edina Emerald energy program bonds	28,220	39,595	-	28,220	39,595
Revenue bonds	-	-	42,620,000	39,145,000	42,620,000
Total	\$ 74,273,220	\$ 71,944,595	\$ 42,620,000	\$ 39,145,000	\$ 116,893,220
					\$ 111,099,595

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

State statutes limit the amount of general obligation debt a Minnesota city may issue up to 3% of total Estimated Market Value. The current debt limitation for the City is \$308,890,246. Only \$48,325,000 of the City's outstanding debt is counted within the statutory limitation.

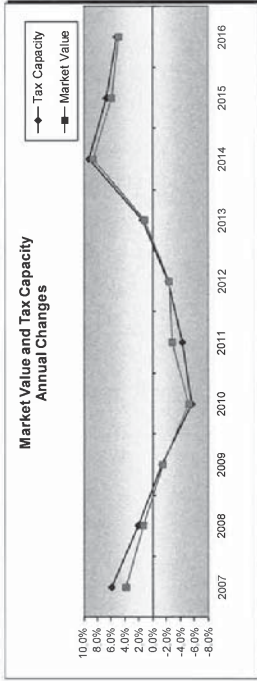
Additional information on the City's long-term debt can be found in Note 4.

Economic Factors and Next Year's Budget

The City strives to provide an uncommonly high quality of life for our residents and businesses and the relatively healthy local economy helps to make this goal a reality. The unemployment rate in Edina for December 2016 was 3.08%, well below the state and national levels. The City is home to Southdale Center, the nation's first fully enclosed climate-controlled regional shopping mall, Fairview Southdale hospital, as well as several corporate headquarters. In addition to its healthy economy, Edina is known for excellent public schools, as the Edina school system has been consistently selected as one of the best in the country. Ninety-eight percent of students graduate, with ninety-four percent pursuing some sort of post-secondary education.

Management's Discussion and Analysis (Continued)

Property values in Edina increased for several years through 2008, but values declined from 2009-2012 and are back on the rise in 2013-2016. Estimated market value of real estate increased 4.9% for taxes payable in 2017.



The City collects property taxes based on tax capacity, which roughly equals estimated market value multiplied by class rates for different types of parcels (commercial, residential, etc.). Class rates are set by state statute. Tax capacity for real estate increased 5.2% for taxes payable in 2017, and remained positive for the fourth consecutive year.

All of these factors above were considered in preparing the City's budget for the 2017 fiscal year. The City's adopted 2017 budget includes a property tax levy of \$33,822,369 for all funds, an increase of 6.4% from the 2016 levy, with the increase being attributed to new levies for the City's capital improvement plan, HRA operating expenses, Weber Woods land purchase, and an increase in the general operating levy to fund street and bridge maintenance.

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.edinamn.gov.

CITY OF EDINA, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets:			
Current assets:			
Cash and investments	\$ 52,880,717	\$ 19,075,996	\$ 71,956,713
Restricted cash and investments	4,105,966	1,668,491	5,774,457
Accrued interest	111,371	42,229	153,600
Accounts receivable, net	944,357	3,992,989	4,937,346
Special assessments receivable	20,929,273	644,204	21,573,477
Due from other governments	719,934	7,898	727,832
Prepaid items	317,023	122,275	439,298
Inventory	-	1,413,388	1,413,388
Total current assets	<u>80,008,641</u>	<u>26,967,470</u>	<u>106,976,111</u>
Noncurrent assets:			
Investment in joint powers agreement	1,770,353	-	1,770,353
Nondepreciable capital assets	34,495,555	9,544,766	44,040,321
Depreciable capital assets (net)	<u>130,503,752</u>	<u>118,565,993</u>	<u>249,069,745</u>
Total noncurrent assets	<u>166,769,660</u>	<u>128,110,759</u>	<u>294,880,419</u>
Deferred outflows of resources:			
Defined benefit pension plans	<u>29,550,556</u>	<u>2,612,692</u>	<u>32,163,248</u>
Total assets and deferred outflows of resources	<u>276,328,857</u>	<u>157,690,921</u>	<u>434,019,778</u>
Liabilities:			
Current liabilities:			
Accounts payable	1,337,290	738,640	2,075,930
Salaries payable	751,798	157,531	909,329
Accrued interest payable	994,996	518,334	1,513,330
Contracts payable	639,628	252,694	892,322
Due to other governments	18,274	179,355	197,629
Deposits payable	1,440,261	13,400	1,453,661
Unearned revenue	293,643	103,374	397,017
Compensated absences payable	1,612,240	358,925	1,971,165
Bonds payable	<u>9,270,000</u>	<u>5,540,000</u>	<u>14,810,000</u>
Total current liabilities	<u>16,358,130</u>	<u>7,862,253</u>	<u>24,220,383</u>
Noncurrent liabilities:			
Net OPEB obligation	1,945,802	208,486	2,154,288
Net pension liability	47,161,042	6,253,966	53,415,008
Compensated absences payable	2,418,360	538,386	2,956,746
Bonds payable, net	<u>66,587,300</u>	<u>38,827,687</u>	<u>105,414,987</u>
Total noncurrent liabilities	<u>118,112,504</u>	<u>45,828,525</u>	<u>163,941,029</u>
Deferred inflows of resources:			
Defined benefit pension plans	<u>5,571,402</u>	<u>736,009</u>	<u>6,307,411</u>
Total liabilities and deferred inflows of resources	<u>140,042,036</u>	<u>54,426,787</u>	<u>194,468,823</u>
Net position:			
Net investment in capital assets	93,247,973	85,158,869	178,406,842
Restricted for tax increments	9,799,747	-	9,799,747
Restricted for affordable housing	2,000,000	-	2,000,000
Restricted for debt service	7,081,502	804,393	7,885,895
Restricted for energy efficiency projects	209,510	-	209,510
Restricted for parkland dedication	927,673	-	927,673
Restricted for police special revenue	541,865	-	541,865
Restricted for braemar golf donations	148,083	-	148,083
Restricted for arts and culture donations	9,555	-	9,555
Restricted for conservation and sustainability initiatives	174,745	-	174,745
Unrestricted	<u>22,146,168</u>	<u>17,300,872</u>	<u>39,447,040</u>
Total net position	<u>\$ 136,286,821</u>	<u>\$ 103,264,134</u>	<u>\$ 239,550,955</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, 2016

<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	\$ 9,587,567	\$ 1,453,009	\$ 1,177,846	\$ 2,000,000
Public safety	20,243,209	8,996,046	1,310,761	-
Public works	19,444,472	517,510	218,405	11,499,401
Parks	3,822,716	772,260	44,483	1,753,460
Interest on long-term debt	2,133,474	-	-	-
Total government activities	<u>55,231,438</u>	<u>11,738,825</u>	<u>2,751,495</u>	<u>15,252,861</u>
Business-type activities:				
Utilities	16,780,474	19,505,905	345,097	-
Liquor	12,130,254	12,937,092	11,350	-
Aquatic center	915,560	956,068	30,000	-
Golf course	3,041,169	2,809,702	16,982	-
Arena	2,842,660	2,314,892	2,513	-
Community activity centers	3,853,091	3,190,775	39,522	-
Total business-type activities	<u>39,563,208</u>	<u>41,714,434</u>	<u>445,464</u>	<u>-</u>
Total primary government	<u>\$ 94,794,646</u>	<u>\$ 53,453,259</u>	<u>\$ 3,196,959</u>	<u>\$ 15,252,861</u>

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
	\$ (4,956,712)	\$ -	\$ (4,956,712)
	(9,936,402)	-	(9,936,402)
	(7,209,156)	-	(7,209,156)
	(1,252,513)	-	(1,252,513)
	(2,133,474)	-	(2,133,474)
	<u>(25,488,257)</u>	<u>-</u>	<u>(25,488,257)</u>
	-	3,070,528	3,070,528
	-	818,188	818,188
	-	70,508	70,508
	-	(214,485)	(214,485)
	-	(525,255)	(525,255)
	-	(622,794)	(622,794)
	<u>-</u>	<u>2,596,690</u>	<u>2,596,690</u>
	<u>(25,488,257)</u>	<u>2,596,690</u>	<u>(22,891,567)</u>
General revenues:			
Property taxes	31,396,421	-	31,396,421
Tax increment collections	2,779,097	-	2,779,097
Franchise taxes	2,346,423	-	2,346,423
Lodging taxes	22,624	-	22,624
Unrestricted investment earnings	344,277	136,208	480,485
Gain on disposal of capital assets	65,044	35,946	100,990
Transfers	99,573	(99,573)	-
Total general revenues and transfers	<u>37,053,459</u>	<u>72,581</u>	<u>37,126,040</u>
Change in net position	11,565,202	2,669,271	14,234,473
Net position - beginning	<u>124,721,619</u>	<u>100,594,863</u>	<u>225,316,482</u>
Net position - ending	<u>\$ 136,286,821</u>	<u>\$ 103,264,134</u>	<u>\$ 239,550,955</u>

CITY OF EDINA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and Investments	\$ 19,248,526	\$ 11,794,011	\$ 7,067,860	\$ 13,739,485	\$ 1,030,835	\$ 52,880,717
Restricted cash and investments	-	-	4,105,966	-	-	4,105,966
Accrued interest	39,690	26,043	4,723	37,374	3,541	111,371
Accounts receivable	541,607	-	-	29,986	354,294	925,887
Special assessments receivable	-	-	2,595,035	18,334,238	-	20,929,273
Due from other funds	26,597	-	-	443,935	-	470,532
Due from other governments	541,584	100,000	29,917	38,968	9,465	719,934
Prepaid items	27,643	-	-	-	-	27,643
Total assets	\$ 20,425,647	\$ 11,920,054	\$ 13,803,501	\$ 32,623,986	\$ 1,398,135	\$ 80,171,323
Liabilities						
Accounts payable	\$ 843,962	\$ 118,373	\$ 4,755	\$ 283,803	\$ 6,405	\$ 1,257,298
Salaries payable	742,482	1,934	-	3,195	4,187	751,798
Contracts payable	-	-	-	589,060	50,568	639,628
Due to other funds	-	-	-	-	443,935	443,935
Due to other governments	18,274	-	-	-	-	18,274
Deposits payable	1,440,261	-	-	-	-	1,440,261
Unearned revenue	2,085	-	-	291,558	-	293,643
Total liabilities	3,047,064	120,307	4,755	1,167,616	505,095	4,844,837
Deferred inflows of resources						
Unavailable revenue - taxes	186,272	-	16,243	12,694	127	215,336
Unavailable revenue - special assessments	-	-	2,595,035	18,334,238	-	20,929,273
Total deferred inflows of resources	186,272	-	2,611,278	18,346,932	127	21,144,609
Fund balance:						
Nonspendable	27,643	-	-	-	-	27,643
Restricted	927,673	11,799,747	11,187,468	-	1,083,758	24,998,646
Assigned	1,612,240	-	-	13,109,438	-	14,721,678
Unassigned	14,624,755	-	-	-	(190,845)	14,433,910
Total fund balance	17,192,311	11,799,747	11,187,468	13,109,438	892,913	54,181,877
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,425,647	\$ 11,920,054	\$ 13,803,501	\$ 32,623,986	\$ 1,398,135	\$ 80,171,323

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

CITY OF EDINA, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2016

Total fund balances - governmental funds	\$ 54,181,877
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets are included in net position, but are excluded from fund balances because they do not represent financial resources.	
Cost of capital assets	286,168,830
Accumulated depreciation	(121,169,523)
Long-term liabilities are included in net position, but are excluded from fund balances until due and payable. Debt issuance premiums and discounts are excluded from net position until amortized, but are included in fund balances upon issuance as other financing sources and uses	
Bonds payable	(74,273,220)
Premium on bonds	(1,989,676)
Discount on bonds	405,596
Compensated absences payable	(4,030,600)
Net OPEB obligation	(1,945,802)
Net pension obligation	(47,161,042)
Accrued interest payable on long-term debt is included in net position, but is excluded from fund balances until due and payable.	(994,996)
Investment in joint powers agreement are not available to pay for current-period expenditures, and therefore, are not reported in the funds.	1,770,353
The recognition of certain revenues and expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.	
Deferred outflows - pension plans	29,550,556
Deferred inflows - pension plans	(5,571,402)
Deferred inflows - property taxes	215,336
Deferred inflows - special assessments	20,929,273
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position.	<u>201,261</u>
Total net position - governmental activities	<u>\$ 136,286,821</u>

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, 2016

	General	Housing & Redevelopment Authority	Debt Service	Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
General property taxes	\$ 24,681,406	\$ -	\$ 4,998,092	\$ 1,654,525	\$ 20,000	\$ 31,354,023
Tax increment collections	-	2,779,097	-	-	-	2,779,097
Franchise taxes	870,690	-	-	99,927	1,375,806	2,346,423
Lodging tax	22,624	-	-	-	-	22,624
Special assessments	-	-	224,778	5,051,416	-	5,276,194
License and permits	5,192,934	-	-	75,585	-	5,268,519
Intergovernmental	1,398,980	50,000	-	3,964,655	361,479	5,775,114
Charges for services	4,449,894	31,094	-	208,401	-	4,689,389
Fines and forfeitures	946,199	-	-	-	70,618	1,016,817
Investment income	125,095	82,091	6,080	123,055	8,023	344,344
Rental of property	514,955	-	-	-	-	514,955
Parkland dedication	1,250,000	-	-	-	-	1,250,000
Other revenues	127,496	2,000,000	-	305,212	167,122	2,599,830
Total revenues	39,580,273	4,942,282	5,228,950	11,482,776	2,003,048	63,237,329
Expenditures:						
Current:						
General government	6,155,261	512,471	-	22,869	125,124	6,815,725
Public safety	18,408,651	-	-	13,974	131,882	18,554,507
Public works	9,934,494	-	-	407,636	131,878	10,474,008
Parks	1,505,397	-	-	7,618	16,369	1,529,384
Capital outlay:						
General government	-	464,597	-	1,485,298	-	1,949,895
Public safety	-	-	-	949,387	49,607	998,994
Public works	-	187,427	-	9,461,941	2,319,861	11,969,229
Parks	-	-	-	1,838,425	31,032	1,869,457
Debt service:						
Bond principal	-	-	5,246,375	-	-	5,246,375
Interest and fiscal charges	-	-	2,360,827	-	-	2,360,827
Total expenditures	36,003,803	1,164,495	7,607,202	14,187,148	2,805,753	61,768,401
Revenues over (under) expenditures	3,576,470	3,777,787	(2,378,252)	(2,704,372)	(802,705)	1,468,928
Other financing sources (uses):						
Transfers in	100,000	-	2,400,000	1,004,542	-	3,504,542
Transfers out	(804,542)	-	-	(2,583,577)	(16,850)	(3,404,969)
Sale of capital assets	-	-	-	65,044	-	65,044
Bonds issued	-	-	171,933	3,768,067	-	3,940,000
Refunding bonds issued	-	-	3,635,000	-	-	3,635,000
Premium on bonds issued	-	-	232,276	218,133	-	450,409
Discount on bonds issued	-	-	(8,064)	(8,741)	-	(16,805)
Total other financing sources (uses)	(704,542)	-	6,431,145	2,463,468	(16,850)	8,173,221
Net increase (decrease) in fund balance	2,871,928	3,777,787	4,052,893	(240,904)	(819,555)	9,642,149
Fund balance - January 1	14,320,383	8,021,960	7,134,575	13,350,342	1,712,468	44,539,728
Fund balance - December 31	\$ 17,192,311	\$ 11,799,747	\$ 11,187,468	\$ 13,109,438	\$ 892,913	\$ 54,181,877

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, 2016

Total net change in fund balances - governmental funds \$ 9,642,149

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital assets are recorded in net position and the cost is allocated over their estimated useful lives as depreciation expense. However, fund balances are reduced for the full cost of capital outlays at the time of purchase.

Capital outlays	14,865,042
Depreciation expense	(8,461,164)
Investment in joint powers agreement	185,888

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. 3,291,805

The amount of debt issued is reported in the governmental funds as a source of financing. Debt obligations are not revenues in the Statement of Activities, but rather constitute long-term liabilities. (7,575,000)

Repayment of long-term debt does not affect the change in net position. However, it reduces fund balances. 5,246,375

Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, they are included in the change in fund balances when due. (18,353)

Debt issuance premiums and discounts are included in the change in net position as they are amortized over the life of the debt. However, they are included in the change in fund balances upon issuance as other financing sources and uses. (187,898)

Certain expenses are included in the change in net position, but do not require the use of current funds, and are not included in the change in fund balances.

Net pension liability	(28,258,345)
Net OPEB obligation	(209,384)
Compensated absences payable	(162,106)

The recognition of certain revenues and expenditures differ between the full accrual governmental activities financial statements and the modified accrual governmental fund financial statements.

Deferred outflows - pension plans	25,907,005
Deferred inflows - pension plans	(2,847,437)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is included in the governmental activities in the Statement of Activities. 146,625

Change in net position - governmental activities \$ 11,565,202

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

CITY OF EDINA, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2016

	Business-type Activities - Enterprise Funds							Governmental Activities
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	Total Enterprise Funds	Risk Management Internal Service Fund
Assets:								
Current assets:								
Cash and investments	\$13,081,553	\$ 1,241,466	\$ 1,323,153	\$ 110,223	\$ -	\$ 3,319,601	\$ 19,075,996	\$ -
Restricted cash and investments	1,668,491	-	-	-	-	-	1,668,491	-
Interest receivable	23,047	3,234	4,103	2,659	-	9,186	42,229	-
Accounts receivable, net	3,656,158	409	-	11,372	312,138	12,912	3,992,989	18,470
Special assessments receivable	644,204	-	-	-	-	-	644,204	-
Due from other funds	-	-	-	-	-	44,719	44,719	-
Due from other governments	7,898	-	-	-	-	-	7,898	-
Prepaid expenses	36,000	-	86,275	-	-	-	122,275	289,380
Inventory	11,979	1,330,831	-	63,592	-	6,986	1,413,388	-
Total current assets	19,129,330	2,575,940	1,413,531	187,846	312,138	3,393,404	27,012,189	307,850
Noncurrent assets:								
Net capital assets	95,908,301	1,618,176	1,791,182	9,026,398	9,776,406	9,990,296	128,110,759	-
Deferred outflows of resources:								
Defined benefit pension plans	630,650	630,650	-	360,371	270,278	720,743	2,612,692	-
Total assets and deferred outflows of resources	115,668,281	4,824,766	3,204,713	9,574,615	10,358,822	14,104,443	157,735,640	307,850
Liabilities:								
Current liabilities:								
Accounts payable	244,540	333,603	807	29,762	60,748	69,180	738,640	79,992
Salaries payable	39,525	36,758	-	22,177	21,619	37,452	157,531	-
Accrued interest payable	424,991	-	1,262	37,566	54,515	-	518,334	-
Contracts payable	145,759	-	-	47,901	34,254	24,780	252,694	-
Due to other funds	-	-	-	-	44,719	-	44,719	26,597
Due to other governments	5,602	146,273	75	3,872	7,990	15,543	179,355	-
Deposits payable	-	-	8,400	5,000	-	-	13,400	-
Unearned revenue	-	12,317	-	81,495	317	9,245	103,374	-
Compensated absences payable	70,280	128,551	-	84,401	22,206	53,487	358,925	-
Bonds payable - current	5,040,000	-	85,000	185,000	230,000	-	5,540,000	-
Total current liabilities	5,970,697	657,502	95,544	497,174	476,368	209,687	7,906,972	106,589
Noncurrent liabilities:								
Net OPEB obligation	55,142	38,766	-	49,242	23,361	41,975	208,486	-
Net pension liability	1,509,578	1,509,578	-	862,616	646,962	1,725,232	6,253,966	-
Compensated absences payable	105,419	192,826	-	126,601	33,310	80,230	538,386	-
Bonds payable, net of unamortized discounts and premiums	31,650,439	-	-	2,992,155	4,185,093	-	38,827,687	-
Total noncurrent liabilities	33,320,578	1,741,170	-	4,030,614	4,888,726	1,847,437	45,828,525	-
Deferred inflows of resources:								
Defined benefit pension plans	177,657	177,657	-	101,519	76,139	203,037	736,009	-
Total liabilities and deferred inflows of resources	39,468,932	2,576,329	95,544	4,629,307	5,441,233	2,260,161	54,471,506	106,589
Net position:								
Net investment in capital assets	60,740,594	1,618,176	1,706,182	5,801,342	5,327,059	9,965,516	85,158,869	-
Restricted for debt service	-	-	804,393	-	-	-	804,393	-
Unrestricted	15,458,755	630,261	598,594	(856,034)	(409,470)	1,878,766	17,300,872	201,261
Total net position	\$76,199,349	\$ 2,248,437	\$ 3,109,169	\$ 4,945,308	\$ 4,917,589	\$11,844,282	\$103,264,134	\$ 201,261

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

CITY OF EDINA, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For The Year Ended December 31, 2016

	Business-type Activities - Enterprise Funds							Governmental Activities
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	Total Enterprise Funds	Risk Management Internal Service Fund
Operating revenues:								
Sales - liquor	\$ -	\$12,671,649	\$ -	\$ 3,144	\$ -	\$ -	\$ 12,674,793	\$ -
Sales - retail	-	265,443	6,224	216,537	40,243	49,037	577,484	-
Sales - utilities	18,473,292	-	-	-	-	-	18,473,292	-
Sales - concessions	-	-	113,972	577	327,401	158,596	600,546	-
Memberships	-	-	389,817	77,544	-	140,578	607,939	-
Admissions	-	-	392,839	319,938	26,547	628,225	1,367,549	-
Building rental	-	-	52,876	115,716	1,774,409	747,899	2,690,900	-
Rental of equipment	-	-	-	337,024	5,084	171,625	513,733	-
Greens fees	-	-	-	1,360,192	-	232,700	1,592,892	-
Other fees	999,353	-	340	379,030	141,075	1,062,115	2,581,913	731,508
Total operating revenues	<u>19,472,645</u>	<u>12,937,092</u>	<u>956,068</u>	<u>2,809,702</u>	<u>2,314,759</u>	<u>3,190,775</u>	<u>41,681,041</u>	<u>731,508</u>
Operating expenses:								
Cost of sales and services	-	9,625,215	40,442	169,131	124,582	92,300	10,051,670	-
Personal services	2,244,587	1,490,106	359,044	1,342,085	986,768	1,897,309	8,319,899	97,950
Contractual services	8,054,346	585,263	147,228	456,824	783,974	680,616	10,708,251	589,822
Commodities	841,148	67,125	86,024	260,722	126,274	343,635	1,724,928	-
Central Services	650,497	253,823	32,557	127,369	66,969	176,366	1,307,581	-
Depreciation	4,431,633	108,722	248,242	612,166	622,911	662,865	6,686,539	-
Total operating expenses	<u>16,222,211</u>	<u>12,130,254</u>	<u>913,537</u>	<u>2,968,297</u>	<u>2,711,478</u>	<u>3,853,091</u>	<u>38,798,868</u>	<u>687,772</u>
Operating income (loss)	<u>3,250,434</u>	<u>806,838</u>	<u>42,531</u>	<u>(158,595)</u>	<u>(396,719)</u>	<u>(662,316)</u>	<u>2,882,173</u>	<u>43,736</u>
Nonoperating revenues (expenses):								
Intergovernmental	345,097	-	-	-	-	-	345,097	-
Investment income (charges)	75,465	10,138	13,007	8,816	-	28,782	136,208	(67)
Donations	-	-	30,000	-	2,513	36,668	69,181	-
Interest and fiscal charges	(868,832)	-	(2,562)	(90,919)	(131,166)	-	(1,093,479)	-
Amortization of bond premiums (discounts)	310,569	-	539	2,047	(16)	-	313,139	-
Gain (loss) on sale of capital assets	35,946	-	-	16,000	-	-	51,946	-
Miscellaneous	33,260	11,350	-	16,982	133	2,854	64,579	102,956
Total nonoperating revenues (expenses)	<u>(68,495)</u>	<u>21,488</u>	<u>40,984</u>	<u>(47,074)</u>	<u>(128,536)</u>	<u>68,304</u>	<u>(113,329)</u>	<u>102,889</u>
Income (loss) before transfers	<u>3,181,939</u>	<u>828,326</u>	<u>83,515</u>	<u>(205,669)</u>	<u>(525,255)</u>	<u>(594,012)</u>	<u>2,768,844</u>	<u>146,625</u>
Transfers:								
Transfers in	-	-	-	150,000	209,861	340,566	700,427	-
Transfers out	(100,000)	(700,000)	-	-	-	-	(800,000)	-
Total transfers	<u>(100,000)</u>	<u>(700,000)</u>	<u>-</u>	<u>150,000</u>	<u>209,861</u>	<u>340,566</u>	<u>(99,573)</u>	<u>-</u>
Change in net position	3,081,939	128,326	83,515	(55,669)	(315,394)	(253,446)	2,669,271	146,625
Net position - January 1	73,117,410	2,120,111	3,025,654	5,000,977	5,232,983	12,097,728	100,594,863	54,636
Net position - December 31	<u>\$76,199,349</u>	<u>\$ 2,248,437</u>	<u>\$ 3,109,169</u>	<u>\$ 4,945,308</u>	<u>\$ 4,917,589</u>	<u>\$11,844,282</u>	<u>\$103,264,134</u>	<u>\$ 201,261</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, 2016

	Business-type Activities - Enterprise Funds							Governmental Activities
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	Total Enterprise Funds	Risk Management Internal Service Fund
Cash flows from operating activities:								
Receipts from customers and users	\$ 19,429,214	\$ 12,938,644	\$ 969,144	\$ 2,802,791	\$ 2,281,028	\$ 3,331,618	\$ 41,752,439	\$ 713,038
Payment to suppliers	(9,156,178)	(10,639,006)	(310,166)	(989,033)	(1,092,289)	(1,337,375)	(23,524,047)	(799,210)
Payment to employees	(2,108,294)	(1,381,827)	(359,044)	(1,264,954)	(942,049)	(1,753,825)	(7,809,993)	(97,950)
Donations received	-	-	30,000	-	2,513	36,668	69,181	-
Miscellaneous received	33,260	11,350	-	16,982	133	2,854	64,579	102,956
Net cash provided by (used in) operating activities	<u>8,198,002</u>	<u>929,161</u>	<u>329,934</u>	<u>565,786</u>	<u>249,336</u>	<u>279,940</u>	<u>10,552,159</u>	<u>(81,166)</u>
Cash flows from noncapital financing activities:								
State grant	345,097	-	-	-	-	-	345,097	-
Transfer from other funds	-	-	-	150,000	209,861	340,566	700,427	-
Transfer to other funds	(100,000)	(700,000)	-	-	-	-	(800,000)	-
Proceeds from interfund borrowing	-	-	-	-	44,719	7,103	51,822	26,597
Payment of interfund borrowing	-	-	-	-	(7,103)	(44,719)	(51,822)	-
Net cash provided by (used in) noncapital financing activities	<u>245,097</u>	<u>(700,000)</u>	<u>-</u>	<u>150,000</u>	<u>247,477</u>	<u>302,950</u>	<u>245,524</u>	<u>26,597</u>
Cash flows from capital and related financing activities:								
Proceeds from capital debt	9,350,611	-	-	-	-	-	9,350,611	-
Acquisition of capital assets	(8,794,245)	(108,774)	(183,311)	(1,936,496)	(133,996)	(585,887)	(11,742,709)	-
Proceeds from disposals of capital assets	35,946	-	-	16,000	-	-	51,946	-
Principal paid on bonds	(4,925,000)	-	(80,000)	(65,000)	(230,000)	-	(5,300,000)	-
Interest and fiscal charges paid on bonds	(814,238)	-	(3,750)	(94,718)	(132,817)	-	(1,045,523)	-
Net cash provided by (used in) capital and related financing activities	<u>(5,146,926)</u>	<u>(108,774)</u>	<u>(267,061)</u>	<u>(2,080,214)</u>	<u>(496,813)</u>	<u>(585,887)</u>	<u>(8,685,675)</u>	<u>-</u>
Cash flows from investing activities:								
Interest received	76,635	9,507	12,041	7,929	-	27,003	133,115	8
Net increase (decrease) in cash and investments	3,372,808	129,894	74,914	(1,356,499)	-	24,006	2,245,123	(54,561)
Cash and investments - January 1	<u>11,377,236</u>	<u>1,111,572</u>	<u>1,248,239</u>	<u>1,466,722</u>	<u>-</u>	<u>3,295,595</u>	<u>18,499,364</u>	<u>54,561</u>
Cash and investments - December 31	<u>\$ 14,750,044</u>	<u>\$ 1,241,466</u>	<u>\$ 1,323,153</u>	<u>\$ 110,223</u>	<u>\$ -</u>	<u>\$ 3,319,601</u>	<u>\$ 20,744,487</u>	<u>\$ -</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, 2016

	Business-type Activities - Enterprise Funds							Governmental Activities
	Utilities	Liquor	Aquatic Center	Golf Course	Arena	Nonmajor Enterprise Funds	Total Enterprise Funds	Risk Management Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 3,250,434	\$ 806,838	\$ 42,531	\$ (158,595)	\$ (396,719)	\$ (662,316)	\$ 2,882,173	\$ 43,736
Adjustments to reconcile operating income (loss) to net cash flows provided by (used in) operating activities:								
Depreciation	4,431,633	108,722	248,242	612,166	622,911	662,865	6,686,539	-
Donations	-	-	30,000	-	2,513	36,668	69,181	-
Miscellaneous revenue (expense)	33,260	11,350	-	16,982	133	2,854	64,579	102,956
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:								
Decrease (increase) in receivables	16,195	(409)	4,676	(8,517)	(33,731)	140,993	119,207	(18,470)
Decrease (increase) in special assessments	(94,951)	-	-	-	-	-	(94,951)	-
Decrease (increase) in due from other governments	35,325	-	-	-	-	-	35,325	-
Decrease (increase) in inventory	7,357	(173,986)	-	20,118	-	1,665	(144,846)	-
Decrease (increase) in prepaid expenses	376,866	-	(3,800)	-	-	-	373,066	(289,380)
Decrease (increase) in deferred outflows of resources	(492,734)	(492,733)	-	(281,562)	(211,171)	(563,124)	(2,041,324)	-
Increase (decrease) in accounts payable	6,971	59,922	(190)	4,990	9,802	(49,718)	31,777	79,992
Increase (decrease) in salaries payable	11,999	10,124	-	5,033	(1,864)	11,252	36,544	-
Increase (decrease) in due to other governments	(1,381)	6,484	75	(95)	(292)	3,595	8,386	-
Increase (decrease) in deposits payable	-	-	8,400	-	-	-	8,400	-
Increase (decrease) in unearned revenue	-	1,961	-	1,606	-	(150)	3,417	-
Increase (decrease) in net OPEB obligation	3,131	4,084	-	2,589	1,510	4,416	15,730	-
Increase (decrease) in net pension liability	536,249	536,249	-	306,428	229,821	612,856	2,221,603	-
Increase (decrease) in compensated absences	20,090	(7,003)	-	11,752	1,755	12,303	38,897	-
Increase (decrease) in deferred inflows of resources	57,558	57,558	-	32,891	24,668	65,781	238,456	-
Total adjustments	4,947,568	122,323	287,403	724,381	646,055	942,256	7,669,986	(124,902)
Net cash provided by (used in) operating activities	\$ 8,198,002	\$ 929,161	\$ 329,934	\$ 565,786	\$ 249,336	\$ 279,940	\$ 10,552,159	\$ (81,166)
Noncash investing activities:								
Increase (decrease) in fair value of investments	(19,458)	(2,823)	(3,601)	(2,364)	-	(8,017)	(36,263)	9
Noncash capital and related financing activities:								
Acquisition of capital assets with contracts payable	165,134	108,774	-	83,631	105,581	442,831	905,951	-

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

CITY OF EDINA, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
December 31, 2016

	<u>Agency Funds</u>
Assets	
Cash and investments	<u>\$ 723,828</u>
Liabilities	
Accounts payable	\$ 39,494
Contracts payable	292,373
Salaries payable	5,241
Due to other governmental units	<u>386,720</u>
Total liabilities	<u>\$ 723,828</u>

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. FINANCIAL REPORTING ENTITY

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

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

COMPONENT UNITS

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

The Housing and Redevelopment Authority (HRA) is an entity legally separate from the City. However, for financial reporting purposes, the HRA is reported as if it were part of the City's operations for two reasons. First, the HRA's governing body is substantively the same as the governing body of the City. Specifically, the HRA board consists of five members, all of which are City Council members. Second, management of the City has operational responsibility for the HRA. Specifically, sales of bonds or other obligations of the HRA are approved by the City Council; the HRA follows the budget process for City departments in accordance with City policy; the annual HRA budget is approved by City Council; the HRA submits its plan for development and redevelopment to the City Council for approval; lastly, the administrative structure and management practices and policies of the HRA are approved by the City Council. The activity of the HRA is reported in the Special Revenue Funds. Separate financial statements are not prepared for the HRA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

Additionally, the City reports the following fund types:

Internal service funds - the *risk management internal service fund* accounts for worker's compensation, volunteer accident, and property/casualty insurance. Internal service funds operate in a manner similar to enterprise funds; however, they provide services primarily to other departments within the City.

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

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 City's enterprise funds and internal service fund are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund 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.

Aggregated information for the internal service fund is reported in a single column in the proprietary fund financial statements. Because the principal user of the internal services is the City's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The cost of these services is reported in the appropriate functional activity.

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

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

D. CASH AND INVESTMENTS

Cash and Investments

The cash balances of the City and its component units fund are pooled and invested for the purpose of increasing earnings through investment activities. The pool's investments are reported at fair value at year end, except for investments in external investment pools, which are stated at amortized cost. The City has the ability and intent to hold its investments to maturity. The individual funds' portions of the pool's fair value are presented as "Cash and investments." Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund. The City provides temporary advances to funds that have insufficient cash and investment balances by means of an advance from another fund shown as interfund receivables in the advancing fund, and an interfund payable in the fund with the deficit, until adequate resources are received. These interfund balances are eliminated on the government-wide financial statements.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

See Note 2 for the City's recurring fair value measurements as of December 31, 2016.

Restricted Cash and Investments

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

For the purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

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, 2016 are planned to be eliminated in 2017. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

F. REVENUE RECOGNITION

1. PROPERTY TAX REVENUE RECOGNITION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

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

2. SPECIAL ASSESSMENT REVENUE RECOGNITION

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

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) and are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources. The following is a breakdown of special assessments receivable at December 31, 2016:

	Governmental Funds		Enterprise Funds	
	Debt Service	Construction	Utilities	Utilities
Special assessments receivable	\$53,766	\$0	\$291,354	
Delinquent	2,541,269	18,334,238	352,850	
Deferred				
Total	\$2,595,035	\$18,334,238	\$644,204	

G. INVENTORIES AND PREPAID ITEMS

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

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

H. CAPITAL ASSETS

Capital assets, which include property, buildings, improvements, equipment, parks, infrastructure assets (roads, bridges, sidewalks, and similar items), and intangible assets such as easements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are also reported in the proprietary fund financial statements but not in the governmental fund financial statements.

Capital assets are defined by the government as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Infrastructure assets include all of the City's assets since inception.

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

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

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

I. COMPENSATED ABSENCES

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

J. STATE-WIDE PENSION PLANS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA's fiduciary net position have been determined on the same basis as they are reported by the PERA except that the PERA's fiscal year-end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The PERA has a special funding situation created by a direct aid contribution made by the state of Minnesota. The direct aid is a result of the merger of the Minneapolis Employees Retirement Fund in the PERA on January 1, 2015.

K. LONG-TERM OBLIGATIONS

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

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

L. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. It is the deferred outflows of resources related to pensions reported in the government-wide and enterprise funds Statement of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, differences between projected and actual earnings on pension plan investments, and contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items which qualify for reporting in this category.

The first item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenue from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The second item, deferred inflows of resources related to pensions, is reported in the government-wide and enterprise fund Statement of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and the difference between projected and actual earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

M. 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.

N. FUND BALANCE CLASSIFICATION

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

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors, or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council. In the fund balance policy, authority to assign amounts for specific purposes is limited to the City Council.
- **Unassigned** – The residual classification for the general fund which also reflects negative residual amounts in other funds.

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

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

O. NET POSITION

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

- **Net investment in capital assets** - Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets.
- **Restricted net position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- **Unrestricted net position** – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

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

P. 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. CASH AND INVESTMENTS

A. COMPONENTS OF CASH AND INVESTMENTS

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

Deposits	\$ 354,060
Cash on hand	19,215
Investments	78,081,723
	<u>\$ 78,454,998</u>

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

Cash and investments - Statement of Net Position	\$ 71,956,713
Restricted cash and investments - Statement of Net Position	5,774,457
Cash and investments - Statement of Fiduciary Net Position	723,828
	<u>\$ 78,454,998</u>

The City had restricted investments of \$5,774,457 as of December 31, 2016 that represent unspent bond proceeds to be used for construction projects and debt payments.

B. DEPOSITS

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

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

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

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

At year-end, the carrying amount of the City's deposits was \$354,060 while the balance on the bank records was \$1,312,660. At December 31, 2016, 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	Rating	Agency	Fair Value Measurements	Maturity Distribution Years			Total
				< 1	1 to 5	6 to 10	
U.S. Treasuries	A+	S&P	Level 1	\$ 237,829	\$ 451,507	\$ 774,861	\$ 1,524,197
Money Market	NR	N/A	Level 1	3,531,596	63,167	—	3,594,763
SBAs/Notes	A+	S&P	Level 1	—	16,506	—	16,506
Commercial Paper	NR	N/A	Level 1	1,027,345	9,937,645	976,626	21,464,467
Municipals	A+	S&P	Level 1	—	37,500	—	37,500
U.S. Agencies	A+	S&P	Level 1	—	—	—	—
Commercial Paper	A1+	S&P	Level 3	13,892,303	—	—	13,892,303
Municipals	AA	S&P	Level 2	78,879	654,111	—	732,990
Municipals	AA	S&P	Level 2	78,879	1,822,300	—	1,901,179
Municipals	AA	S&P	Level 2	145,480	2,454,738	1,122,556	3,722,774
Municipals	A2	M/S*	Level 2	—	249,632	—	249,632
Municipals	NR	N/A	Level 1	18,376,051	10,246,525	237,145	28,859,721
Money Market	NR	N/A	Level 1	332,420,741	82,335,444	2,258,411	4,163,277
Money Market	NR	N/A	Level 1	—	—	—	—
4M Fund*	NR	N/A	Level 1	—	—	—	6,113,788
Total Investments							\$78,681,723

* - The City's money market investments do not have maturities

The Minnesota Municipal Money Market Fund (4M Fund) is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the same regulatory rules of the SEC. The City's investment in the 4M Fund is measured at amortized cost which approximates fair value. Money markets and mutual fund investments are also valued at amortized cost.

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

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

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

Concentration risk – This is the risk associated with investing a significant portion of the City's investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as Treasuries), investment pools, and mutual funds. The City's investment policies specifically address the City's desire to limit concentration risk, but do not set specific guidelines for measurement of this risk. At year-end, the City's investments include 17.4% in commercial paper with U.S. Bank, and 6.6% in securities issued by FNMA.

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 3 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 20,894,033	\$ 1,072,250	\$ -	\$ 22,066,283
Easements	253,000	-	-	253,000
Construction in progress	21,353,521	12,149,007	(21,326,256)	12,176,272
Total capital assets not being depreciated	42,600,554	13,221,257	(21,326,256)	34,495,555
Capital assets being depreciated:				
Land improvements	23,145,607	1,346,784	-	24,492,391
Buildings and structures	64,004,570	22,516	-	64,027,086
Furniture and office equipment	4,185,783	12,689	-	4,198,472
Vehicles and equipment	16,224,482	1,632,893	(2,019,699)	16,037,676
Infrastructure	106,389,220	15,286,887	(1,070,323)	120,605,784
Parks	17,868,215	4,466,272	(24,621)	22,309,866
Total capital assets being depreciated	231,817,877	22,970,041	(3,114,643)	251,673,275
Less accumulated depreciation for:				
Land improvements	(16,760,052)	(719,299)	-	(17,479,351)
Buildings and structures	(20,187,680)	(1,839,677)	-	(22,027,357)
Furniture and office equipment	(3,036,030)	(290,112)	-	(3,326,142)
Vehicles and equipment	(11,466,144)	(1,251,177)	2,019,699	(10,697,622)
Infrastructure	(54,763,273)	(3,428,048)	1,070,323	(57,120,998)
Parks	(9,607,823)	(932,851)	24,621	(10,516,053)
Total accumulated depreciation	(115,823,002)	(9,461,164)	3,114,643	(121,169,523)
Total capital assets being depreciated, net	115,994,875	14,508,877	-	130,503,752
Governmental activities capital assets, net	\$ 158,595,429	\$ 27,730,134	\$ (21,326,256)	\$ 164,999,307

CITY OF EDINA, MINNESOTA
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	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 285,341	\$ -	\$ -	\$ 285,341
Construction in progress	19,217,597	10,286,595	(20,244,757)	9,259,425
Total capital assets not being depreciated	19,502,928	10,286,595	(20,244,757)	9,544,766
Capital assets being depreciated:				
Land improvements & golf course	8,664,368	2,710,507	-	11,374,875
Buildings and structures	33,922,536	4,573,535	-	38,496,071
Furniture and office equipment	153,303	-	-	153,303
Vehicles and equipment	11,740,591	984,120	(201,631)	12,473,080
Utility infrastructure	119,033,436	12,576,758	-	131,610,194
Lease property capital lease	430,614	-	-	430,614
Total capital assets being depreciated	173,944,848	20,794,920	(201,631)	194,538,137
Less accumulated depreciation for:				
Land improvements & golf course	(5,718,819)	(387,128)	-	(6,105,947)
Buildings and structures	(13,772,607)	(1,516,515)	-	(15,289,022)
Furniture and office equipment	(146,253)	(3,188)	-	(149,441)
Vehicles and equipment	(5,169,275)	(771,062)	201,631	(5,738,706)
Utility infrastructure	(44,249,768)	(3,998,646)	-	(48,248,414)
Lease property capital lease	(430,614)	-	-	(430,614)
Total accumulated depreciation	(69,487,236)	(6,686,539)	201,631	(75,972,144)
Total capital assets being depreciated, net	104,457,612	14,108,381	-	118,565,993
Business-type activities capital assets, net	\$ 123,960,540	\$ 24,394,976	\$ (20,244,757)	\$ 128,110,759

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	\$ 499,311
Public safety	1,025,422
Public works	4,698,112
Parks	2,238,319
Total depreciation expense - governmental activities	\$ 8,461,164
Business-type activities:	
Utilities	\$ 4,431,633
Liquor	108,722
Aquatic Center	248,242
Golf Course	612,166
Arena	622,911
Art Center	23,929
Edinborough Park	180,549
Centennial Lakes	39,595
Sports Dome	418,792
Total depreciation expense - business-type activities	\$ 6,686,539

CONSTRUCTION COMMITMENTS

At December 31, 2016, the City had construction project contracts in progress. The commitments related to the remaining contract balances are summarized as follows:

Project #	Project Description	Contract Amount	Remaining Commitment
14-8 Eng	Promenade Water Feature	\$ 1,445,573	\$ 63,074
16-1 Eng	Valley View & Tracy Neighborhood	2,114,765	124,714
16-3 Eng	Strachauer Park Neighborhood	2,723,918	112,836
16-4 Eng	Morningside A Neighborhood	2,762,768	262,004
NA	Golf Course	5,349,958	4,342,937
			\$ 4,905,565

CITY OF EDINA, MINNESOTA
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NOTE 4. LONG-TERM DEBT

The City has five types of bonded debt outstanding at December 31, 2016: general obligation bonds, permanent improvement revolving bonds, public project revenue bonds, Edina Emerald Energy program revenue bonds and G.O. revenue bonds. The first type is payable from general property taxes. The second type is payable solely from special assessments with any deficiency to be provided for by general property taxes. The third type is payable solely from annual appropriation lease payments received from the City of Edina pursuant to a lease between the Edina Housing and Redevelopment Authority and the City. The fourth type is payable solely from special assessments. The fifth type is payable primarily from enterprise revenue with any deficiency to be provided for by general property taxes. The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

GOVERNMENTAL ACTIVITIES

As of December 31, 2016, the governmental long-term bonded debt of the financial reporting entity consisted of the following:

General Obligation Bonds:	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/2016
General Obligation - Capital Improvement Plan, 2007A	4.00-4.25%	9/24/2007	2/1/2028	\$ 4,895,000	\$ 4,095,000
General Obligation - Capital Improvement Plan, 2009A	3.00-4.40%	4/29/2009	2/1/2030	14,000,000	10,710,000
General Obligation - Capital Improvement Plan, 2010A	2.00-4.00%	1/18/2010	2/1/2021	8,285,000	4,150,000
General Obligation - Capital Improvement Plan, 2013A - Refunding	3.00-3.50%	10/10/2013	2/1/2030	5,710,000	4,850,000
General Obligation - 2014B - Refunding	3.00%	12/1/2014	2/1/2017	1,105,000	555,000
General Obligation - 2016A - Refunding	2.00-3.00%	7/6/2016	2/1/2028	3,835,000	3,635,000
Total General Obligation Bonds				38,860,000	27,995,000
Permanent Improvement Revolving (PIR) Bonds:					
Permanent Improvement Revolving, 2010B	2.00-3.00%	11/18/2010	2/1/2022	2,395,000	1,435,000
Permanent Improvement Revolving, 2011A	2.00-3.00%	10/27/2011	2/1/2023	3,320,000	2,480,000
Permanent Improvement Revolving, 2012A	3.00-3.50%	11/15/2012	2/1/2019	2,600,000	1,800,000
Permanent Improvement Revolving, 2013A - Refunding	3.00-3.50%	10/10/2013	2/1/2030	2,555,000	2,415,000
Permanent Improvement Revolving, 2014B - Refunding	2.00-3.00%	12/1/2014	2/1/2020	4,075,000	3,330,000
Permanent Improvement Revolving, 2015A	2.00-4.00%	7/6/2015	2/1/2032	6,545,000	6,545,000
Permanent Improvement Revolving, 2015A - Parking	2.00-4.00%	7/6/2015	2/1/2030	2,495,000	2,485,000
Permanent Improvement Revolving, 2016A	2.00-3.00%	7/6/2016	2/1/2033	3,940,000	3,940,000
Total PIR Bonds				29,960,000	25,920,000
Public Project Revenue Bonds:					
Public Project Revenue, Series 2008A	9.15-4.65%	11/24/2008	2/1/2030	2,665,000	1,645,000
Public Project Revenue, Series 2014A	2.00-3.25%	11/5/2014	2/1/2026	16,185,000	15,540,000
Public Project Revenue, Series 2015A - Refunding	2.50-3.00%	7/6/2015	5/1/2028	3,480,000	3,205,000
Total Public Project Revenue Bonds				22,330,000	20,390,000
Edina Emerald Energy Program (EEP) Revenue Bonds:					
Edina Emerald Energy Program (EEP) Revenue Bonds, 2012A	7.00%	2/25/2012	1/1/2023	33,650	20,214
Edina Emerald Energy Program (EEP) Revenue Bonds, 2012B	5.50%	6/28/2012	1/1/2018	40,030	8,005
Total EEP Revenue Bonds				73,680	28,220
Total bonded indebtedness - governmental activities				\$ 90,813,720	\$ 74,273,220

CITY OF EDINA, MINNESOTA
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BUSINESS-TYPE ACTIVITIES

Revenue Bonds:	Interest Rates	Issue Date	Final Maturity Date	Original Issue	Payable 12/31/2016
Recreational Facility Bonds, Series 2008B	2.00-3.00%	4/28/2008	1/1/2017	\$ 2,010,000	\$ 85,000
Recreational Facility Bonds, Series 2009C	2.00-4.00%	12/10/2009	2/1/2030	2,440,000	1,855,000
Recreational Facility Bonds, Series 2012B	4.5-1.60%	11/15/2012	2/1/2020	815,000	465,000
Recreational Facility Bonds, Series 2012C	2.00-3.00%	11/15/2012	2/1/2033	2,100,000	2,100,000
Recreational Facility Bonds, Series 2012B	2.00-3.25%	7/6/2015	2/1/2023	2,140,000	2,140,000
Recreational Facility Bonds, Series 2015B	2.00-3.25%	7/6/2015	2/1/2023	2,140,000	2,140,000
Utility Revenue Bonds, Series 2011A	3.00-3.00%	10/27/2011	2/1/2023	11,230,000	7,065,000
Utility Revenue Bonds, Series 2012A	3.00-4.00%	11/15/2012	2/1/2024	6,100,000	4,530,000
Utility Revenue Bonds, Series 2014A	2.00-3.00%	7/15/2014	2/1/2024	5,680,000	4,580,000
Utility Revenue Bonds, Series 2014B - Refunding	3.00%	12/1/2014	2/1/2017	1,830,000	955,000
Utility Revenue Bonds, Series 2014B - Refunding	3.00%	12/1/2014	2/1/2019	5,710,000	4,310,000
Utility Revenue Bonds, Series 2015A	2.00-3.00%	7/6/2015	2/1/2023	8,775,000	8,775,000
Utility Revenue Bonds, Series 2016A	2.00-3.00%	7/6/2016	2/1/2027		
Total bonded indebtedness - business-type activities				\$ 55,190,000	\$ 42,620,000

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

Year Ending December 31	General Obligation Bonds			Governmental Activities - Public Improvement Revolving Bonds			Public Project Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 6,260,000	\$ 897,981	\$ 7,157,981	\$ 2,105,000	\$ 745,783	\$ 2,850,783	\$ 905,000	\$ 633,628	\$ 1,538,628
2018	1,995,000	727,074	2,722,074	2,480,000	672,088	3,152,088	1,045,000	807,198	1,852,198
2019	2,070,000	657,701	2,727,701	2,630,000	600,263	3,230,263	1,080,000	574,566	1,654,566
2020	2,145,000	584,731	2,729,731	2,470,000	533,775	3,003,775	1,115,000	540,690	1,655,690
2021	2,210,000	508,093	2,718,093	1,645,000	481,800	2,126,800	1,145,000	505,649	1,650,649
2022-2026	7,265,000	1,760,177	9,025,177	6,705,000	1,714,588	8,419,588	6,290,000	1,894,386	8,184,386
2027-2031	5,990,000	453,047	6,443,047	5,945,000	778,145	6,723,145	4,745,000	1,108,501	5,853,501
2032-2036				1,940,000	102,831	2,042,831	4,065,000	299,488	4,364,488
Total	\$ 27,935,000	\$ 5,578,804	\$ 33,513,804	\$ 25,920,000	\$ 5,629,273	\$ 31,549,273	\$ 20,390,000	\$ 6,263,106	\$ 26,652,379
Year Ending December 31	Edina Emerald Energy Program Revenue Bonds			Business-Type Activities - Revenue Bonds					
	Principal	Interest	Total	Principal	Interest	Total			
2017	\$ -	\$ 928	\$ 928	\$ 5,540,000	\$ 1,148,081	\$ 6,688,081			
2018	11,375	3,369	14,744	5,400,000	986,201	6,386,201			
2019	3,369	1,061	4,430	5,570,000	840,155	6,410,155			
2020	3,369	825	4,194	4,170,000	706,603	4,876,603			
2021	3,369	590	3,959	4,280,000	585,890	4,865,890			
2022-2026	6,738	472	7,210	13,790,000	1,358,890	15,148,890			
2027-2031				3,515,000	251,602	3,766,602			
2030-2033				355,000	107,25	462,25			
Total	\$ 28,220	\$ 5,383	\$ 33,603	\$ 42,620,000	\$ 5,888,147	\$ 48,508,147			

CITY OF EDINA, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2016

CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 26,710,000	\$ 3,635,000	\$ (2,410,000)	\$ 27,935,000	\$ 6,280,000
Public project revenue	23,905,000	3,940,000	(1,925,000)	25,920,000	2,105,000
EEEP revenue	21,290,000	-	(900,000)	20,390,000	905,000
Less deferred amounts:	39,595	-	(11,375)	28,220	-
Discount on bonds	(433,708)	(16,805)	44,917	(405,596)	-
Premiums	1,829,890	450,409	(290,623)	1,989,676	-
Total bonds payable	73,340,777	8,008,604	(5,492,081)	75,857,300	9,270,000
Compensated absences	3,868,494	1,756,382	(1,594,276)	4,030,600	1,612,240
Governmental activity Long-term liabilities	\$ 77,209,271	\$ 9,764,986	\$ (7,086,357)	\$ 79,887,900	\$ 10,882,240
Business-type activities:					
Bonds payable:					
Revenue bonds	\$ 39,145,000	\$ 8,775,000	\$ (5,300,000)	\$ 42,620,000	\$ 5,540,000
Less deferred amounts:	(132,279)	(19,467)	18,093	(133,653)	-
Discount on bonds	1,617,494	595,079	(331,233)	1,881,340	-
Premiums	40,630,215	9,350,612	(5,613,140)	44,367,687	5,540,000
Compensated absences	858,414	280,738	(241,841)	897,311	358,925
Business-type activity Long-term liabilities	\$ 41,688,629	\$ 9,631,350	\$ (5,854,981)	\$ 45,264,998	\$ 5,898,925

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

In 2016, the City issued \$3,635,000 of General Obligation bonds, Series 2016A to finance a crossover refunding of the 2018 through 2028 maturities of the City's \$5,865,000 General Obligation capital improvement plan bonds, Series 2007A. Savings from the current proceeds were placed in escrow and the General Obligation capital improvement plan bonds, Series 2007A were redeemed February 1, 2017. The crossover refunding was undertaken to reduce total debt service payments by \$655,794 and resulted in an economic gain of \$512,801. The City anticipates that ad valorem taxes will be sufficient to pay future debt service on this issuance.

CITY OF EDINA, MINNESOTA
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REVENUE PLEDGED

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

Bond Issue	Use of Proceeds	Type	Revenue Pledged		Term of Pledge	Remaining Principal and Interest	Current Year	
			% of Total Debt Service	Amount			Principal and Interest	Revenue Received
2008B Recreational Facility Bonds	Pool improvement	Pool	100%	2009-2017	\$ 88,275	\$ 83,750	\$ 956,688	
2009C Recreational Facility Bonds	Arena improvements	Arena	100%	2010-2030	2,411,550	177,775	2,314,759	
2012B Recreational Facility Bonds	Arena improvements	Arena	100%	2013-2020	467,119	131,249	2,314,759	
2012C Recreational Facility Bonds	Arena improvements	Arena	100%	2013-2033	2,679,503	53,784	2,314,759	
2013B Recreational Facility Bonds	Golf course improvements	Golf	100%	2014-2029	1,233,718	97,480	2,899,702	
2015B Recreational Facility Bonds	Golf course improvements	Golf	100%	2016-2031	2,648,478	62,228	2,899,702	
2011A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2012-2022	7,659,575	1,278,650	18,472,645	
2011B Utility Revenue Bonds	Utility infrastructure	Utility	100%	2012-2022	7,659,575	1,278,650	18,472,645	
2014A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2014-2024	5,101,275	640,750	18,472,645	
2014B Utility Revenue Bonds	Utility infrastructure	Utility	100%	2014-2019	5,516,525	2,427,675	18,472,645	
2015A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2016-2025	5,414,550	671,913	18,472,645	
2016A Utility Revenue Bonds	Utility infrastructure	Utility	100%	2017-2027	10,231,254	-	18,472,645	

Note 5 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 2016 is computed as follows:

	December 31, 2016
Market Value (after fiscal disparities)	\$ 10,296,341,540
Debt Limit (3% of Market Value)	\$ 308,890,246
Amount of debt applicable to debt limit:	\$ 116,893,220
Total bonded debt	(25,920,000)
Less:	(42,620,000)
Public improvement revolving bonds	(28,220)
Revenue bonds	
EEEP revenue bonds	
Total debt applicable to debt limit	\$ 48,325,000
Legal debt margin	\$ 260,565,246

Note 6 DEFINED BENEFIT PENSION PLANS - STATEWIDE

The City participates in various pension plans, total pension expense for the year ended December 31, 2016 was \$8,238,891. The components of pension expense are noted in the following plan summaries:

A. PLAN DESCRIPTION

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the PERA. PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to the PERA.

B. BENEFITS PROVIDED

The PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the State Legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5 percent increases. Members in plans that have not exceeded 90 percent funded, or have fallen below 80 percent, are given 1 percent increases.

The benefit provisions stated in the following 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.

1. GERF Benefits

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 the 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 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unretired Social Security benefits capped at 66.

2. PEPFF Benefits

Benefits for PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50 percent after five years up to 100 percent after 10 years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50 percent after 10 years up to 100 percent after 20 years of credited service. The annuity accrual rate is 3 percent of average salary for each year of service. For PEPFF members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

C. CONTRIBUTIONS

Minnesota Statutes, Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the State Legislature.

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50 percent of their annual covered salary in calendar year 2016. The City was required to contribute 7.50 percent for Coordinated Plan members in calendar year 2016. The City's contributions to the GERF for the year ended December 31, 2016 were \$1,265,817. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8 percent of their annual covered salary in calendar year 2016. The City was required to contribute 16.20 percent of pay for PEPFF members in calendar year 2016. The City's regular contributions to the PEPFF for the year ended December 31, 2016 were \$1,272,485. The City's contributions were equal to the required contributions as set by state statute.

D. PENSION COSTS

1. GERS Pension Costs

At December 31, 2016, the City reported a liability of \$21,349,748 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2016. The State of Minnesota is considered a non-employer contribution entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the City totaled \$278,868. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2016, the City's proportionate share was .2656 percent, which was a decrease of .0027 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$2,778,376 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$83,072 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2016, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources, and its contributions subsequent to the measurement date, related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,180,300	\$ 1,739,007
Changes in actuarial assumptions	4,052,111	—
Differences between projected and actual investment earnings	—	773,571
Changes in proportion	—	—
Contributions paid to the PERA subsequent to the measurement date	676,778	—
Total	\$ 8,919,189	\$ 2,512,578

\$676,778 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2017	\$ 1,464,160
2018	\$ 1,464,155
2019	\$ 2,030,339
2020	\$ 771,179

2. PEPFF Pension Costs

At December 31, 2016, the City reported a liability of \$32,065,260 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by the PERA during the measurement period for employer payroll paid dates from July 1, 2015 through June 30, 2016, relative to the total employer contributions received from all of the PERA's participating employers. At June 30, 2016, the City's proportion was .799 percent, which was a decrease of .008 percent from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$5,460,515 for its proportionate share of the PEPFF's pension expense. The City also recognized \$71,910 for the year ended December 31, 2016, as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the state of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

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At December 31, 2016, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 17,646,912	\$ 3,690,284
Changes in actuarial assumptions	4,905,267	—
Differences between projected and actual investment earnings	—	104,549
Changes in proportion	—	—
Contributions paid to the PERA subsequent to the measurement date	691,880	—
Total	\$ 23,244,059	\$ 3,794,833

\$691,880 reported as deferred outflows of resources related to pensions resulting from city contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2017	\$ 4,035,655
2018	\$ 4,035,655
2019	\$ 4,035,674
2020	\$ 3,636,253
2021	\$ 3,014,109

E. ACTUARIAL ASSUMPTIONS

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Active member payroll growth	3.25% per year
Investment rate of return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled were based on RP-2014 tables for GFRF and RP-2000 tables for PEPFF for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be 1.0 percent for all future years for GFRF and PEPFF.

Actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the GFRF was completed in 2015. The experience study for the PEPFF was for the period July 1, 2004 through June 30, 2009.

The following changes in actuarial assumptions occurred in 2016:

GFRF

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2035 and 2.5 percent per year thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 7.5 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by .25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

PEPFF

- The assumed post-retirement benefit increase rate was changed from 1.0 percent per year through 2037 and 2.5 percent thereafter to 1.0 percent per year for all future years.
- The assumed investment return was changed from 7.9 percent to 7.5 percent. The single discount rate was changed from 7.9 percent to 5.6 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by .25 percent to 3.25 percent for payroll growth and 2.5 percent for inflation.

The State Board of Investment, which manages the investments of the PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	45%	5.50%
International stocks	15%	6.00%
Bonds	18%	1.45%
Alternative assets	20%	6.40%
Cash	2%	0.50%

F. DISCOUNT RATE

The discount rate used to measure the total pension liability in 2016 was 7.5 percent, a reduction from the 7.9 percent used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in Minnesota Statutes. Based on those assumptions, the fiduciary net position of the GERP was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the PEPFF, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056. Beginning in fiscal years ended June 30, 2057 for the PEPFF, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85 percent based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.6 percent for the PEPFF was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.5 percent applied to all years of projected benefits through the point of asset depletion and 2.85 percent after.

G. PENSION LIABILITY SENSITIVITY

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1.0 percentage point lower or 1.0 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
The City's proportionate share of the GERP net pension liability	\$ 30,322,970	\$ 21,349,748	\$ 13,958,257
	1% Decrease in Discount Rate (4.6%)	Discount Rate (5.6%)	1% Increase in Discount Rate (6.6%)
The City's proportionate share of the PEPFF net pension liability	\$ 44,815,199	\$ 32,065,260	\$ 21,516,926

H. PENSION PLAN FIDUCIARY NET POSITION

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the PERA website at www.mnperra.org.

I. PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN (DCP)

Board members of the City are covered by the DCP, a multiple-employer deferred compensation plan administered by PERA. The DCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5.0 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2.0 percent of employer contributions and twenty-five hundredths of 1.0 percent (.0025) of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2016 were:

	Contribution Amount		Percentage of Covered Payroll		Required Rate
	Employee	Employer	Employee	Employer	
\$	1,749	\$ 1,749	5%	5%	5%

Note 7. 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. The plan does not issue a publically available financial report. These benefits are summarized as follows:

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

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

B. FUNDING POLICY

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

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

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

Annual required contribution	\$ 275,534
Interest on net OPEB obligation	86,813
Adjustment to annual required contribution	(75,311)
Annual OPEB cost (expense)	287,036
Contributions made	(61,922)
Increase in net OPEB obligation	225,114
Net OPEB obligation - beginning of year	1,929,174
Net OPEB obligation - end of year	<u>\$ 2,154,288</u>

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

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2014	\$ 318,242	\$ 86,445	27.2%	\$ 1,719,772
December 31, 2015	329,182	119,780	36.4%	1,929,174
December 31, 2016	287,036	61,922	21.6%	2,154,288

D. FUNDED STATUS AND FUNDING PROGRESS

As of January 1, 2016, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,546,522, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,546,522. The covered payroll (annual payroll of active employees covered by the plan) was \$21,590,000, and the ratio of the UAAL to the covered payroll was 12.0 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and ARCS of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress information 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, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included: a 4.5 percent investment rate of return (net of administrative expenses) based on the City's own investments; a payroll growth rate of 3.5 percent; and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after twelve years. The UAAL is being amortized as a level percentage of payroll. The remaining amortization period at January 1, 2016 was 30 years on an "open" basis.

Note 8 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of due from other funds and due to other funds account balances as of December 31, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
General	Risk Management Internal Service	\$ 26,597
Construction	Nonmajor - Pedestrian and Cyclist Safety	443,935
Nonmajor - Sports Dome	Arena	44,719
Total		\$ 515,251

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

	Transfer in:					Total
	General	Debt Service	Construction	Golf Course	Arena	
Transfer out:						
General Fund	\$ -	\$ -	\$ 804,542	\$ -	\$ -	\$ 804,542
Construction Fund	-	-	-	9,861	-	173,716
Nonmajor Governmental	-	-	-	-	-	16,850
Utilities Fund	100,000	-	100,000	-	-	200,000
Liquor Fund	100,000	-	100,000	150,000	200,000	700,000
	\$ 100,000	\$ 2,400,000	\$ 1,004,542	\$ 150,000	\$ 209,861	\$ 3,403,566
						\$ 4,204,969

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

1. The liquor fund transferred \$100,000, \$150,000, \$200,000, \$100,000 and \$50,000 to the general, golf course, arena, art center, and centennial lakes funds, respectively, to subsidize operations.
2. The construction fund transferred \$9,861, \$25,837 and \$23,210 to the arena, edinburgh park and centennial lakes funds, respectively, to subsidize capital improvements to those facilities.
3. The environmental efficiency fund transferred \$16,850 to the art center fund to subsidize capital improvements.
4. The construction fund transferred \$124,669 to the sports dome fund to reimburse for debt proceeds initially received in the construction fund for capital projects at that facility.
5. The utilities fund and liquor fund transferred \$100,000 each to the construction fund to fund the capital improvement program, as planned in the 2016 budget.
6. The general fund transferred \$64,542 of the 2015 unassigned fund balance to the construction fund to subsidize the capital improvement program.
7. The general fund transferred \$740,000 to the construction fund for use of park reserves from the parkland dedication money received in 2016.
8. The construction fund transferred \$2,400,000 of PIR assessment revenue to the debt service fund for related debt payments.

Note 9 TAX INCREMENT DISTRICTS

The Housing Redevelopment Authority and City of Edina are the administering authorities for the following Tax Increment Districts:

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

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

District number 1212 (Grandview 2 Increment Financing District) is an economic development district established in 2016 pursuant to Minnesota Statutes with a termination date of 2045.

District number 1214 (66 West Increment Financing District) is an economic development district established in 2016 pursuant to Minnesota Statutes with a termination date of 2045.

The following table reflects values as of December 31, 2016:

	TF #1208	TF #1211	TF #1212	TF #1214	Total
Original tax capacity	\$ 8,746,251	\$ 880,068	\$ 42,662	\$ 25,525	\$ 9,694,506
Current tax capacity	13,303,761	813,186	42,662	25,525	14,185,134
Fiscal Disparities	1,083,413	40,646	-	-	1,124,061
Tax capacity change	3,474,097	(107,530)	-	-	3,366,567
Captured tax capacity value:					
Retained captured tax capacity	\$ 3,474,097	\$ (107,530)	\$ -	\$ -	\$ 3,366,567

Note 10 CONTINGENCIES

A. RISK MANAGEMENT

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

Worker's compensation insurance was provided through the League of Minnesota Cities Insurance Trust. There is no deductible. The City has an annual deposit premium that is subject to adjustment based on the actual audited payroll.

A package policy, including property, general liability, and automobile coverage, is provided through the League of Minnesota Cities Insurance Trust. Under this policy, the City pays an annual premium and had a \$50,000 per occurrence deductible and is subject to an annual aggregate deductible of \$100,000, with a \$1,500,000 per occurrence maximum.

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

Settlement claims have not exceeded insurance coverage for each of the past three years. There were no significant decreases in insurance coverage during 2016.

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, 2016.

D. TAX INCREMENT DISTRICTS

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

Note 11 CONDUIT DEBT OBLIGATION

As of December 31, 2016, the City of Edina had four series of Housing and Health Care Revenue Bonds, with an aggregate principal amount payable of \$29,100,000. The bonds are payable solely from revenues of the respective organizations and do not constitute an indebtedness of the City, and are not a charge against its general credit or taxing power. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 12 JOINT VENTURE

The City is a participant with the City of Bloomington, the City of Eden Prairie and the Metropolitan Airport Commission in a joint venture to construct and operate a facility to be used for the training of law enforcement officers and firefighters. The South Metro Public Safety Training Facility Association (PSTF) is governed by a Board consisting of one representative from each Member. On dissolution of the Association, the Facility shall revert to the City of Edina, and all remaining assets shall be divided among the members based on the Cost Sharing Formula. In accordance with the joint venture agreement, each member of the association will share in the cost of the construction and operation based on the Cost Sharing Formula. The City's equity interest in the capital assets of the PSTF was \$1,770,353. Complete financial statements for PSTF can be obtained from the City of Edina, 4801 West 50th Street, Edina, MN 55424.

Note 13 RELATED PARTY TRANSACTIONS

The City pays an annual membership fee to the South Metro Public Safety Training Facility as part of the joint venture agreement. The membership fee is paid by the Police and Fire departments and is based on a Cost Sharing Formula. For the year ended December 31, 2016, the City paid a total of \$58,848 in membership fees and \$185,888 for the classroom expansion project 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, 2016, the City paid a total of \$16,084 in membership fees to the I-494 Corridor Commission.

Note 14 FUND BALANCES

A. Classifications

At December 31, 2016, a summary of the City's governmental fund balance classifications are as follows:

	General Fund	HRA Fund	Debt Service Fund	Construction Fund	Nonmajor Funds	Total
Nonspendable						
Prepaid items	\$ 27,643	\$ -	\$ -	\$ -	\$ -	\$ 27,643
Restricted						
Park dedication	927,673	-	-	-	-	927,673
Tax increments	9,799,747	-	-	-	-	9,799,747
Affordable housing	2,000,000	-	-	-	-	2,000,000
Debt service	-	-	11,187,468	-	-	11,187,468
Energy efficiency projects	-	-	-	209,510	-	209,510
Grant funds	-	-	-	48,592	-	48,592
Arts and culture	-	-	-	85,592	-	85,592
Donations	-	-	-	9,555	-	9,555
Conservation and sustainability initiatives	-	-	-	148,083	-	148,083
Total Restricted	927,673	11,799,747	11,187,468	174,745	-	174,745
					1,083,758	24,988,646
Assigned						
Compensated absences	1,612,240	-	-	-	-	1,612,240
Construction commitments	-	-	-	562,628	-	562,628
Special projects	-	-	-	2,062,336	-	2,062,336
Equipment	-	-	-	2,989,791	-	2,989,791
PIR	-	-	-	3,060,653	-	3,060,653
Construction	-	-	-	4,435,030	-	4,435,030
Total Assigned	1,612,240	-	-	13,109,438	-	14,721,678
Unassigned	14,624,755	-	11,187,468	\$ 13,109,438	(190,845)	14,433,910
Total Fund Balance	\$ 17,192,311	\$ 11,799,747	\$ 11,187,468	\$ 13,109,438	\$ 882,913	\$ 54,181,877

B. Unassigned Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the desired range for unassigned fund balance for the general fund. The policy establishes a goal for unassigned general fund balance of 42%-47% of the subsequent year's budgeted property tax revenue. As of December 31, 2016, the City has \$14,624,755 of unassigned fund balance in the general fund, or 54.4% of 2017 budgeted property tax revenue. This amount is \$2,000,405 above the goal range identified in the policy.

C. Deficit Fund Equity

The following funds had deficit fund balance/net position at December 31, 2016:

Nonmajor Governmental Funds:	
Pedestrian and Cyclist Safety	\$ (190,845)
Nonmajor Proprietary Funds:	
Art Center	(5,651)

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For The Year Ended December 31, 2016

	Budgeted Amounts		2016 Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes:				
General property taxes	\$ 25,023,952	\$ 25,023,952	\$ 24,681,406	\$ (342,546)
Franchise taxes	810,000	810,000	870,690	60,690
Lodging tax	-	-	22,624	22,624
Total taxes	<u>25,833,952</u>	<u>25,833,952</u>	<u>25,574,720</u>	<u>(259,232)</u>
Licenses and permits:	<u>4,023,160</u>	<u>4,023,160</u>	<u>5,192,934</u>	<u>1,169,774</u>
Intergovernmental:				
Federal:	56,000	56,000	61,783	5,783
State:				
Municipal state aid	195,000	195,000	195,000	-
Other	126,000	126,000	212,249	86,249
State aid - police	320,000	320,000	396,903	76,903
State aid - fire	375,573	375,573	414,097	38,524
Health programs	118,977	118,977	118,948	(29)
Total intergovernmental	<u>1,191,550</u>	<u>1,191,550</u>	<u>1,398,980</u>	<u>207,430</u>
Charges for services:				
Administration	85,000	85,000	107,397	22,397
Communications & Technology	131,246	131,246	156,825	25,579
Finance	499,128	499,128	473,076	(26,052)
Public Works	170,000	170,000	51,481	(118,519)
Engineering	225,400	225,400	369,521	144,121
Police	321,706	321,706	614,343	292,637
Fire	2,122,125	2,122,125	2,103,732	(18,393)
Parks & Recreation	280,405	280,405	495,472	215,067
Community Development	105,300	105,300	78,047	(27,253)
Total charges for services	<u>3,940,310</u>	<u>3,940,310</u>	<u>4,449,894</u>	<u>509,584</u>
Fines and forfeits	<u>975,000</u>	<u>975,000</u>	<u>946,199</u>	<u>(28,801)</u>
Miscellaneous:				
Investment income	120,000	120,000	125,095	5,095
Rental of property	470,300	470,300	514,955	44,655
Parkland dedication	-	-	1,250,000	1,250,000
Other	7,600	7,600	127,496	119,896
Total miscellaneous	<u>597,900</u>	<u>597,900</u>	<u>2,017,546</u>	<u>1,419,646</u>
Total revenues	<u>36,561,872</u>	<u>36,561,872</u>	<u>39,580,273</u>	<u>3,018,401</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2016

	Budgeted Amounts		2016	Variance with Final Budget
	Original	Final	Actual Amounts	
Expenditures:				
General government:				
Administration:				
Personal services	\$ 958,905	\$ 958,905	\$ 989,704	\$ 30,799
Contractual services	743,429	743,429	768,101	24,672
Commodities	96,100	96,100	60,757	(35,343)
Central services	98,376	98,376	97,066	(1,310)
Total administration	<u>1,896,810</u>	<u>1,896,810</u>	<u>1,915,628</u>	<u>18,818</u>
Communications & technology:				
Personal services	682,806	682,806	705,733	22,927
Contractual services	224,700	224,700	223,088	(1,612)
Commodities	85,500	85,500	68,891	(16,609)
Central services	111,612	111,612	108,967	(2,645)
Total communications & technology	<u>1,104,618</u>	<u>1,104,618</u>	<u>1,106,679</u>	<u>2,061</u>
Human Resources:				
Personal services	725,553	725,553	755,045	29,492
Contractual services	37,200	37,200	12,549	(24,651)
Commodities	2,500	2,500	1,643	(857)
Central services	25,092	25,092	23,958	(1,134)
Total human resources	<u>790,345</u>	<u>790,345</u>	<u>793,195</u>	<u>2,850</u>
Finance:				
Personal services	528,028	528,028	513,113	(14,915)
Contractual services	242,900	242,900	229,027	(13,873)
Commodities	14,000	14,000	12,908	(1,092)
Central services	48,696	48,696	47,744	(952)
Total finance	<u>833,624</u>	<u>833,624</u>	<u>802,792</u>	<u>(30,832)</u>
Community development:				
Personal services	1,284,929	1,284,929	1,285,908	979
Contractual services	237,200	237,200	130,941	(106,259)
Commodities	6,700	6,700	5,003	(1,697)
Central services	118,116	118,116	115,115	(3,001)
Total community development	<u>1,646,945</u>	<u>1,646,945</u>	<u>1,536,967</u>	<u>(109,978)</u>
Total general government	<u>6,272,342</u>	<u>6,272,342</u>	<u>6,155,261</u>	<u>(117,081)</u>
Public safety:				
Police:				
Personal services	8,680,196	8,680,196	8,553,869	(126,327)
Contractual services	1,071,175	1,071,175	967,678	(103,497)
Commodities	94,715	94,715	130,201	35,486
Central services	1,199,460	1,199,460	1,147,066	(52,394)
Total police	<u>11,045,546</u>	<u>11,045,546</u>	<u>10,798,814</u>	<u>(246,732)</u>
Fire:				
Personal services	6,119,773	6,119,773	6,319,829	200,056
Contractual services	555,300	555,300	501,131	(54,169)
Commodities	233,900	233,900	270,729	36,829
Central services	548,280	548,280	518,148	(30,132)
Total fire	<u>7,457,253</u>	<u>7,457,253</u>	<u>7,609,837</u>	<u>152,584</u>
Total public safety	<u>18,502,799</u>	<u>18,502,799</u>	<u>18,408,651</u>	<u>(94,148)</u>

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2016

	Budgeted Amounts		2016	Variance with
	Original	Final	Actual Amounts	Final Budget
Public works:				
Public works:				
Personal services	\$ 4,529,113	\$ 4,529,113	\$ 4,481,131	\$ (47,982)
Contractual services	1,375,600	1,375,600	1,170,335	(205,265)
Commodities	1,438,175	1,438,175	1,373,190	(64,985)
Central services	1,583,712	1,583,712	1,440,133	(143,579)
Total public works	<u>8,926,600</u>	<u>8,926,600</u>	<u>8,464,789</u>	<u>(461,811)</u>
Engineering:				
Personal services	1,324,261	1,324,261	1,244,882	(79,379)
Contractual services	116,500	116,500	91,552	(24,948)
Commodities	25,000	25,000	21,501	(3,499)
Central services	119,448	119,448	111,770	(7,678)
Total engineering	<u>1,585,209</u>	<u>1,585,209</u>	<u>1,469,705</u>	<u>(115,504)</u>
Total public works	<u>10,511,809</u>	<u>10,511,809</u>	<u>9,934,494</u>	<u>(577,315)</u>
Parks:				
Parks & recreation:				
Personal services	963,814	963,814	978,670	14,856
Contractual services	254,022	254,022	349,132	95,110
Commodities	86,250	86,250	108,409	22,159
Central services	70,836	70,836	69,186	(1,650)
Total parks & recreation	<u>1,374,922</u>	<u>1,374,922</u>	<u>1,505,397</u>	<u>130,475</u>
Total parks	<u>1,374,922</u>	<u>1,374,922</u>	<u>1,505,397</u>	<u>130,475</u>
Total expenditures	<u>36,661,872</u>	<u>36,661,872</u>	<u>36,003,803</u>	<u>(658,069)</u>
Revenues over (under) expenditures	<u>(100,000)</u>	<u>(100,000)</u>	<u>3,576,470</u>	<u>3,676,470</u>
Other financing sources (uses):				
Transfer from other funds	100,000	100,000	100,000	-
Transfer to other funds	-	(804,542)	(804,542)	-
Total financing sources (uses)	<u>100,000</u>	<u>(704,542)</u>	<u>(704,542)</u>	<u>-</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ (804,542)</u>	<u>2,871,928</u>	<u>\$ 3,676,470</u>
Fund balance - January 1			<u>14,320,383</u>	
Fund balance - December 31			<u>\$ 17,192,311</u>	

CITY OF EDINA, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE - HOUSING AND REDEVELOPMENT AUTHORITY (HRA) FUND
 For The Year Ended December 31, 2016

	Budgeted Amounts		2016 Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Tax increment collections	\$ 2,500,000	\$ 2,500,000	\$ 2,779,097	\$ 279,097
Intergovernmental	-	-	50,000	50,000
Investment income	77,000	77,000	82,091	5,091
Charges for services	50,000	50,000	31,094	(18,906)
Other revenues	-	-	2,000,000	2,000,000
Total revenues	2,627,000	2,627,000	4,942,282	2,315,282
Expenditures:				
Personal services	123,970	123,970	126,432	2,462
Contractual services	655,865	655,865	385,699	(270,166)
Commodities	1,000	1,000	340	(660)
Capital outlay	4,000,000	4,000,000	652,024	(3,347,976)
Total expenditures	4,780,835	4,780,835	1,164,495	(3,616,340)
Net increase (decrease) in fund balance	\$ (2,153,835)	\$ (2,153,835)	3,777,787	\$ 5,931,622
Fund balance - January 1			8,021,960	
Fund balance - December 31			\$ 11,799,747	

CITY OF EDINA, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST-EMPLOYMENT BENEFITS PLAN
 SCHEDULE OF FUNDING PROGRESS
 For The Year Ended December 31, 2016

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial Value of Plan Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Payroll
January 1, 2012	\$ 2,959,876	\$ -	\$ 2,959,876	0.0%	\$ 18,220,189	16.2%
January 1, 2014	\$ 3,028,848	\$ -	\$ 3,028,848	0.0%	\$ 20,305,179	14.9%
January 1, 2016	\$ 2,546,522	\$ -	\$ 2,946,522	0.0%	\$ 21,590,000	11.8%

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL EMPLOYEES RETIREMENT FUND
For The Year Ended December 31, 2016

Schedule of City's and Non-Employer Proportionate Share of Net Pension Liability

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability Associated with the City	City's Proportionate Share of the Net Pension Liability Associated with the State	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	6/30/2015	0.2685%	\$ 13,765,652	\$ -	88.75%	78.20%
12/31/2016	6/30/2016	0.2685%	21,348,746	278,868	131.23%	63.91%
					\$ 15,585,733	
					16,601,973	
					2,126,016	

Schedule of City Contributions

City Fiscal Year End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 1,248,945	\$ -	7.50%
12/31/2016	1,285,617	16,651,267	7.50%
		16,937,360	

Note 1: Changes in Plan Provisions. On January 1, 2015, the Minneapolis Employees Retirement Fund was merged in the GERR, which increased the total pension liability by \$1.1 billion and increased the fiduciary net position to \$692 million. Upon consolidation, state and employer contributions were revised.

Note 2: Changes in Actuarial Assumptions. (1) 2015 Changes - The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter. (2) 2016 Changes - The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent. Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation decreased by 0.25 percent for payroll growth and 2.50 percent for inflation.

Note 3: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

CITY OF EDINA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
PUBLIC EMPLOYEES POLICE AND FIRE FUND
For The Year Ended December 31, 2016

Schedule of City's Proportionate Share of Net Pension Liability

City Fiscal Year End Date	PERA Fiscal Year End Date (Measurement Date)	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/2015	6/30/2015	0.8070%	\$ 9,169,408	117.59%	86.60%
12/31/2016	6/30/2016	0.7990%	32,065,260	416.44%	63.85%
			\$ 7,797,803		
			7,899,821		

Schedule of City Contributions

City Fiscal Year End Date	Statutorily Required Contributions	Contributions in Relation to the Statutorily Required Contributions	Contributions as a Percentage of Covered Payroll
12/31/2015	\$ 1,268,476	\$ -	16.20%
12/31/2016	1,272,485	7,630,099	16.20%
		7,854,846	

Note 1: Changes in Plan Provisions. The post-retirement benefit increase to be paid after attainment of the 90.0 percent funding threshold was changed, from inflation up to 2.5 percent, to a fixed rate of 2.5 percent.

Note 2: Changes in Actuarial Assumptions. (1) 2015 Changes - The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter. (2) 2016 Changes - The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent per year thereafter to 1.00 percent per year for all future years. The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 5.60 percent. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Note 3: The City implemented GASB Statement No. 68 in fiscal 2015 (using a June 30, 2015 measurement date). This schedule is intended to present 10-year trend information. Additional years will be added as they become available.

Note A. LEGAL COMPLIANCE – BUDGETS

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

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

Note B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Final Budget	Actual	Over Budget
General Fund			
General Government			
Administration	\$ 1,896,810	\$ 1,915,628	\$ 18,818
Communications & technology	1,104,618	1,106,679	2,061
Human resources	790,345	793,195	2,850
Public Safety			
Fire	7,457,253	7,609,837	152,584
Parks			
Parks & recreation	1,374,922	1,505,397	130,475

Excess expenditures in the General Fund fire department are due to an increase in salaries primarily related to more overtime worked and higher healthcare expenses than anticipated.

Excess expenditures in the General Fund parks and recreation department are due to increased programming expenses that resulted in additional revenue.

The remaining governmental funds budgets are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level for these funds. The following is a listing of funds whose expenditures exceed budget appropriations.

	Final Budget	Actual	Over Budget
Debt Service Fund	\$ 7,552,545	\$ 7,607,202	\$ 54,657
Construction Fund	12,078,243	14,187,148	2,108,905
PACS Fund	1,252,566	2,337,868	1,085,302
Police SR Fund	174,000	181,489	7,489
Braemar Memorial Fund	-	1,638	1,638
Environmental Efficiency Fund	104,000	143,508	39,508

Excess expenditures in the construction fund are the result of unbudgeted projects, with expenditures offset by alternative funding sources such as intergovernmental funding and state aid maintenance.

Excess expenditures in the PACS and environmental efficiency funds are due to project costs being higher than anticipated.

CITY OF EDINA, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2016

	Community Development Block Grant	Police Special Revenue	Special Revenue			Capital Projects		Total Nonmajor Governmental Funds
			Braemar Memorial	Registration and Cyclist Safety	Arts and Culture	Conservation and Sustainability	Environmental Efficiency	
Cash and investments	\$ -	\$ 537,773	\$ 147,373	\$ -	\$ 9,592	\$ 115,578	\$ 220,519	\$ 1,030,835
Accrued interest	-	-	430	2,049	17	215	830	3,541
Accounts receivable	-	595	280	292,628	-	60,961	-	394,294
Due from other governments	-	9,338	-	-	127	-	-	9,465
Total assets	\$ -	\$ 547,636	\$ 148,083	\$ 294,677	\$ 9,736	\$ 176,654	\$ 221,349	\$ 1,398,135
Liabilities, Deferred Inflows of Resources, and Fund Balance								
Liabilities:								
Accounts payable	\$ -	\$ 5,771	\$ -	\$ 580	\$ 54	\$ -	\$ -	\$ 6,405
Salaries payable	-	-	-	2,278	-	1,909	-	4,187
Contracts payable	-	-	-	36,729	-	-	11,839	50,968
Due to other funds	-	-	-	443,039	-	-	-	443,039
Total liabilities	-	5,771	-	485,522	54	1,909	11,839	505,095
Deferred inflows of resources	-	-	-	-	-	-	-	-
Unavailable revenue - taxes	-	-	-	-	127	-	-	127
Fund balance (deficits):								
Restricted	-	541,865	148,083	-	9,555	174,745	209,510	1,083,758
Unassigned	-	-	-	(190,845)	-	-	-	(190,845)
Total fund balance (deficits)	-	541,865	148,083	(190,845)	9,555	174,745	209,510	892,913
Total liabilities, deferred inflows of resources, and fund balance	\$ -	\$ 547,636	\$ 148,083	\$ 294,677	\$ 9,736	\$ 176,654	\$ 221,349	\$ 1,398,135

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2016

	Community Development Block Grant	Police Special Revenue	Special Revenue			Arts and Culture	Conservation and Sustainability	Capital Projects	Total Nonmajor Governmental Funds
			Braemar Memorial	Registration and Cyclist Safety	Environment and Efficiency				
Revenues:									
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000	
Franchise taxes	-	-	-	1,173,187	-	202,619	-	1,375,806	
Intergovernmental	95,975	15,000	-	209,307	-	-	41,197	361,479	
Fines and forfeitures	-	70,618	-	-	-	-	-	70,618	
Investment income	-	22	1,008	6,111	57	825	-	8,023	
Other revenues	-	112,061	6,485	45,250	2,876	450	-	167,122	
Total revenues	95,975	197,701	7,493	1,433,855	22,933	203,884	41,197	2,003,048	
Expenditures:									
Current:									
General government	95,975	-	-	-	-	29,149	-	125,124	
Public safety	-	131,882	-	-	-	-	-	131,882	
Public works	-	-	243	131,878	-	-	-	131,878	
Parks	-	-	-	-	16,126	-	-	16,369	
Capital Outlay:									
Public safety	-	49,607	-	-	-	-	-	49,607	
Public works	-	-	1,395	2,205,990	-	-	-	2,319,861	
Parks	-	-	1,638	2,337,868	16,126	29,149	-	2,319,861	
Total expenditures	95,975	181,489	1,638	2,337,868	16,126	29,149	-	2,805,753	
Revenues over (under) expenditures	-	16,212	5,855	(904,013)	6,807	174,745	(102,311)	(802,705)	
Other financing sources (uses):									
Transfers out	-	-	-	-	-	-	(16,850)	(16,850)	
Net increase (decrease) in fund balance	-	16,212	5,855	(904,013)	6,807	174,745	(119,161)	(819,555)	
Fund balance - January 1	-	525,653	142,228	713,168	2,748	-	328,671	1,712,468	
Fund balance (deficits) - December 31	\$ -	\$ 541,865	\$ 148,083	\$ (190,845)	\$ 9,555	\$ 174,745	\$ 209,510	\$ 892,913	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 125,000	\$ 125,000	\$ 95,975	\$ (29,025)
Expenditures:				
Current:				
Contractual services	125,000	125,000	95,975	(29,025)
Net increase (decrease) in fund balance	\$ -	\$ -	\$ -	\$ -
Fund balance - January 1				
Fund balance - December 31			\$ -	

CITY OF EDINA, MINNESOTA
 SPECIAL REVENUE FUND - POLICE SPECIAL REVENUE
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 36,000	\$ 36,000	\$ 15,000	\$ (21,000)
Fines and forfeiture	-	-	70,618	70,618
Investment income	300	300	22	(278)
Other revenues	134,061	134,061	112,061	(22,000)
Total revenues	170,361	170,361	197,701	27,340
Expenditures:				
Current:				
Contractual services	104,000	104,000	58,520	(45,480)
Commodities	15,000	15,000	73,362	58,362
Capital outlay	55,000	55,000	49,607	(5,393)
Total expenditures	174,000	174,000	181,489	7,489
Net increase (decrease) in fund balance	\$ (3,639)	\$ (3,639)	16,212	\$ 19,851
Fund balance - January 1			525,653	
Fund balance - December 31			\$ 541,865	

CITY OF EDINA, MINNESOTA
 SPECIAL REVENUE FUND - BRAEMAR MEMORIAL
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Investment income	\$ 200	\$ 200	\$ 1,008	\$ 808
Donations	5,000	5,000	6,485	1,485
Total revenues	5,200	5,200	7,493	2,293
Expenditures:				
Current:				
Contractual services	-	-	243	243
Capital outlay	-	-	1,395	1,395
Total expenditures	-	-	1,638	1,638
Net increase (decrease) in fund balance	\$ 5,200	\$ 5,200	5,855	\$ 655
Fund balance - January 1			142,228	
Fund balance - December 31			\$ 148,083	

CITY OF EDINA, MINNESOTA
 SPECIAL REVENUE FUND - PEDESTRIAN AND CYCLIST SAFETY
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Franchise taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,173,187	\$ (26,813)
Intergovernmental	-	-	209,307	209,307
Investment income	-	-	6,111	6,111
Other revenues	-	-	45,250	45,250
Total revenues	1,200,000	1,200,000	1,433,855	233,855
Expenditures:				
Current:				
Personal services	112,566	112,566	112,139	(427)
Contractual services	20,000	20,000	19,292	(708)
Commodities	20,000	20,000	447	(19,553)
Central services	-	-	-	-
Capital outlay	1,100,000	1,100,000	2,205,990	1,105,990
Total expenditures	1,252,566	1,252,566	2,337,868	1,085,302
Net increase (decrease) in fund balance	\$ (52,566)	\$ (52,566)	(904,013)	\$ (851,447)
Fund balance - January 1			713,168	
Fund balance (deficits) - December 31			\$ (190,845)	

CITY OF EDINA, MINNESOTA
SPECIAL REVENUE FUND - CONSERVATION AND SUSTAINABILITY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Franchise taxes	\$ 200,000	\$ 200,000	\$ 202,619	\$ 2,619
Investment income	-	-	825	825
Other revenues	-	-	450	450
Total revenues	200,000	200,000	203,894	3,894
Expenditures:				
Current:				
Personal services	103,126	103,126	27,328	(75,798)
Contractual services	35,000	35,000	-	(35,000)
Commodities	15,000	15,000	1,821	(13,179)
Total expenditures	153,126	153,126	29,149	(123,977)
Net increase (decrease) in fund balance	\$ 46,874	\$ 46,874	\$ 174,745	\$ 127,871
Fund balance - January 1			-	
Fund balance - December 31			\$ 174,745	

CITY OF EDINA, MINNESOTA
SPECIAL REVENUE FUND - ARTS AND CULTURE
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
General property taxes	\$ 20,000	\$ 20,000	\$ 20,000	\$ -
Investment income	-	-	57	57
Other revenues	4,850	4,850	2,876	(1,974)
Total revenues	24,850	24,850	22,933	(1,917)
Expenditures:				
Current:				
Personal services	-	-	63	63
Contractual services	20,400	20,400	15,044	(5,356)
Commodities	2,025	2,025	1,019	(1,006)
Total expenditures	22,425	22,425	16,126	(6,299)
Net increase (decrease) in fund balance	\$ 2,425	\$ 2,425	\$ 6,807	\$ 4,382
Fund balance - January 1			2,748	
Fund balance - December 31			\$ 9,555	

CITY OF EDINA, MINNESOTA
 CAPITAL PROJECTS FUND - ENVIRONMENTAL EFFICIENCY
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 41,197	\$ 41,197
Expenditures:				
Current:				
Capital outlay	104,000	104,000	143,508	39,508
Revenues over (under) expenditures	(104,000)	(104,000)	(102,311)	1,689
Other financing sources (uses):				
Transfers out	-	-	(16,850)	(16,850)
Net increase (decrease) in fund balance	\$ (104,000)	\$ (104,000)	(119,161)	\$ (15,161)
Fund balance - January 1			328,671	
Fund balance - December 31			\$ 209,510	

CITY OF EDINA, MINNESOTA
 GOVERNMENTAL FUND - DEBT SERVICE
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
General property taxes	\$ 5,075,171	\$ 5,075,171	\$ 4,998,092	\$ (77,079)
Special assessments	-	-	224,778	224,778
Investment income	10,000	10,000	6,080	(3,920)
Total revenues	5,085,171	5,085,171	5,228,950	143,779
Expenditures:				
Debt Service	7,552,545	7,552,545	7,607,202	54,657
Revenues over (under) expenditures	(2,467,374)	(2,467,374)	(2,378,252)	89,122
Other financing sources (uses):				
Transfers in	-	-	2,400,000	(230,628)
Bonds issued	2,630,628	2,630,628	171,933	171,933
Refunding bonds issued	-	-	3,635,000	3,635,000
Premium on bonds issued	-	-	232,276	232,276
Discount on bonds issued	-	-	(8,064)	(8,064)
Total other financing sources (uses)	2,630,628	2,630,628	6,431,145	3,800,517
Net increase (decrease) in fund balance	\$ 163,254	\$ 163,254	4,052,893	\$ 3,889,639
Fund balance - January 1			7,134,575	
Fund balance - December 31			\$ 11,187,468	

CITY OF EDINA, MINNESOTA
GOVERNMENTAL FUND - CONSTRUCTION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For The Year Ended December 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final budget
	Original	Final		
Revenues:				
General property taxes	\$ 1,680,000	\$ 1,680,000	\$ 1,654,525	\$ (25,475)
Franchise taxes	105,000	105,000	99,927	(5,073)
Special assessments	4,127,890	4,127,890	5,051,416	923,526
License and permits	90,000	90,000	75,585	(14,415)
Intergovernmental	3,090,000	3,090,000	3,964,655	874,655
Charges for services	35,000	35,000	208,401	173,401
Investment income	70,000	70,000	123,055	53,055
Other revenues	100,000	100,000	305,212	205,212
Total revenues	<u>9,297,890</u>	<u>9,297,890</u>	<u>11,482,776</u>	<u>2,184,886</u>
Expenditures:				
Personal services	102,803	102,803	108,423	5,620
Contractual services	214,760	214,760	297,177	82,417
Commodities	26,149	26,149	44,649	18,500
Central services	1,968	1,968	1,848	(120)
Capital outlay	11,732,563	11,732,563	13,735,051	2,002,488
Total expenditures	<u>12,078,243</u>	<u>12,078,243</u>	<u>14,187,148</u>	<u>2,108,905</u>
Revenues over (under) expenditures	<u>(2,780,353)</u>	<u>(2,780,353)</u>	<u>(2,704,372)</u>	<u>75,981</u>
Other financing sources (uses):				
Transfers in	200,000	200,000	1,004,542	804,542
Transfers out	(2,630,628)	(2,630,628)	(2,583,577)	47,051
Sale of capital assets	-	-	65,044	65,044
Bonds issued	3,852,396	3,852,396	3,768,067	(84,329)
Premium on bonds issued	-	-	218,133	218,133
Discount on bonds issued	-	-	(8,741)	(8,741)
Total other financing sources (uses)	<u>1,421,768</u>	<u>1,421,768</u>	<u>2,463,468</u>	<u>1,041,700</u>
Net increase (decrease) in fund balance	<u>\$ (1,358,585)</u>	<u>\$ (1,358,585)</u>	<u>(240,904)</u>	<u>\$ 1,117,681</u>
Fund balance - January 1			<u>13,350,342</u>	
Fund balance - December 31			<u>\$ 13,109,438</u>	

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
December 31, 2016

	Art Center	Edinborough Park	Centennial Lakes	Sports Dome	Total Nonmajor Proprietary Funds
Assets					
Current assets:					
Cash and investments	\$ 260,304	\$ 1,845,618	\$ 853,321	\$ 360,358	\$ 3,319,601
Interest receivable	658	5,320	2,138	1,070	9,186
Accounts receivable	-	4,982	1,517	6,413	12,912
Due from other funds	-	-	-	44,719	44,719
Inventory	6,986	-	-	-	6,986
Total current assets	<u>267,948</u>	<u>1,855,920</u>	<u>856,976</u>	<u>412,560</u>	<u>3,393,404</u>
Noncurrent assets:					
Net capital assets	<u>90,471</u>	<u>1,138,142</u>	<u>251,450</u>	<u>8,510,233</u>	<u>9,990,296</u>
Deferred outflows of resources:					
Defined benefit pension plans	<u>180,186</u>	<u>270,278</u>	<u>180,186</u>	<u>90,093</u>	<u>720,743</u>
Total assets and deferred outflows of resources	<u>538,605</u>	<u>3,264,340</u>	<u>1,288,612</u>	<u>9,012,886</u>	<u>14,104,443</u>
Liabilities:					
Current liabilities:					
Accounts payable	11,967	27,089	16,251	13,873	69,180
Salaries payable	5,133	18,929	11,827	1,563	37,452
Contracts payable	-	22,676	-	2,104	24,780
Due to other governments	711	8,949	1,039	4,844	15,543
Unearned revenue	9,215	30	-	-	9,245
Compensated absences payable	10,664	10,732	32,091	-	53,487
Total current liabilities	<u>37,690</u>	<u>88,405</u>	<u>61,208</u>	<u>22,384</u>	<u>209,687</u>
Noncurrent liabilities:					
Net OPEB obligation	8,403	17,457	16,115	-	41,975
Net pension liability	431,308	646,962	431,308	215,654	1,725,232
Compensated absences payable	15,996	16,097	48,137	-	80,230
Total noncurrent liabilities	<u>455,707</u>	<u>680,516</u>	<u>495,560</u>	<u>215,654</u>	<u>1,847,437</u>
Deferred inflows of resources:					
Defined benefit pension plans	<u>50,759</u>	<u>76,139</u>	<u>50,759</u>	<u>25,380</u>	<u>203,037</u>
Total liabilities and deferred inflows of resources	<u>544,156</u>	<u>845,060</u>	<u>607,527</u>	<u>263,418</u>	<u>2,260,161</u>
Net position:					
Net investment in capital assets	90,471	1,115,466	251,450	8,508,129	9,965,516
Unrestricted	(96,022)	1,303,814	429,635	241,339	1,878,766
Total net position	<u>\$ (5,551)</u>	<u>\$ 2,419,280</u>	<u>\$ 681,085</u>	<u>\$ 8,749,468</u>	<u>\$ 11,844,282</u>

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
For The Year Ended December 31, 2016

	Art Center	Edinburgh Park	Centennial Lakes	Sports Dome	Total Nonmajor Proprietary Funds
Operating revenues:					
Sales - retail	\$ 49,037	\$ -	\$ -	\$ -	\$ 49,037
Sales - concessions	391	135,136	23,069	-	158,596
Memberships	14,937	125,641	-	-	140,578
Admissions	-	617,991	-	10,234	628,225
Building rental	-	251,127	108,405	388,367	747,899
Rental of equipment	-	12,017	159,608	-	171,625
Greens fees	-	-	232,700	-	232,700
Class registration & other fees	421,864	224,506	415,639	106	1,062,115
Total operating revenues	486,229	1,366,418	939,421	398,707	3,190,775
Operating expenses:					
Cost of sales and services	1,766	79,385	11,149	-	92,300
Personal services	492,501	704,082	620,235	80,491	1,897,309
Contractual services	92,730	288,240	157,147	142,499	680,616
Commodities	77,502	124,011	124,922	17,200	343,635
Central Services	39,394	67,005	58,503	11,464	176,366
Depreciation	23,929	180,549	39,595	418,792	662,865
Total operating expenses	727,822	1,443,272	1,011,551	670,446	3,853,091
Operating income (loss)	(241,593)	(76,854)	(72,130)	(271,739)	(662,316)
Nonoperating revenues (expenses):					
Investment income	1,890	16,501	6,277	4,114	28,782
Donations	24,168	-	12,500	-	36,668
Miscellaneous	-	-	2,854	-	2,854
Total nonoperating revenues (expenses)	26,058	16,501	21,631	4,114	68,304
Income (loss) before transfers	(215,535)	(60,353)	(50,499)	(267,625)	(594,012)
Transfers:					
Transfers in	116,850	25,837	73,210	124,669	340,566
Change in net position	(98,685)	(34,516)	22,711	(142,956)	(253,446)
Net position - January 1	93,134	2,453,796	658,374	8,892,424	12,097,728
Net position - December 31	\$ (5,551)	\$ 2,419,280	\$ 681,085	\$ 8,749,468	\$ 11,844,282

CITY OF EDINA, MINNESOTA
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR PROPRIETARY FUNDS
 For The Year Ended December 31, 2016

	Art Center	Edinborough Park	Centennial Lakes	Sports Dome	Total Nonmajor Proprietary Funds
Cash flows from operating activities:					
Receipts from customers and users	\$ 486,079	\$ 1,369,157	\$ 937,904	\$ 538,478	\$ 3,331,618
Payment to suppliers	(213,458)	(555,532)	(346,919)	(221,466)	(1,337,375)
Payment to employees	(451,655)	(650,100)	(586,943)	(65,127)	(1,753,825)
Donations received	24,168	-	12,500	-	36,668
Miscellaneous received	-	-	2,854	-	2,854
Net cash provided by (used in) operating activities	<u>(154,866)</u>	<u>163,525</u>	<u>19,396</u>	<u>251,885</u>	<u>279,940</u>
Cash flows from noncapital financing activities:					
Transfer from other funds	116,850	25,837	73,210	124,669	340,566
Proceeds from interfund borrowing	-	-	-	7,103	7,103
Payment of interfund borrowing	-	-	-	(44,719)	(44,719)
Net cash provided by noncapital financing activities	<u>116,850</u>	<u>25,837</u>	<u>73,210</u>	<u>87,053</u>	<u>302,950</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	(195,161)	-	(390,726)	(585,887)
Cash flows from investing activities:					
Interest received	<u>1,958</u>	<u>15,661</u>	<u>6,340</u>	<u>3,044</u>	<u>27,003</u>
Net increase (decrease) in cash and investments	(36,058)	9,862	98,946	(48,744)	24,006
Cash and investments - January 1	296,362	1,835,756	754,375	409,102	3,295,595
Cash and investments - December 31	<u>\$ 260,304</u>	<u>\$ 1,845,618</u>	<u>\$ 853,321</u>	<u>\$ 360,358</u>	<u>\$ 3,319,601</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (241,593)	\$ (76,854)	\$ (72,130)	\$ (271,739)	\$ (662,316)
Adjustments to reconcile operating loss to net cash flows from operating activities:					
Depreciation	23,929	180,549	39,595	418,792	662,865
Donations	24,168	-	12,500	-	36,668
Miscellaneous revenue (expense)	-	-	2,854	-	2,854
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:					
Decrease (increase) in receivables	-	2,739	(1,517)	139,771	140,993
Decrease (increase) in inventory	1,665	-	-	-	1,665
Decrease (increase) in deferred outflows of resources	(140,781)	(211,171)	(140,781)	(70,391)	(563,124)
Increase (decrease) in accounts payable	(3,401)	2,509	4,024	(52,850)	(49,718)
Increase (decrease) in salaries payable	879	5,207	4,241	925	11,252
Increase (decrease) in due to other governments	(330)	600	778	2,547	3,595
Increase (decrease) in unearned revenue	(150)	-	-	-	(150)
Increase (decrease) in net OPEB obligation	1,480	2,084	852	-	4,416
Increase (decrease) in net pension liability	153,214	229,821	153,214	76,607	612,856
Increase (decrease) in compensated absences	9,609	3,373	(679)	-	12,303
Increase (decrease) in deferred inflows of resources	16,445	24,668	16,445	8,223	65,781
Total adjustments	<u>86,727</u>	<u>240,379</u>	<u>91,526</u>	<u>523,624</u>	<u>942,256</u>
Net cash provided by (used in) operating activities	<u>\$ (154,866)</u>	<u>\$ 163,525</u>	<u>\$ 19,396</u>	<u>\$ 251,885</u>	<u>\$ 279,940</u>
Noncash investing activities:					
Increase (decrease) in fair value of investments	(552)	(4,621)	(1,810)	(1,034)	(8,017)
Noncash noncapital financing activities:					
Acquisition of capital assets with contracts payable	-	120,908	-	321,923	442,831

CITY OF EDINA, MINNESOTA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2016

	Balance January 1	Additions	Deductions	Balance December 31
POLICE SEIZURE				
Assets:				
Cash and investments	\$ 707	\$ -	\$ -	\$ 707
Liabilities:				
Due to other governmental units	\$ 707	\$ -	\$ -	\$ 707
PUBLIC SAFETY TRAINING FACILITY				
Assets:				
Cash and investments	\$ 375,615	\$ 1,928,083	\$ 1,596,883	\$ 706,815
Liabilities:				
Accounts payable	\$ 7,270	\$ 291,622	\$ 275,704	\$ 23,188
Contracts payable	\$ -	\$ 1,034,289	\$ 741,916	292,373
Salaries payable	4,265	278,423	277,447	5,241
Due to other governmental units	364,080	323,749	301,816	386,013
Total Liabilities	\$ 375,615	\$ 1,928,083	\$ 1,596,883	\$ 706,815
PAYROLL				
Assets:				
Cash and investments	\$ 15,040	\$ 18,668,940	\$ 18,667,674	\$ 16,306
Liabilities:				
Accounts payable	\$ 15,040	\$ 18,668,940	\$ 18,667,674	\$ 16,306
TOTALS - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 391,362	\$ 20,597,023	\$ 20,264,557	\$ 723,828
Liabilities:				
Accounts payable	\$ 22,310	\$ 18,960,562	\$ 18,943,378	\$ 39,494
Contracts payable	-	1,034,289	741,916	292,373
Salaries payable	4,265	278,423	277,447	5,241
Due to other governmental units	364,787	323,749	301,816	386,720
Total Liabilities	\$ 391,362	\$ 20,597,023	\$ 20,264,557	\$ 723,828

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total tax capacity	\$ 106,529,983	\$ 108,069,277	\$ 117,907,214	\$ 125,663,820	\$ 132,180,439
Increment valuation	(4,194,083)	(4,948,237)	(1,618,920)	(2,493,368)	(3,474,097)
Contribution to fiscal disparities pool	<u>(8,831,694)</u>	<u>(9,513,808)</u>	<u>(9,626,075)</u>	<u>(10,679,187)</u>	<u>(11,851,919)</u>
Tax capacity used for rate calculation	<u>93,504,206</u>	<u>93,607,232</u>	<u>106,662,219</u>	<u>112,491,265</u>	<u>116,854,423</u>
Fiscal disparities distribution	<u>2,615,313</u>	<u>2,548,571</u>	<u>2,540,472</u>	<u>2,636,381</u>	<u>2,901,964</u>
Adjusted net tax capacity	<u>\$ 96,119,519</u>	<u>\$ 96,155,803</u>	<u>\$ 109,202,691</u>	<u>\$ 115,127,646</u>	<u>\$ 119,756,387</u>
Tax levies:					
General fund	\$ 21,824,894	\$ 22,509,403	\$ 22,933,958	\$ 25,023,952	\$ 26,860,319
Arts & culture fund	-	-	20,000	20,000	20,000
Equipment	992,072	992,072	1,617,072	1,680,000	2,251,550
Debt service	3,314,581	3,325,597	4,510,380	4,503,521	4,595,500
HRA operating	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,000</u>
Total certified tax levies	<u>26,131,547</u>	<u>26,827,072</u>	<u>29,081,410</u>	<u>31,227,473</u>	<u>33,822,369</u>
Referendum market value levy	<u>615,837</u>	<u>627,800</u>	<u>618,600</u>	<u>571,650</u>	<u>-</u>
Total levy	<u>\$ 26,747,384</u>	<u>\$ 27,454,872</u>	<u>\$ 29,700,010</u>	<u>\$ 31,799,123</u>	<u>\$ 33,822,369</u>
Tax capacity rate:					
General fund revenue	23.762	24.458	22.477	23.223	24.348
Bonds & interest	<u>3.454</u>	<u>3.462</u>	<u>4.128</u>	<u>3.914</u>	<u>3.841</u>
Total tax capacity rate	<u>27.216</u>	<u>27.920</u>	<u>26.605</u>	<u>27.137</u>	<u>28.189</u>
Market value rate	<u>0.00690</u>	<u>0.00695</u>	<u>0.00631</u>	<u>0.00550</u>	<u>-</u>

CITY OF EDINA, MINNESOTA
COMBINED SCHEDULE OF BONDED INDEBTEDNESS
December 31, 2016

	Interest Rates	Date	Final Maturity Date	Prior Years	
				Original Issue	Redeemed
General Obligation Bonds:					
GO Capital Improvement Plan, Series 2007A	4.00 - 4.25	05/24/07	02/01/28	5,865,000	1,550,000
GO Capital Improvement Plan, Series 2009A	3.00 - 4.40	04/29/09	02/01/30	14,000,000	2,700,000
GO Capital Improvement Plan, Series 2010A	2.00 - 4.00	11/18/10	02/01/21	8,285,000	3,425,000
GO Capital Improvement Plan, Series 2013A - Refunding	3.00 - 3.50	10/10/13	02/01/30	5,710,000	580,000
GO Refunding, Series 2014B	3.00	12/11/14	02/01/17	1,105,000	-
GO Refunding, Series 2016A	2.00 - 3.00	07/06/16	02/01/28	-	-
Total General Obligation Bonds				34,965,000	8,255,000
Permanent Improvement Revolving (PIR) Bonds:					
GO Permanent Improvement Revolving Series 2010B	2.00 - 3.00	11/18/10	02/01/22	2,305,000	645,000
GO Permanent Improvement Revolving Series 2011A	2.00 - 3.00	10/27/11	02/01/23	3,320,000	605,000
GO Permanent Improvement Revolving Series 2012A	3.00 - 4.00	11/15/12	02/01/29	2,675,000	140,000
GO Permanent Improvement Revolving Series 2012A - Refunding	3.00 - 4.00	11/15/12	02/01/19	1,990,000	665,000
GO Permanent Improvement Revolving Series 2013A	3.00 - 3.50	10/10/13	02/01/30	2,555,000	-
GO Permanent Improvement Revolving Series 2014B - Refunding	2.00 - 3.00	12/11/14	02/01/20	4,075,000	-
GO Permanent Improvement Revolving Series 2015A	2.00 - 4.00	07/09/15	02/01/32	6,545,000	-
GO Permanent Improvement Revolving Series 2015A - Parking	2.00 - 4.00	07/09/15	02/01/36	2,495,000	-
GO Permanent Improvement Revolving Series 2016A	2.00 - 3.00	07/06/16	02/01/33	-	-
Total PIR Bonds				25,960,000	2,055,000
Public Project Revenue Bonds:					
Taxable Public Project Revenue, Series 2009A	2.10 - 4.55	11/24/09	02/01/30	2,595,000	950,000
HRA Public Project Revenue, Series 2014A	2.00 - 3.625	07/15/14	02/01/35	16,155,000	-
HRA Public Project Revenue, Series 2015A - Refunding	2.50 - 3.00	07/09/15	05/01/26	3,490,000	-
Total Public Project Revenue Bonds				22,240,000	950,000
Edina Emerald Energy Program Revenue Bonds:					
Edina Emerald Energy Program Revenue, 2012A	7.00	02/25/12	01/01/23	33,690	10,107
Edina Emerald Energy Program Revenue, 2012B	5.50	08/28/12	01/01/18	40,030	24,018
Total Public Project Revenue Bonds				73,720	34,125
Revenue Bonds:					
Recreational Facility Bonds, Series 2009B	2.00 - 3.00	04/29/09	01/01/17	2,010,000	1,845,000
Recreational Facility Bonds, Series 2009C	2.00 - 4.00	12/10/09	02/01/30	2,440,000	480,000
Recreational Facility Bonds, Series 2012B	.45 - 1.60	11/15/12	02/01/20	815,000	235,000
Recreational Facility Bonds, Series 2012C	2.00 - 3.00	11/15/12	02/01/33	2,100,000	-
Recreational Facility Bonds, Series 2013B	3.00 - 3.45	10/10/13	02/01/29	1,125,000	50,000
Recreational Facility Bonds, Series 2015B	2.00 - 3.25	07/09/15	02/01/31	2,140,000	-
Utility Revenue Bonds, Series 2011A	2.00 - 3.00	10/27/11	02/01/22	11,230,000	3,080,000
Utility Revenue Bonds, Series 2012A	3.00 - 4.00	11/15/12	02/01/23	6,100,000	1,010,000
Utility Revenue Bonds, Series 2014A	2.00 - 3.00	07/15/14	02/01/24	5,680,000	570,000
Utility Revenue Bonds, Series 2014B - Refunding	3.00	12/11/14	02/01/17	1,830,000	-
Utility Revenue Bonds, Series 2014B - Refunding	3.00	12/11/14	02/01/19	5,710,000	-
Utility Revenue Bonds, Series 2015A	2.00 - 4.00	07/09/15	02/01/25	5,235,000	-
Utility Revenue Bonds, Series 2016A	2.00 - 3.00	07/06/16	02/01/27	-	-
Total Public Project Revenue Bonds				46,415,000	7,270,000
Total - Bonded indebtedness				\$ 129,653,720	\$ 18,564,125

Outstanding 12/31/2015	2016		Payable 12/31/2016	Principal Due In 2017	Interest Due In 2017	Interest Payable to Maturity
	Issued	Payments				
4,315,000	-	260,000	4,055,000	4,055,000	83,272	83,272
11,300,000	-	590,000	10,710,000	605,000	400,399	3,318,184
4,860,000	-	730,000	4,130,000	760,000	150,000	426,600
5,130,000	-	280,000	4,850,000	285,000	139,950	1,092,988
1,105,000	-	550,000	555,000	555,000	8,325	8,325
-	3,635,000	-	3,635,000	-	106,035	649,435
<u>26,710,000</u>	<u>3,635,000</u>	<u>2,410,000</u>	<u>27,935,000</u>	<u>6,260,000</u>	<u>887,981</u>	<u>5,578,804</u>
1,660,000	-	225,000	1,435,000	225,000	34,450	121,525
2,715,000	-	315,000	2,400,000	320,000	59,000	244,200
2,535,000	-	145,000	2,390,000	150,000	73,350	504,025
1,325,000	-	355,000	970,000	385,000	31,100	51,800
2,555,000	-	140,000	2,415,000	140,000	69,700	545,425
4,075,000	-	745,000	3,330,000	790,000	79,250	173,500
6,545,000	-	-	6,545,000	-	202,675	1,941,363
2,495,000	-	-	2,495,000	95,000	79,100	947,901
-	3,940,000	-	3,940,000	-	117,158	1,099,534
<u>23,905,000</u>	<u>3,940,000</u>	<u>1,925,000</u>	<u>25,920,000</u>	<u>2,105,000</u>	<u>745,783</u>	<u>5,629,273</u>
1,645,000	-	-	1,645,000	-	66,810	473,809
16,155,000	-	615,000	15,540,000	630,000	478,419	5,315,785
3,490,000	-	285,000	3,205,000	275,000	88,399	473,512
<u>21,290,000</u>	<u>-</u>	<u>900,000</u>	<u>20,390,000</u>	<u>905,000</u>	<u>633,628</u>	<u>6,263,106</u>
23,583	-	3,369	20,214	-	708	4,953
16,012	-	8,006	8,006	-	220	440
<u>39,595</u>	<u>-</u>	<u>11,375</u>	<u>28,220</u>	<u>-</u>	<u>928</u>	<u>5,393</u>
165,000	-	80,000	85,000	85,000	1,275	1,275
1,960,000	-	105,000	1,855,000	105,000	69,625	556,550
580,000	-	125,000	455,000	125,000	5,280	12,119
2,100,000	-	-	2,100,000	-	53,794	579,503
1,075,000	-	65,000	1,010,000	65,000	30,540	223,718
2,140,000	-	-	2,140,000	120,000	57,444	508,478
8,150,000	-	1,090,000	7,060,000	1,115,000	166,600	598,575
5,090,000	-	555,000	4,535,000	575,000	142,650	522,325
5,110,000	-	520,000	4,590,000	530,000	110,250	511,275
1,830,000	-	895,000	935,000	935,000	14,025	14,025
5,710,000	-	1,340,000	4,370,000	1,410,000	109,950	199,500
5,235,000	-	525,000	4,710,000	475,000	128,150	704,550
-	8,775,000	-	8,775,000	-	258,498	1,456,254
<u>39,145,000</u>	<u>8,775,000</u>	<u>5,300,000</u>	<u>42,620,000</u>	<u>5,540,000</u>	<u>1,148,081</u>	<u>5,888,147</u>
<u>\$ 111,089,595</u>	<u>\$ 16,350,000</u>	<u>\$ 10,546,375</u>	<u>\$ 116,893,220</u>	<u>\$ 14,810,000</u>	<u>\$ 3,416,401</u>	<u>\$ 23,364,723</u>

CITY OF EDINA, MINNESOTA
 SCHEDULE OF BALANCE SHEET ACCOUNTS
 TAX INCREMENT FINANCING DISTRICTS
 December 31, 2016

	District No. 1202	District No. 1203	District No. 1207	District No. 1208	District No. 1211	Total Tax Increment Financing Districts
Assets						
Cash and investments	\$ 71,769	\$ 5,858,246	\$ 354,551	\$ 3,419,037	\$ 87,568	\$ 9,791,171
Accrued interest	439	16,781	1,062	6,530	243	25,045
Due from other districts	-	3,975,000	-	-	-	3,975,000
Due from other governments	-	100,000	-	-	-	100,000
Total assets	\$ 72,208	\$ 9,950,027	\$ 355,603	\$ 3,425,567	\$ 87,811	\$ 13,891,216
Liabilities						
Accounts payable	\$ 18,412	\$ 93,519	\$ -	\$ 5,827	\$ 615	\$ 118,373
Salaries payable	-	1,934	-	-	-	1,934
Due to other districts	-	-	-	3,875,000	100,000	3,975,000
Total liabilities	18,412	95,453	-	3,880,827	100,615	4,095,307
Fund balance:						
Restricted	53,796	9,854,574	355,603	(455,260)	(12,804)	9,795,909
Total liabilities and fund balance	\$ 72,208	\$ 9,950,027	\$ 355,603	\$ 3,425,567	\$ 87,811	\$ 13,891,216

CITY OF EDINA, MINNESOTA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 TAX INCREMENT FINANCING DISTRICTS
 For The Year Ended December 31, 2016

	District No. 1202	District No. 1203	District No. 1207	District No. 1208	District No. 1211	Total Tax Increment Financing Districts
Revenues:						
Tax increment collections	\$ -	\$ -	\$ -	\$ 2,779,097	\$ -	\$ 2,779,097
Intergovernmental	-	50,000	-	-	-	50,000
Charges for services	-	31,094	-	-	-	31,094
Investment income	866	50,287	3,234	22,928	938	78,253
Total revenues	866	131,381	3,234	2,802,025	938	2,938,444
Expenditures:						
Current:						
General government	195,313	282,001	-	29,765	5,392	512,471
Capital outlay:						
General government	-	190,829	-	273,768	-	464,597
Public works	-	187,427	-	-	-	187,427
Total expenditures	195,313	660,257	-	303,533	5,392	1,164,495
Revenues over (under) expenditures	(194,447)	(528,876)	3,234	2,498,492	(4,454)	1,773,949
Other financing sources (uses):						
Interfund loan interest	-	174,000	-	(174,000)	-	-
Net increase (decrease) in fund balance	(194,447)	(354,876)	3,234	2,324,492	(4,454)	1,773,949
Fund balance - January 1	248,243	10,209,450	352,369	(2,779,752)	(8,350)	8,021,960
Fund balance - December 31	\$ 53,796	\$ 9,854,574	\$ 355,603	\$ (455,260)	\$ (12,804)	\$ 9,795,909

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

	Fiscal Year			
	2007	2008	2009	2010
Governmental activities				
Net investment in capital assets	\$ 67,660,862	\$ 71,601,227	\$ 69,622,370	\$ 68,783,162
Restricted	-	3,362,446	7,132,865	9,952,443
Unrestricted	25,136,312	29,577,462	30,705,600	41,709,528
Total governmental activities net position	\$ 92,817,194	\$ 104,541,135	\$ 107,460,835	\$ 121,445,133
Business-type activities				
Net investment in capital assets	\$ 43,046,160	\$ 46,851,736	\$ 47,333,794	\$ 48,807,806
Restricted	-	954,486	624,837	618,852
Unrestricted	13,649,355	12,071,776	15,158,720	17,041,122
Total business-type activities net position	\$ 56,695,515	\$ 59,877,998	\$ 63,117,351	\$ 66,467,780
Primary government net position	\$ 149,512,709	\$ 164,419,133	\$ 170,578,186	\$ 187,912,913

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

^b The City implemented GASB 68 in fiscal year 2015. Prior year information has not been restated as a result of this change in accounting principle.

	Fiscal Year					
	2011	2012	2013 ^a	2014	2015 ^b	2016
Governmental activities						
Net investment in capital assets	\$ 75,045,018	\$ 78,644,392	\$ 83,842,970	\$ 85,708,114	\$ 85,838,618	\$ 93,247,973
Restricted	22,915,776	23,215,910	20,269,579	16,268,724	16,925,171	20,692,680
Unrestricted	29,544,149	29,587,700	33,242,317	31,316,605	21,957,830	22,146,168
Total governmental activities net position	\$ 127,504,943	\$ 131,448,002	\$ 137,374,866	\$ 135,283,443	\$ 124,721,619	\$ 136,286,821
Business-type activities						
Net investment in capital assets	\$ 56,877,100	\$ 63,766,144	\$ 66,126,387	\$ 75,803,672	\$ 83,395,794	\$ 85,158,869
Restricted	623,099	876,909	611,377	619,295	793,664	804,393
Unrestricted	12,926,674	14,390,609	16,867,459	21,176,026	16,405,405	17,300,872
Total business-type activities net position	\$ 70,426,873	\$ 79,033,662	\$ 83,605,223	\$ 97,598,993	\$ 100,594,863	\$ 103,264,134
Primary government net position	\$ 197,931,816	\$ 210,481,664	\$ 220,980,089	\$ 232,882,436	\$ 225,316,482	\$ 239,550,955

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

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 7,039,298	\$ 6,836,248	\$ 7,362,560	\$ 6,961,082
Public safety	13,743,194	14,833,647	14,751,479	15,543,594
Public works	8,757,022	9,046,873	8,993,290	8,558,363
Parks	5,025,560	5,971,565	7,732,777	5,608,758
Interest on long-term debt	1,887,633	1,923,821	2,129,490	2,528,424
Total governmental activities expenses	36,452,707	36,612,154	40,969,596	39,200,221
Business-type activities:				
Utilities	10,036,844	10,625,811	11,833,994	11,848,538
Liquor	10,361,998	11,049,223	11,449,194	11,594,643
Aquatic center	780,981	787,663	798,369	769,608
Golf course	3,621,977	3,612,482	3,588,831	3,561,573
Arena	1,538,407	1,689,660	1,665,082	1,527,536
Community activity centers	2,630,127	2,813,189	2,971,293	2,965,243
Total business-type activities expenses	28,970,334	30,578,028	32,306,763	32,267,141
Total primary government expenses	\$ 65,423,041	\$ 69,190,182	\$ 73,276,359	\$ 71,467,362
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 784,659	\$ 840,070	\$ 811,087	\$ 946,107
Public safety	5,632,642	5,839,683	5,081,563	5,448,505
Other activities	736,329	763,130	804,500	723,559
Operating grants and contributions	1,384,024	1,170,183	1,377,785	1,162,411
Capital grants and contributions	4,299,509	7,710,015	2,582,999	13,325,431
Total governmental activities program revenues	12,837,163	16,323,081	10,657,934	21,606,013
Business-type activities:				
Charges for services:				
Utilities	13,125,773	13,713,249	14,858,488	15,036,016
Liquor	11,436,175	12,122,599	12,655,777	12,857,064
Aquatic center	868,833	925,388	859,816	945,529
Golf course	3,630,538	3,680,584	3,660,466	3,443,204
Arena	1,414,173	1,399,599	1,414,410	1,301,506
Community activity centers	2,102,938	2,117,619	2,192,274	2,194,476
Operating grants and contributions	127,492	147,456	135,917	373,230
Total business-type activities program revenues	32,705,922	34,106,494	35,777,148	36,151,025
Total primary government program revenues	\$ 45,543,085	\$ 50,429,575	\$ 46,435,082	\$ 57,757,038
Net (Expense)/Revenue				
Governmental activities	\$ (23,615,544)	\$ (22,289,073)	\$ (30,311,662)	\$ (17,594,208)
Business-type activities	3,735,588	3,528,466	3,470,385	3,883,884
Total primary government net expense	\$ (19,879,956)	\$ (18,760,607)	\$ (26,841,277)	\$ (13,710,324)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 21,459,001	\$ 22,242,276	\$ 23,834,274	\$ 25,122,113
Tax increment collections	7,793,577	8,578,434	7,587,386	4,488,073
Franchise taxes	570,871	647,466	667,791	692,288
Lodging taxes	-	-	-	-
Unrestricted investment earnings	1,581,702	1,185,899	387,177	474,444
Gain on disposal of capital assets	58,377	1,265	11,709	35,594
Insurance recovery	-	-	-	-
Transfers	919,625	967,800	743,025	765,994
Total governmental activities	32,383,153	33,623,140	33,231,362	31,578,506
Business-type activities:				
Property taxes	\$ -	\$ -	\$ 300,372	\$ -
Unrestricted investment earnings	510,678	607,312	209,371	205,965
Gain (loss) on disposal of capital assets	7,604	14,505	2,250	26,574
Transfers	(919,625)	(967,800)	(743,025)	(765,994)
Total business-type activities	(401,343)	(345,983)	(231,032)	(533,455)
Total primary government	\$ 31,981,810	\$ 33,277,157	\$ 33,000,330	\$ 31,045,051
Change in Net Position				
Governmental activities	\$ 8,767,609	\$ 11,334,067	\$ 2,919,700	\$ 13,984,298
Business-type activities	3,334,245	3,182,483	3,239,353	3,350,429
Total primary government	\$ 12,101,854	\$ 14,516,550	\$ 6,159,053	\$ 17,334,727

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

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

^c The City implemented GASB 68 in fiscal year 2015. Prior year information has not been restated as a result of this change in accounting principle.

Fiscal Year						
2011	2012	2013 ^a	2014 ^b	2015 ^c	2016	
\$ 7,013,231	\$ 12,598,979	\$ 8,256,261	\$ 8,522,319	\$ 8,518,236	\$ 9,587,567	
16,024,575	16,598,423	17,117,693	18,145,498	19,507,770	20,243,209	
9,193,336	9,437,285	11,502,250	15,553,852	15,284,777	19,444,472	
5,540,585	5,904,724	6,132,709	3,330,781	3,385,367	3,822,716	
2,339,370	2,222,392	2,024,749	1,989,863	2,180,678	2,133,474	
40,111,097	46,761,803	45,033,662	47,542,313	48,876,828	55,231,438	
12,130,685	12,610,875	13,748,186	14,207,197	14,963,304	16,780,474	
11,727,106	11,740,744	12,261,413	12,393,218	11,818,602	12,130,254	
718,027	866,944	822,932	827,485	872,960	915,560	
3,390,949	3,293,192	3,199,815	3,342,544	3,409,343	3,041,169	
1,689,001	2,182,200	2,272,510	2,375,173	2,642,097	2,842,660	
2,998,915	2,842,139	2,967,115	2,975,782	3,436,325	3,853,091	
32,654,683	33,536,094	35,271,971	36,121,399	37,142,631	39,563,208	
\$ 72,765,780	\$ 80,297,897	\$ 80,305,633	\$ 83,663,712	\$ 86,019,459	\$ 94,794,646	
\$ 969,745	\$ 1,142,984	\$ 1,259,908	\$ 1,529,555	\$ 1,322,430	\$ 1,453,009	
5,988,485	6,549,929	7,410,755	8,102,352	8,683,465	8,996,046	
775,676	913,864	846,999	960,261	1,158,207	1,289,770	
1,392,892	1,685,026	2,283,007	1,578,538	3,122,178	2,751,495	
5,770,912	9,137,011	6,372,735	8,244,695	10,044,077	15,252,861	
14,897,710	19,428,814	18,173,404	20,415,401	24,330,357	29,743,181	
15,873,937	17,729,589	17,831,225	17,550,802	19,335,443	19,505,905	
13,172,484	13,230,941	13,711,557	13,515,168	12,462,387	12,937,092	
913,383	1,001,946	928,055	918,412	971,936	956,068	
3,285,741	3,225,591	2,711,743	3,229,348	2,857,190	2,809,702	
1,315,435	1,452,435	1,942,971	2,092,567	2,316,853	2,314,892	
2,331,136	2,399,090	2,625,633	2,583,257	3,119,789	3,190,775	
135,428	1,042,195	516,242	428,416	595,141	445,464	
37,027,544	40,081,787	40,267,426	40,317,970	41,658,739	42,159,898	
\$ 51,925,254	\$ 59,510,601	\$ 58,440,830	\$ 60,733,371	\$ 65,989,096	\$ 71,903,079	
\$ (25,213,387)	\$ (27,332,989)	\$ (26,860,258)	\$ (27,126,912)	\$ (24,546,471)	\$ (25,488,257)	
4,372,861	6,545,693	4,995,455	4,196,571	4,516,108	2,596,690	
\$ (20,840,526)	\$ (20,787,296)	\$ (21,864,803)	\$ (22,930,341)	\$ (20,030,363)	\$ (22,891,567)	
\$ 25,040,871	\$ 25,884,662	\$ 26,894,161	\$ 27,062,224	\$ 29,632,072	\$ 31,396,421	
4,083,345	3,536,935	3,981,938	5,052,705	1,792,896	2,779,097	
722,160	815,530	1,891,967	2,055,396	2,089,038	2,346,423	
-	-	-	11,301	22,716	22,624	
601,250	341,986	(96,390)	440,051	195,620	344,277	
131,365	-	16,654	29,037	41,900	65,044	
-	-	816,654	-	-	-	
694,206	696,935	133,907	(9,605,225)	(2,230,966)	99,573	
31,273,197	31,276,048	33,638,891	25,045,489	31,543,276	37,053,459	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
280,438	113,177	(77,848)	191,974	91,907	136,208	
-	2,644,854	17,587	-	39,427	35,946	
(694,206)	(696,935)	(133,907)	9,605,225	2,230,966	(99,573)	
(413,768)	2,061,096	(194,168)	9,797,199	2,362,300	72,581	
\$ 30,859,429	\$ 33,337,144	\$ 33,444,723	\$ 34,842,688	\$ 33,905,576	\$ 37,126,040	
\$ 6,059,810	\$ 3,943,059	\$ 6,778,633	\$ (2,081,423)	\$ 6,998,805	\$ 11,565,202	
3,959,093	8,606,789	4,801,287	13,993,770	6,878,408	2,669,271	
\$ 10,018,903	\$ 12,549,848	\$ 11,579,920	\$ 11,912,347	\$ 13,875,213	\$ 14,234,473	

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

	Fiscal Year			
	2007	2008	2009 ^a	2010
General fund				
Reserved	\$ 28,637	\$ 13,982	\$ 18,241	\$ 10,258
Unreserved	14,078,220	14,365,021	12,031,358	12,868,952
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	<u>\$ 14,106,857</u>	<u>\$ 14,379,003</u>	<u>\$ 12,049,599</u>	<u>\$ 12,879,210</u>
All other governmental funds				
Reserved	\$ 6,247,539	\$ 8,467,918	\$ 15,223,353	\$ 9,460,834
Unreserved, reported in:				
Special revenue funds	14,750,448	14,950,538	12,813,439	15,333,460
Capital projects funds	5,853,322	4,270,440	6,683,668	12,150,968
Restricted, reported in:				
Special revenue funds	-	-	-	-
Debt service funds	-	-	-	-
Construction funds	-	-	-	-
Assigned, reported in:				
Capital projects funds	-	-	-	-
Unassigned, reported in:				
Special revenue funds	-	-	-	-
Total all other governmental funds	<u>\$ 26,851,309</u>	<u>\$ 27,688,896</u>	<u>\$ 34,720,460</u>	<u>\$ 36,945,262</u>

^a 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.

^b The City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" in 2011. The City did not apply the statement retroactively.

^c The substantial increase in other governmental funds restricted fund balance in is due to unspent bond proceeds related to the current refunding that took place on February 1 of the following year.

Fiscal Year					
2011 ^b	2012	2013	2014 ^c	2015	2016 ^c
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
10,871	413,200	13,322	240,291	529,513	27,643
178,295	880,395	185,395	757,673	417,673	927,673
1,539,286	1,643,077	1,559,461	1,566,329	1,547,398	1,612,240
<u>11,744,764</u>	<u>11,902,462</u>	<u>12,573,457</u>	<u>11,429,444</u>	<u>11,825,799</u>	<u>14,624,755</u>
<u>\$ 13,473,216</u>	<u>\$ 14,839,134</u>	<u>\$ 14,331,635</u>	<u>\$ 13,993,737</u>	<u>\$ 14,320,383</u>	<u>\$ 17,192,311</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
17,178,857	13,185,962	13,040,516	9,719,309	9,405,757	12,883,505
8,068,183	9,704,408	6,246,769	12,678,291	7,134,575	11,187,468
2,087,548	2,759,463	3,318,947	6,598,832	551,132	-
8,098,935	7,159,890	8,354,268	7,046,610	13,127,881	13,109,438
-	-	-	-	-	(190,845)
<u>\$ 35,433,523</u>	<u>\$ 32,809,723</u>	<u>\$ 30,960,500</u>	<u>\$ 36,043,042</u>	<u>\$ 30,219,345</u>	<u>\$ 36,989,566</u>

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

	Fiscal Year			
	2007^a	2008	2009	2010
Revenues				
General property taxes	\$ 21,459,001	\$ 22,242,276	\$ 23,834,274	\$ 25,122,113
Tax increment collections	7,793,577	8,578,434	7,587,386	4,488,073
Franchise taxes	570,871	647,466	667,791	692,288
Lodging fees	-	-	-	-
Special assessments	1,750,444	2,442,490	2,703,833	6,746,186
License and permits	2,909,521	2,915,455	2,104,967	2,410,314
Intergovernmental	3,699,006	3,005,883	1,507,170	3,726,849
Charges for services	2,748,709	3,093,941	2,905,410	3,014,894
Fines and forfeitures	971,486	1,073,174	1,224,983	1,203,767
Investment income	1,581,702	1,185,899	387,177	474,444
Rental of property	355,734	255,607	343,616	426,517
Parkland dedication	-	-	-	-
Other revenues	225,839	126,723	160,035	413,400
Total revenues	44,065,890	45,567,348	43,426,642	48,718,845
Expenditures				
General government	6,544,307	6,235,352	6,895,329	6,523,398
Public safety	12,985,215	13,788,797	13,692,686	14,177,387
Public works	5,787,619	6,189,594	5,911,758	5,898,023
Parks	3,455,789	3,693,595	3,688,063	3,524,950
Capital outlay:	11,991,122	14,666,907	22,997,065	13,505,827
Debt service				
Principal	6,190,000	7,090,000	7,415,000	2,975,000
Interest and other charges	1,677,770	1,967,021	1,841,342	2,584,006
Total expenditures	48,631,822	53,631,266	62,441,243	49,188,591
Revenues over (under) expenditures	(4,565,932)	(8,063,918)	(19,014,601)	(469,746)
Other Financing Sources (Uses)				
Transfers in	7,290,391	7,983,585	11,347,773	2,903,762
Transfers out	(6,370,766)	(7,015,785)	(10,604,748)	(2,137,768)
Sale of capital assets	66,845	96,825	34,592	134,329
Insurance recovery	-	-	-	-
Bonds issued	11,735,000	7,755,000	22,950,000	2,535,000
Refunding bonds issued	-	-	-	8,285,000
Premium on bonds issued	-	-	64,765	898,658
Discount on bonds issued	(53,637)	(35,848)	(75,621)	-
Payment to refunding escrow	-	-	-	(9,094,822)
Total other financing sources (uses)	12,667,833	8,783,777	23,716,761	3,524,159
Net change in fund balances	\$ 8,101,901	\$ 719,859	\$ 4,702,160	\$ 3,054,413
Debt service as a percentage of noncapital expenditures	21.5%	22.6%	21.7%	15.4%

^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					
2011	2012	2013	2014	2015	2016
\$ 24,972,166	\$ 25,838,422	\$ 26,891,756	\$ 26,988,493	\$ 29,535,270	\$ 31,354,023
4,083,345	3,536,935	3,981,938	5,052,705	1,792,896	2,779,097
722,160	815,530	1,891,967	2,055,396	2,089,038	2,346,423
-	-	-	11,301	22,716	22,624
4,502,112	4,975,641	4,884,510	4,606,010	4,132,128	5,276,194
2,724,763	3,155,351	4,150,512	4,583,183	4,907,364	5,268,519
3,059,964	2,032,966	2,509,166	3,961,509	6,093,966	5,775,114
3,181,961	3,708,482	3,667,612	4,270,720	4,414,991	4,689,389
1,243,426	1,195,054	1,109,710	1,163,907	1,195,271	1,016,817
601,250	341,986	(96,390)	440,051	195,314	344,344
539,091	506,276	518,862	546,874	416,522	514,955
-	702,100	-	757,278	800,000	1,250,000
156,231	240,841	278,607	78,775	361,425	2,599,830
<u>45,786,469</u>	<u>47,049,584</u>	<u>49,788,250</u>	<u>54,516,202</u>	<u>55,956,901</u>	<u>63,237,329</u>
5,739,481	6,624,573	7,351,556	7,625,826	6,337,944	6,815,725
14,668,772	14,985,068	15,859,622	16,647,821	17,537,528	18,554,507
6,000,539	6,277,506	7,018,614	10,201,335	10,578,472	10,474,008
3,633,922	3,852,260	3,915,568	1,341,884	1,416,858	1,529,384
14,235,496	13,622,443	10,690,207	19,883,144	19,912,565	16,787,575
4,480,000	6,620,000	14,531,375	4,096,375	13,276,375	5,246,375
2,278,068	2,292,394	2,270,259	1,923,647	2,375,613	2,360,827
<u>51,036,278</u>	<u>54,274,244</u>	<u>61,637,201</u>	<u>61,720,032</u>	<u>71,435,355</u>	<u>61,768,401</u>
(5,249,809)	(7,224,660)	(11,848,951)	(7,203,830)	(15,478,454)	1,468,928
5,615,669	4,495,940	3,472,964	1,404,975	3,232,770	3,504,542
(4,921,463)	(3,799,005)	(3,339,057)	(11,010,200)	(6,472,066)	(3,404,969)
209,773	94,975	61,642	70,603	78,509	65,044
-	-	816,654	-	167,167	-
3,320,000	2,748,720	2,555,000	16,155,000	9,040,000	3,940,000
-	1,990,000	5,710,000	5,180,000	3,490,000	3,635,000
108,097	436,148	275,360	327,987	492,838	450,409
-	-	(60,334)	(179,891)	(47,815)	(16,805)
-	-	-	-	-	-
<u>4,332,076</u>	<u>5,966,778</u>	<u>9,492,229</u>	<u>11,948,474</u>	<u>9,981,403</u>	<u>8,173,221</u>
\$ (917,733)	\$ (1,257,882)	\$ (2,356,722)	\$ 4,744,644	\$ (5,497,051)	\$ 9,642,149
17.8%	19.4%	32.2%	13.7%	28.9%	16.2%

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

Fiscal Year	Market Value (In Thousands)		Tax Capacity (In Thousands)		City Tax Capacity Rate	City Referendum Rate	Estimated Direct Rate ^b
	Estimated	Limited	Used for Rate	Adjusted Net			
2007	\$9,619,356	\$9,456,650	\$ 96,170	\$ 96,765	21.150%	0.00641%	\$2.172
2008	9,986,738	9,933,166	100,954	103,850	21.197%	0.00601%	2.204
2009	10,112,498	10,091,005	101,831	105,130	22.447%	0.00597%	2.334
2010	9,960,341	9,949,807	104,914	108,452	22.972%	0.00606%	2.501
2011	9,441,688	9,441,688	99,897	102,319	24.660%	0.00554%	2.672
2012	9,179,305	9,179,305	94,811	97,879	26.247%	0.00657%	2.799
2013	8,955,431	8,955,431	8,798,601	96,120	27.216%	0.00690%	2.821
2014	9,055,550	9,055,550	108,069	93,607	27.920%	0.00695%	2.861
2015	9,837,972	9,837,972	117,907	109,203	26.605%	0.00631%	2.953
2016	10,420,339	10,420,339	112,491	115,128	27.137%	0.00550%	2.998

Source: Hennepin County Taxpayer Services.

^a Property in the City is assessed annually. Assessed value is equal to market value, although taxable value may be different, as shown.

^b This value is estimated by the City Finance Department by taking City taxes as a rate of estimated market value, but not separated by property classification.

The City receives reports from Hennepin County showing total market value, but not separated by property classification. This value is estimated by the City Finance Department by taking City taxes as a rate of estimated market value (rate per \$1,000 of assessed value). The property tax system in Minnesota uses a tax capacity system whereby each parcel is assigned a tax capacity based on taxable value and class. In Minnesota, local taxes are usually expressed as a percentage of this calculated tax capacity (see column titled "City Tax Capacity Rate"). Therefore, this rate is only theoretical and shown for comparative purposes only.

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

Fiscal Year	Basic Rate	Debt Rate	City Rates		Overlapping Rates		Total Direct & Overlap
			Total Tax Capacity	RMV	ISD #273 Edina Tax Cap.	RMV	
2007	19.636%	1.514%	21,150%	0.006%	18,244%	0.147%	86.921%
2008	19.563%	1.634%	21,197%	0.006%	16,951%	0.177%	85.265%
2009	20.204%	2.243%	22,447%	0.006%	17,769%	0.183%	89.039%
2010	20.004%	2.968%	22,972%	0.006%	18,746%	0.194%	93.789%
2011	21.548%	3.112%	24,660%	0.007%	21,786%	0.196%	102.775%
2012	23.131%	3.116%	26,247%	0.007%	27,565%	0.215%	112.954%
2013	23.762%	3.454%	27,216%	0.007%	27,762%	0.217%	115.922%
2014	24.458%	3.482%	27,920%	0.007%	27,556%	0.223%	117.486%
2015	22.477%	4.128%	26,605%	0.006%	27,344%	0.216%	111.447%
2016	23.223%	3.914%	27,137%	0.006%	34,898%	0.201%	118.154%

Source: Hennepin County Taxpayer Services.

RMV: Referendum Market Value

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

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

Taxpayer	2016			2007		
	Tax Capacity	Rank	Percentage of Total Capacity	Tax Capacity	Rank	Percentage of Total Capacity
Southdale Shopping Center	\$ 2,727,650	1	2.17%	\$ 3,497,088	1	3.08%
Galleria Shopping Center	2,257,995	2	1.80%	1,300,806	2	1.15%
Southdale Medical Building	1,491,755	3	1.19%	419,014	9	0.37%
Southdale Office Center	906,994	4	0.72%	827,534	3	0.73%
Centennial Lakes Retail	859,250	5	0.68%	-	-	0.00%
Centennial Lakes Phase V	703,404	6	0.56%	663,520	4	0.58%
Centennial Lakes Phase IV	689,778	7	0.55%	650,646	5	0.57%
7700 France	543,365	8	0.43%	554,076	6	0.49%
The District	534,756	9	0.43%	-	-	0.00%
Westin Galleria	507,449	10	0.40%	-	-	0.00%
May Department Stores	-	-	0.00%	513,070	7	0.45%
Centennial Lakes Medical Bldg	-	-	0.00%	443,108	8	0.39%
Centennial Lakes Phase III	-	-	0.00%	406,798	10	0.36%
Totals	\$11,222,396		8.93%	\$ 9,275,670		8.18%

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		
2007	\$ 21,530,528	\$ 21,347,789 ^a	99.15%	\$ 65,836	\$ 21,413,625	99.46%
2008	22,605,669	22,178,719 ^b	98.11%	174,769	22,353,488	98.88%
2009	24,153,933	23,484,137 ^c	97.23%	69,437	23,553,574	97.51%
2010	25,492,973	24,904,346	97.69%	(310,913)	24,593,433	96.47%
2011	25,786,217	25,067,625	97.21%	(202,079)	24,865,546	96.43%
2012	26,248,226	25,983,685	98.99%	(142,619)	25,841,066	98.45%
2013	26,747,384	26,545,984	99.25%	(194,861)	26,351,123	98.52%
2014	27,454,872	27,326,092	99.53%	(46,459)	27,279,633	99.36%
2015	29,700,010	29,497,362	99.32%	(40,897)	29,456,465	99.18%
2016	31,799,123	31,383,415	98.69%	-	31,383,415	98.69%

Source: Hennepin County Taxpayer Services.

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

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

^c 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 Incremental Bonds	Rec. Facility Bonds	Utility Revenue Bonds	Rec. Facility Bonds			
2007	\$ 10,963	\$ 15,235	\$ 15,628	\$ 7,152	\$ -	\$ 3,675	\$ 63,766	2.39%	\$ 1,355
2008	10,393	14,531	10,000	14,719	2,835	2,635	76,257	2.89%	1,653
2009	24,057	22,442	4,115	14,574	4,479	4,479	91,380	3.54%	1,897
2010	32,595	13,282	3,314	16,254	4,059	19,507	89,011	3.39%	1,857
2011	30,417	13,077	2,477	18,353	3,569	28,800	96,693	3.66%	2,004
2012	28,318	11,787	550	22,087	74	5,852	101,908	3.71%	2,087
2013	32,035	5,627	-	18,689	62	6,540	92,788	2.91%	1,885
2014	30,806	21,445	-	21,554	51	6,249	119,738	3.97%	2,382
2015	27,225	21,300	-	24,776	40	8,055	113,971	3.62%	2,245
2016	28,560	20,395	-	26,574	28	7,677	120,225	3.72%	2,368

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

* Population data from U.S. Census Bureau/Metropolitan Council found on page 129.

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

Fiscal Year	General Obligation Debt*	Leases Available in Debt Service Fund*	Total	Percentage of Property Value*	Per Capita
2008	10,393	2,459	12,852	0.71%	245
2009	24,057	6,055	30,112	0.78%	498
2010	32,595	6,105	38,700	0.75%	680
2011	30,417	8,068	38,485	0.74%	630
2012	28,318	9,704	38,022	0.70%	590
2013	32,035	12,771	44,806	0.77%	793
2014	30,806	13,678	44,484	0.76%	813
2015	27,225	7,135	34,360	0.70%	538
2016	28,560	11,187	39,747	0.77%	563

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

* Presented net of related premiums, discounts, and adjustments.

* This is the amount restricted for debt service principal payments.

* 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, 2016

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable in City^a</u>	<u>City Share of Debt</u>
Overlapping Debt:			
Hennepin County	\$ 811,375,883	7.43%	\$ 60,285,228
Hennepin Suburban Park District	47,787,952	10.32%	4,931,717
Hennepin Regional Rail Authority	32,848,204	10.32%	3,389,935
School Districts:			
ISD No. 273 (Edina)	171,809,849	98.50%	169,232,701
ISD No. 270 (Hopkins)	135,244,990	7.61%	10,292,144
ISD No. 271 (Bloomington)	49,733,883	0.01%	4,973
ISD No. 272 (Eden Prairie)	53,008,080	1.01%	535,382
ISD No. 280 (Richfield)	24,664,879	30.23%	7,456,193
ISD No. 283 (St. Louis Park)	37,433,271	0.01%	3,743
Metro Council	<u>38,874,706</u>	3.77%	<u>1,465,576</u>
Total Overlapping Debt	1,402,781,697		257,597,592
Direct Debt:			
City of Edina	<u>75,857,300</u>	100.00%	<u>75,857,300</u>
Total Overlapping and Direct Debt	<u><u>\$ 1,478,638,997</u></u>		<u><u>\$ 333,454,892</u></u>

Debt Ratios:

Ratio of debt per capita (50,766 population)	\$ 6,568
Ratio of debt to estimated market valuation of \$10,420,339,300	3.20%

Source: Hennepin County Taxpayer Services

^a 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									
	2007	2008^a	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 199,775	\$ 302,385	\$ 301,369	\$ 298,494	\$ 282,958	\$ 270,767	\$ 263,958	\$ 267,351	\$ 291,050	\$ 308,890
Total net debt applicable to limit	<u>26,380</u>	<u>25,095</u>	<u>46,670</u>	<u>45,170</u>	<u>42,860</u>	<u>39,545</u>	<u>37,030</u>	<u>51,760</u>	<u>48,000</u>	<u>48,325</u>
Legal debt margin	<u>\$ 173,395</u>	<u>\$ 277,290</u>	<u>\$ 254,699</u>	<u>\$ 253,324</u>	<u>\$ 240,098</u>	<u>\$ 231,222</u>	<u>\$ 226,928</u>	<u>\$ 215,591</u>	<u>\$ 243,050</u>	<u>\$ 260,565</u>
Total net debt applicable to the limit as a percentage of debt limit	13.20%	8.30%	15.49%	15.13%	15.15%	14.60%	14.03%	19.36%	16.49%	15.64%

Legal Debt Margin Calculation for Fiscal Year 2016

Market value (after fiscal disparities)	\$ 10,296,341,540
Debt limit (3% of market value)	308,890,246
Debt applicable to limit:	
General obligation bonds	27,935,000
Public project revenue bonds	<u>20,390,000</u>
Total debt applicable to limit	<u>48,325,000</u>
Legal debt margin	<u><u>\$ 260,565,246</u></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
PLEGGED REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	Revenue	Less: operating expenses	Net available revenue	Debt service requirements			Coverage
				Principal	Interest	Total	
Public Project Revenue Bonds (Annual Appropriation Lease Revenue)							
2007	\$ 1,497,500	\$ -	\$ 1,497,500	\$ 690,000	\$ 725,855	\$ 1,415,855	1.06
2008	1,425,186	-	1,425,186	715,000	696,118	1,411,118	1.01
2009	1,424,405	-	1,424,405	745,000	665,193	1,410,193	1.01
2010	1,421,354	-	1,421,354	9,280,000	901,535	10,181,535	0.14
2011	1,346,294	-	1,346,294	210,000	574,681	784,681	1.72
2012	1,362,444	-	1,362,444	1,295,000	548,691	1,843,691	0.74
2013	1,346,294	-	1,346,294	6,225,000	589,734	6,814,734	0.20
2014	1,356,844	-	1,356,844	235,000	223,754	458,754	2.96
2015	2,521,840	-	2,521,840	3,760,000	729,879	4,489,879	0.56
2016	2,499,521	-	2,499,521	900,000	654,473	1,554,473	1.61
Tax Increment Bonds							
2007	7,793,577	-	7,793,577	4,795,000	625,606	5,420,606	1.44
2008	8,578,434	-	8,578,434	5,650,000	445,694	6,095,694	1.41
2009	7,587,386	-	7,587,386	5,890,000	244,236	6,134,236	1.24
2010	4,488,073	-	4,488,073	805,000	125,820	930,820	4.82
2011	4,083,345	-	4,083,345	840,000	94,359	934,359	4.37
2012	3,536,935	-	3,536,935	1,930,000	48,445	1,978,445	1.79
2013	3,981,939	-	3,981,939	550,000	9,350	559,350	7.12
2014	5,052,705	-	5,052,705	-	-	-	-
2015	1,792,896	-	1,792,896	-	-	-	-
2016	2,779,097	-	2,779,097	-	-	-	-
Permanent Improvement Revolving Bonds (Special Assessment)							
2007	391,921	-	391,921	160,000	46,694	206,694	1.90
2008	564,534	-	564,534	155,000	306,759	461,759	1.22
2009	1,508,662	-	1,508,662	150,000	513,708	663,708	2.27
2010	1,339,350	-	1,339,350	655,000	520,278	1,175,278	1.14
2011	2,466,395	-	2,466,395	1,330,000	524,964	1,854,964	1.33
2012	2,520,862	-	2,520,862	1,375,000	557,514	1,932,514	1.30
2013	2,837,227	-	2,837,227	5,745,000	567,551	6,312,551	0.45
2014	2,870,102	-	2,870,102	1,555,000	548,927	2,103,927	1.36
2015	3,732,374	-	3,732,374	6,015,000	503,029	6,518,029	0.57
2016	4,727,881	-	4,727,881	1,925,000	705,628	2,630,628	1.80
Utility Bond							
2007	13,125,419	9,735,839	3,389,580	690,000	108,840	798,840	4.24
2008	13,544,728	10,076,422	3,468,306	1,485,000	459,983	1,944,983	1.78
2009	14,857,798	10,815,216	4,042,582	2,045,000	803,157	2,848,157	1.42
2010	15,034,881	11,119,053	3,915,828	2,185,000	768,160	2,953,160	1.33
2011	15,871,102	11,438,288	4,432,814	2,270,000	693,285	2,963,285	1.50
2012	17,723,103	11,811,468	5,911,635	2,360,000	811,990	3,171,990	1.86
2013	17,830,425	12,893,159	4,937,266	3,400,000	933,970	4,333,970	1.14
2014	17,548,883	13,443,940	4,104,943	3,670,000	884,075	4,554,075	0.90
2015	19,334,023	14,387,132	4,946,891	12,300,000	882,427	13,182,427	0.38
2016	19,472,645	16,222,211	3,250,434	4,925,000	814,238	5,739,238	0.57
Recreational Facility Bonds							
2007	5,870,485	5,798,005	72,480	905,000	168,159	1,073,159	0.07
2008	6,005,571	5,972,558	33,013	845,000	135,956	980,956	0.03
2009	5,932,900	5,977,793	(44,893)	860,000	92,128	952,128	(0.05)
2010	5,690,239	5,822,861	(132,622)	415,000	100,926	515,926	(0.26)
2011	5,510,043	5,760,947	(250,904)	485,000	115,050	600,050	(0.42)
2012	5,679,972	6,240,222	(560,250)	520,000	105,000	625,000	(0.90)
2013	5,582,769	6,118,195	(535,426)	550,000	138,127	688,127	(0.78)
2014	6,239,445	6,358,030	(118,585)	290,000	176,197	466,197	(0.25)
2015	6,137,111	6,258,138	(121,027)	350,000	176,808	526,808	(0.23)
2016	6,080,529	6,593,312	(512,783)	375,000	231,285	606,285	(0.85)

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
2007	47,090	\$ 2,673,959	\$ 56,784	92.0%	3.45%
2008	48,169	2,547,369	52,884	92.0%	4.33%
2009	48,169	2,582,436	53,612	92.4%	6.38%
2010	47,941	2,622,564	54,704	91.6%	5.56%
2011	48,262	2,640,124	54,704	92.2%	5.25%
2012	48,829	2,749,854	56,316	97.4%	4.55%
2013	49,216	3,193,922	64,896	97.7%	3.98%
2014	50,261	3,018,676	60,060	97.8%	3.10%
2015	50,766	3,146,680	61,984	97.9%	2.82%
2016	50,766	3,231,154	63,648	97.7%	3.05%

Sources:
 Population data from U.S. Census Bureau/Metropolitan Council. 2015 is the most recent.
 Personal income and per capita income estimates based on MN Department of Employment and Economic Development Quarterly Census of Employment and Wages. 2015 is the most recent.
 High school graduation rate data from U.S. Census Bureau for all of Hennepin County.
 Unemployment rate data from State of Minnesota Department of Employment and Economic Development.

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

Employer	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Fairview Southdale Hospital	2,613	1	10.87%	2,500	2	11.21%
Edina Public Schools ISD #273	1,245	2	5.18%	1,172	4	5.25%
BI Worldwide	1,000	3	4.16%	DNA	DNA	DNA
Regis Corporation	900	4	3.75%	DNA	DNA	DNA
City of Edina	814	5	3.39%	277	7	1.24%
Edina Realty	400	6	1.66%	210	9	0.94%
International Dairy Queen Inc.	400	7	1.66%	300	6	1.34%
Film Tec Corporation	375	8	1.56%	DNA	DNA	DNA
Lund Food Holdings, Inc	360	9	1.50%	DNA	DNA	DNA
JC Penny Co.	276	10	1.15%	250	8	1.12%
Macy's (Marshall Field's or Dayton's)	-	-	0.00%	1,200	3	5.35%
Jerry's Enterprises, Inc.	-	-	0.00%	4,500	1	20.17%
Con Agra Foods	-	-	0.00%	196	10	0.88%
Barr Engineering	-	-	0.00%	DNA	DNA	DNA
Nash Finch Co.	-	-	0.00%	350	5	1.57%
Totals	8,383		34.89%	10,955		49.11%

Sources:
 2016 data from ReferenceUSA, written and telephone survey (April 2016) done by Ehlers and the Minnesota Department of Employment and Economic Development.
 2007 data from previous CAFR.

DNA: Historical data is not available

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

Function	Budgeted Full-time Employees for Fiscal Year ^a									
	2007	2008	2009	2010	2011	2012 ^b	2013 ^b	2014 ^b	2015	2016
Administration										
General Fund	9.25	9.25	9.25	9.25	9.25	6.85	5.85	4.85	4.85	5.00
HRA Fund	-	-	-	-	-	-	-	1.00	1.00	1.00
Liquor Fund	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Communications and Technology Services										
General Fund	2.00	2.00	3.00	3.00	3.50	4.65	5.15	6.15	6.15	6.00
Central Services	3.00	3.00	3.00	3.00	5.00	5.00	5.00	5.00	5.00	5.00
Community Development										
General Fund	10.75	10.75	10.85	10.85	10.85	10.85	10.85	12.00	12.00	12.00
Engineering										
General Fund	8.50	8.50	8.50	8.50	8.50	10.50	12.00	12.00	13.00	14.00
Finance										
General Fund	5.50	5.50	5.50	5.50	5.25	5.25	5.25	6.00	6.00	5.00
Utilities Fund	1.75	1.75	2.75	2.75	2.00	2.00	1.00	1.00	1.00	1.00
Liquor Fund	0.75	0.75	0.75	0.75	0.75	0.75	0.75	-	-	-
Fire Protection										
General Fund	40.50	40.50	40.50	40.50	39.50	39.75	42.75	42.85	43.85	45.90
Utilities Fund	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	-
Human Resources										
General Fund	-	-	-	-	-	1.00	4.00	4.00	4.00	5.00
Parks & Recreation										
General Fund	6.80	6.80	6.80	6.80	6.80	6.80	8.00	7.00	7.00	7.00
Aquatic Center	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.55	0.60
Golf Course	13.00	13.00	13.00	13.00	11.00	12.00	12.00	12.00	12.00	8.05
Arena	6.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.85
Sports Dome	-	-	-	-	-	-	-	-	-	0.15
Art Center	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Edinborough Park	7.00	7.00	7.00	7.00	7.00	7.00	5.80	5.80	5.80	5.80
Centennial Lakes	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Police Protection										
General Fund	73.75	73.75	74.65	73.65	71.15	71.65	70.65	72.50	70.50	72.55
Utilities Fund	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.45
Public Works										
General Fund	48.40	48.40	47.40	47.40	47.20	48.20	46.40	43.35	43.35	43.45
Construction Fund	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.10
Utilities Fund	13.25	13.25	15.25	15.25	14.45	13.95	13.75	15.20	15.20	16.85
Central Services	8.50	8.50	8.50	8.50	8.50	8.50	8.50	11.00	11.00	10.25
Other	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Total	278.00	278.00	281.00	280.00	274.00	278.00	281.00	285.00	285.00	287.00

Source: City of Edina 2016-2017 Budget

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

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

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Total city employees	890	916	885	869	892	869	1,040	1,093	1,077	1,155
Votes cast ^a	7,930	31,512	2,733	25,463	7,957	31,841	3,480	24,049	9,370	31,986
Public Works										
Asphalt placed (tons)	8,000	7,500	9,500	7,643	8,500	9,000	9,273	8,383	8,868	9,288
Concrete (cu. yds.)	850	480	640	503	558	667	560	396	670	897
Public Safety										
Crimes reported	2,010	2,025	1,985	1,890	1,590	1,628	1,594	1,571	2,015	N/A
Fire calls	1,012	913	852	910	960	858	893	926	1,251	1,276
Medical calls	3,510	3,516	3,496	3,599	3,652	3,946	3,803	3,982	3,818	4,063
Central Services										
Vehicle fines	2,460	2,967	2,539	2,431	2,331	2,546	3,493	3,277	2,923	2,721
Utilities										
Daily consumption ^b	7,372	7,376	7,596	6,790	6,909	7,613	6,652	6,489	6,308	6,047
Aquatic Center Attendance	114,173	110,000	64,836	86,654	77,696	139,909	91,340	92,200	128,523	108,609
Golf Course										
Total rounds played	112,821	112,663	117,819	101,314	95,771	96,496	79,529	85,231	66,483	61,256

Source: Various City departments

N/A Data not available

^a The City Elections department runs general elections in even-numbered years and school district elections in odd-numbered years.

^b Number of votes cast tend to vary between even and odd-numbered years and based on presidential election cycles.

^c 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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	40	40	40	40	40	40	40	40	40	40
Acres of parks	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553	1,553
Park buildings	27	27	27	27	27	27	27	27	27	27
Utilities										
Wells	18	19	19	19	18	18	18	18	18	18
Watermain miles	199	199	199	199	199	199	199	199	199	199
Sanitary sewer miles	186	186	186	186	186	186	186	186	186	186
Sewer connections	14,851	14,851	13,933	13,933	13,933	13,979	13,979	13,979	13,979	13,979
Arena										
Ice sheets	3	3	3	3	3	3	3	3	3	4

Source: Various City departments

FORM OF LEGAL OPINION

(See following page)

City of Edina
Edina, Minnesota

[Original Purchaser]

Re: \$9,480,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2017C; City of Edina, Hennepin County, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel to the City of Edina, Minnesota (the “City”), in connection with the authorization, issuance, and sale of its \$9,480,000 General Obligation Capital Improvement Plan Refunding Bonds, Series 2017C, dated, as originally issued, as of December 14, 2017 (the “Bonds”). In rendering our opinion, we examined certified copies of certain proceedings taken, and certain affidavits and certificates furnished, by the City in the authorization, sale and issuance of the Bonds, including the form of the Bonds. As to questions of fact material to our opinion, we have assumed the authenticity of and relied upon the proceedings, affidavits and certificates furnished to us without undertaking to verify the same by independent investigation. From our examination of such proceedings, affidavits and certificates, and based upon laws, regulations, rulings and decisions in effect on the date hereof, it is our opinion that:

1. The Bonds are valid and binding general obligations of the City enforceable in accordance with their terms.

2. The principal of and interest on the Bonds are payable from ad valorem taxes heretofore duly levied or to be levied on all taxable property within the City, which have been pledged and appropriated for this purpose, but if necessary for the payment thereof, additional ad valorem taxes are required by law to be levied on all taxable property in the City, which additional taxes are not subject to any limitation of rate or amount.

3. Interest on the Bonds is (a) not includable in gross income for federal income tax purposes or in taxable net income of individuals, estates, or trusts for Minnesota income tax purposes; (b) includable in taxable income of corporations and financial institutions for purposes of the Minnesota franchise tax; (c) not an item of tax preference includable in alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates, and trusts; and (d) not includable in adjusted current earnings of corporations in determining alternative minimum taxable income for purposes of the federal and Minnesota alternative minimum taxes.

4. The City has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the Code), and financial institutions described in Section 265(b)(5) of the Code may treat the Bonds for purposes of Sections 265(b)(2) and 291(e)(1)(B) of the Code as if they were acquired on August 7, 1986.

The opinions expressed in paragraphs 1 and 2 are subject, as to enforceability, to the effect of any state or federal laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors’ rights and the exercise of judicial discretion, whether at law or in equity.

The opinions expressed in paragraphs 3 and 4 above are subject to the condition that the City comply with all Code requirements that must be satisfied subsequent to the issuance of the Bonds in order

Dated: _____, 2017.
Page 2

that interest thereon may be, or continue to be, excluded from gross income for federal income tax purposes and that the Bonds be and continue to be qualified tax-exempt obligations. The City has covenanted to comply with these continuing requirements. Its failure to do so could result in the inclusion of interest on the Bonds in federal gross income and in Minnesota taxable net income, retroactive to the date of issuance of the Bonds. Except as stated in this opinion, we express no opinion regarding federal, state, or other tax consequences to owners of the Bonds.

We have not been asked, and have not undertaken, to review the accuracy, completeness, or sufficiency of any offering materials relating to the Bonds, and accordingly, we express no opinion with respect thereto.

Dated: _____, 2017.

Very truly yours,

APPENDIX C

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]
6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

**FORM OF CONTINUING DISCLOSURE COVENANTS
(EXCERPTS FROM SALE RESOLUTION)**

(See following page)

CONTINUING DISCLOSURE COVENANTS

- (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the United States Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the “Rule”), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential, and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity that (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories, or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.
- (b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:
- (1) on or before twelve (12) months after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2017, the following financial information and operating data in respect of the City (the “Disclosure Information”):
 - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
 - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: “VALUATIONS—Current Property Valuations,” “DEBT—Direct Debt,” and “TAX RATES, LEVIES AND COLLECTIONS—Tax Levies and Collections” and “GENERAL INFORMATION—US Census Data-Population Trend” and “-Employment / Unemployment Data,” which information may be unaudited.

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within ten (10) days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the Municipal Securities Rulemaking Board (the "MSRB"). If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, that if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be a Material Fact (as defined in paragraph (2) hereof), then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events (each a "Material Fact"):
 - (A) Principal and interest payment delinquencies;
 - (B) Non-payment related defaults, if material;
 - (C) Unscheduled draws on debt-service reserves reflecting financial difficulties;
 - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (E) Substitution of credit or liquidity providers, or their failure to perform;
 - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
 - (G) Modifications to rights of security holders, if material;
 - (H) Bond calls, if material, and tender offers;
 - (I) Defeasances;
 - (J) Release, substitution, or sale of property securing repayment of the securities, if material;
 - (K) Rating changes;
 - (L) Bankruptcy, insolvency, receivership, or similar event of the obligated person;

- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, an event is “material” if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold, or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder, or information generally available to the public. Notwithstanding the foregoing sentence, an event is also “material” if it is an event that would be deemed material for purposes of the purchase, holding, or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
- (C) the termination of the obligations of the City under this section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).

- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement is (a) made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature, or status of the City or the type of operations conducted by the City or (b) required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

APPENDIX E

TERMS OF PROPOSAL

**\$9,480,000* GENERAL OBLIGATION CAPITAL IMPROVEMENT PLAN REFUNDING BONDS,
SERIES 2017C
CITY OF EDINA, MINNESOTA**

Proposals for the purchase of \$9,480,000* General Obligation Capital Improvement Plan Refunding Bonds, Series 2017C (the "Bonds") of the City of Edina, Minnesota (the "City") will be received at the offices of Ehlers & Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Municipal Advisors to the City, until 11:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 11:00 A.M. Central Time, on November 21, 2017, at which time they will be opened, read and tabulated. The proposals will be presented to the City Council for consideration for award by resolution at a meeting to be held at 7:00 P.M., Central Time, on the same date. The proposal offering to purchase the Bonds upon the terms specified herein and most favorable to the City will be accepted unless all proposals are rejected.

PURPOSE

The Bonds are authorized pursuant to Minnesota Statutes, Chapter 475, and Sections 475.67 and 475.521, by the City, for the purpose of effecting a current refunding of certain outstanding general obligations of the City as more fully described herein. The Bonds will be general obligations of the City for which its full faith, credit and taxing powers are pledged.

DATES AND MATURITIES

The Bonds will be dated December 14, 2017, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on February 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2019	\$750,000	2023	\$845,000	2027	\$915,000
2020	795,000	2024	865,000	2028	935,000
2021	810,000	2025	880,000	2029	955,000
2022	830,000	2026	900,000		

ADJUSTMENT OPTION

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

TERM BOND OPTION

Proposals for the Bonds may contain a maturity schedule providing for any combination of serial bonds and term bonds, subject to mandatory redemption, so long as the amount of principal maturing or subject to mandatory redemption in each year conforms to the maturity schedule set forth above. All dates are inclusive.

INTEREST PAYMENT DATES AND RATES

Interest will be payable on February 1 and August 1 of each year, commencing August 1, 2018, to the registered owners of the Bonds appearing of record in the bond register as of the close of business on the 15th day (whether or not a business day) of the immediately preceding month. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the Municipal Securities Rulemaking Board. **The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.)** All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

BOOK-ENTRY-ONLY FORMAT

Unless otherwise specified by the purchaser, the Bonds will be designated in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds, and will be responsible for maintaining a book-entry system for recording the interests of its participants and the transfers of interests between its participants. The participants will be responsible for maintaining records regarding the beneficial interests of the individual purchasers of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, all payments of principal and interest will be made to the depository which, in turn, will be obligated to remit such payments to its participants for subsequent disbursement to the beneficial owners of the Bonds.

PAYING AGENT

The City has selected U.S. Bank National Association, St. Paul, Minnesota, to act as paying agent (the "Paying Agent"). Bond Trust Services Corporation and Ehlers are affiliate companies. The City will pay the charges for Paying Agent services. The City reserves the right to remove the Paying Agent and to appoint a successor.

OPTIONAL REDEMPTION

At the option of the City, the Bonds maturing on or after February 1, 2027 shall be subject to optional redemption prior to maturity on February 1, 2026 and on any date thereafter, at a price of par plus accrued interest.

Redemption may be in whole or in part of the Bonds subject to prepayment. If redemption is in part, the selection of the amounts and maturities of the Bonds to be redeemed shall be at the discretion of the City. If only part of the Bonds having a common maturity date are called for redemption, then the City or Paying Agent, if any, will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interest in such maturity to be redeemed.

Notice of redemption shall be sent by mail not more than 60 days and not less than 30 days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books.

DELIVERY

On or about December 14, 2017, the Bonds will be delivered without cost to the winning bidder at DTC. On the day of closing, the City will furnish to the winning bidder the opinion of bond counsel hereinafter described, an arbitrage certification, and certificates verifying that no litigation in any manner questioning the validity of the Bonds is then pending or, to the best knowledge of officers of the City, threatened. Payment for the Bonds must be received by the City at its designated depository on the date of closing in immediately available funds.

LEGAL OPINION

An opinion in substantially the form attached hereto as Appendix B will be furnished by Dorsey & Whitney LLP, Minneapolis, Minnesota, bond counsel to the City.

SUBMISSION OF PROPOSALS

Proposals must not be for less than \$9,562,500 plus accrued interest on the principal sum of \$9,480,000* from date of original issue of the Bonds to date of delivery. Prior to the time established above for the opening of proposals, interested parties may submit a proposal as follows:

- 1) Electronically to bondsale@ehlers-inc.com; or
- 2) Facsimile submission to Ehlers, Facsimile Number (651) 697-8555; or
- 3) Electronically via **PARITY** in accordance with this Terms of Proposal until 11:00 A.M. Central Time, but no proposal will be received after the time for receiving proposals specified above. To the extent any instructions or directions set forth in **PARITY** conflict with this Terms of Proposal, the terms of this Terms of Proposal shall control. For further information about **PARITY**, potential bidders may contact Ehlers or i-Deal LLC at 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone (212) 849-5021.

Proposals must be submitted to Ehlers via one of the methods described above and must be received prior to the time established above for the opening of proposals. Each proposal must be unconditional except as to legality. Neither the City nor Ehlers shall be responsible for any failure to receive a facsimile submission.

A good faith deposit ("Deposit") in the amount of \$189,600 shall be made by the winning bidder by wire transfer of funds to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received by such time. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. The Deposit will be retained by the City as liquidated damages if the proposal is accepted and the Purchaser fails to comply therewith.

The City and the winning bidder who chooses to so wire the Deposit hereby agree irrevocably that Ehlers shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: 1) All income earned thereon shall be retained by the escrow holder as payment for its expenses; 2) If the proposal is not accepted, Ehlers shall, at its expense, promptly return the Deposit amount to the winning bidder; 3) If the proposal is accepted, the Deposit shall be returned to the winning bidder at the closing; 4) Ehlers shall bear all costs of maintaining the escrow account and returning the funds to the winning bidder; 5) Ehlers shall not be an insurer of the Deposit amount and shall have no liability hereunder except if it willfully fails to perform or recklessly disregards, its duties specified herein; and 6) FDIC insurance on deposits within the escrow account shall be limited to \$250,000 per bidder.

No proposal can be withdrawn after the time set for receiving proposals unless the meeting of the City scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a True Interest Cost (TIC) basis. The City's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling. In the event of a tie, the sale of the Bonds will be awarded by lot. The City reserves the right to reject any and all proposals and to waive any informality in any proposal.

BOND INSURANCE

If the Bonds are qualified for any bond insurance policy, the purchase of such policy shall be at the sole option and expense of the winning bidder. Any cost for such insurance policy is to be paid by the winning bidder, except that, if the City requested and received a rating on the Bonds from a rating agency, the City will pay that rating fee. Any rating agency fees not requested by the City are the responsibility of the winning bidder.

Failure of the municipal bond insurer to issue the policy after the Bonds are awarded to the winning bidder shall not constitute cause for failure or refusal by the winning bidder to accept delivery of the Bonds.

CUSIP NUMBERS

The City will assume no obligation for the assignment or printing of CUSIP numbers on the Bonds or for the correctness of any numbers printed thereon, but will permit such numbers to be printed at the expense of the winning bidder, if the winning bidder waives any delay in delivery occasioned thereby.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will be deemed designated as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 the City will enter into an undertaking for the benefit of the holders of the Bonds. A description of the details and terms of the undertaking is set forth in Appendix D of the Preliminary Official Statement.

NEW ISSUE PRICING

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Bond Counsel. All actions to be taken by the City under this Terms of Proposal to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor identified herein and any notice or report to be provided to the City may be provided to the City's municipal advisor.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Terms of Proposal to potential underwriters in a manner that is reasonably designed to reach potential investors;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive proposals from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Terms of Proposal.

Any proposal submitted pursuant to this Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, as specified in this proposal.

(c) In the event that the competitive sale requirements are not satisfied, the City shall so advise the winning bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the City if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The City shall promptly advise the winning bidder, at or before the time of the award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds shall be subject to the 10% test or shall be subject to the hold-the-offering-price rule. proposals will not be subject to cancellation in the event that the City determines to apply the hold-the-offering-price rule to any maturity of the Bonds. Bidders should prepare their proposals on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule in order to establish the issue price of the Bonds.

(d) By submitting a proposal, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the proposal submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(e) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

(f) The City acknowledges that, in making the representation set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a proposal, each bidder confirms that (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, and (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

(h) Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Terms of Proposal. Further, for purposes of this Terms of Proposal:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

PRELIMINARY OFFICIAL STATEMENT

Bidders may obtain a copy of the Preliminary Official Statement relating to the Bonds prior to the proposal opening by request from Ehlers at www.ehlers-inc.com by connecting to the Bond Sales link. The Syndicate Manager will be provided with an electronic copy of the Final Official Statement within seven business days of the proposal acceptance. Up to 10 printed copies of the Final Official Statement will be provided upon request. Additional copies of the Final Official Statement will be available at a cost of \$10.00 per copy.

Information for bidders and proposal forms may be obtained from Ehlers at 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, Telephone (651) 697-8500.

By Order of the City Council

City of Edina, Minnesota

PROPOSAL FORM

The City Council
City of Edina, Minnesota

November 21, 2017

RE: \$9,480,000* General Obligation Capital Improvement Plan Refunding Bonds, Series 2017C
DATED: December 14, 2017

For all or none of the above Bonds, in accordance with the Terms of Proposal and terms of the Global Book-Entry System (unless otherwise specified by the Purchaser) as stated in this Official Statement, we will pay you \$_____ (not less than \$9,562,500) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____	% due	2019	_____	% due	2023	_____	% due	2027
_____	% due	2020	_____	% due	2024	_____	% due	2028
_____	% due	2021	_____	% due	2025	_____	% due	2029
_____	% due	2022	_____	% due	2026			

* The City reserves the right to increase or decrease the principal amount of the Bonds on the day of sale, in increments of \$5,000 each. Increases or decreases may be made in any maturity. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000.

The rate for any maturity may not be more than 2.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2019 maturity, then the lowest rate that may be proposed for any later maturity is 2.50%.) All Bonds of the same maturity must bear interest from date of issue until paid at a single, uniform rate. Each rate must be expressed in an integral multiple of 5/100 or 1/8 of 1%.

We enclose our Deposit in the amount of \$189,600, to be held by you pending delivery and payment. Alternatively, if we are the winning bidder, we will wire our Deposit to **KleinBank, 1550 Audubon Road, Chaska, Minnesota, ABA No. 091915654 for credit: Ehlers & Associates Good Faith Account No. 3208138**. Such Deposit shall be received by Ehlers & Associates no later than two hours after the proposal opening time. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received by such time provided that such winning bidder's federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the bidder submitting the next best proposal provided such bidder agrees to such award. If our proposal is not accepted, said deposit shall be promptly returned to us. If the Deposit is wired to such escrow account, we agree to the conditions and duties of Ehlers & Associates, Inc., as escrow holder of the Deposit, pursuant to the Terms of Proposal. This proposal is for prompt acceptance and is conditional upon delivery of said Bonds to The Depository Trust Company, New York, New York, in accordance with the Terms of Proposal. Delivery is anticipated to be on or about December 14, 2017.

This proposal is subject to the City's agreement to enter into a written undertaking to provide continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 as described in the Preliminary Official Statement for this Issue.

We have received and reviewed the Official Statement and have submitted our requests for additional information or corrections to the Final Official Statement. As Syndicate Manager, we agree to provide the City with the reoffering price of the Bonds within 24 hours of the proposal acceptance.

This proposal is a firm offer for the purchase of the Bonds identified in the Terms of Proposal, on the terms set forth in this proposal form and the Terms of Proposal, and is not subject to any conditions, except as permitted by the Terms of Proposal.

By submitting this proposal, we confirm that we are an Underwriter and have an established industry reputation for underwriting new issuances of municipal bonds. YES: ___ NO: ___.

Account Manager: _____ By: _____
Account Members:

Award will be on a true interest cost basis. According to our computations (the correct computation being controlling in the award), the total dollar interest cost (including any discount or less any premium) computed from December 14, 2017 of the above proposal is \$_____ and the true interest cost (TIC) is _____%.

The foregoing offer is hereby accepted by and on behalf of the City Council of the City of Edina, Minnesota, on November 21, 2017.

By:	By:
Title:	Title: