

# PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 31, 2019

In the opinion of Dorsey & Whitney LLP, Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes, (ii) is not an item of tax preference for federal alternative minimum tax purposes, (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The City will designate the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 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. See "TAX CONSIDERATIONS" herein.

**New Issue**

**Rating Applications Made: Moody's Investors Service, Inc.  
S&P Global Ratings**

## CITY OF EDEN PRAIRIE, MINNESOTA (Hennepin County)

### \$5,125,000\* GENERAL OBLIGATION WATER REVENUE BONDS, SERIES 2019A

**PROPOSAL OPENING:** November 12, 2019, 10:00 A.M., C.T.

**CONSIDERATION:** November 12, 2019, 7:00 P.M., C.T.

**PURPOSE/AUTHORITY/SECURITY:** The \$5,125,000\* General Obligation Water Revenue Bonds, Series 2019A (the "Bonds") are being issued pursuant to Minnesota Statutes, Chapters 444 and 475, by the City of Eden Prairie, Minnesota (the "City"), for the purpose of financing water infrastructure improvements within the City. 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 5, 2019

**MATURITY:** December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$215,000	2027	\$240,000	2034	\$275,000
2021	220,000	2028	245,000	2035	285,000
2022	220,000	2029	250,000	2036	290,000
2023	225,000	2030	255,000	2037	300,000
2024	225,000	2031	260,000	2038	305,000
2025	230,000	2032	265,000	2039	315,000
2026	235,000	2033	270,000		

**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:** June 1, 2020 and semiannually thereafter.

**OPTIONAL REDEMPTION:** Bonds maturing on December 1, 2029 and thereafter are subject to call for prior optional redemption on December 1, 2028 and any date thereafter, at a price of par plus accrued interest.

**MINIMUM PROPOSAL:** \$5,063,500.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of \$102,500 shall be made by the winning bidder by wire transfer of funds.

**PAYING AGENT:** U.S. Bank National Association

**BOND COUNSEL:** Dorsey & Whitney LLP

**MUNICIPAL ADVISOR:** Ehlers and Associates, Inc.

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

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. 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. This Preliminary Official Statement is in a form deemed final as of its date for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a Final Official Statement.



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## 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 Preliminary 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 Preliminary 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 Preliminary 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 and Associates, Inc. prepared this Preliminary 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 Preliminary Official Statement and is not expressing any opinion as to the completeness or accuracy of the information contained therein. Compensation of Ehlers and Associates, Inc., payable entirely by the City, is contingent upon the delivery of the Bonds.

## 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").

**Preliminary Official Statement:** This Preliminary 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 Preliminary 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 Preliminary 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 and Associates, Inc. at least two business days prior to the sale. Requests for additional information or corrections in the Preliminary 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 Preliminary Official Statement, interested bidders will be informed by an addendum prior to the sale.

**Final Official Statement:** 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 Preliminary Official Statement describes the conditions under which the City is 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 Preliminary 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 OF EDEN PRAIRIE CITY COUNCIL**

		<u>Term Expires</u>
Ron Case	Mayor	January 2023
Brad Aho	Council Member	January 2021
Mark Freiberg	Council Member	January 2023
PG Narayanan	Council Member	January 2021
Kathy Nelson	Council Member	January 2023

## **ADMINISTRATION**

Rick Getschow, City Manager  
Sue Kotchevar, Finance Manager

## **PROFESSIONAL SERVICES**

Dorsey & Whitney LLP, Bond Counsel, Minneapolis, Minnesota

Ehlers and Associates, Inc., Municipal Advisors, Roseville, Minnesota  
*(Other offices located in Waukesha, Wisconsin and Denver, Colorado)*

# INTRODUCTORY STATEMENT

This Preliminary Official Statement contains certain information regarding the City of Eden Prairie, Minnesota (the "City") and the issuance of its \$5,125,000\* General Obligation Water Revenue Bonds, Series 2019A (the "Bonds"). 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 authorizing the issuance and sale of the Bonds ("Award Resolution") to be adopted by the City Council on November 12, 2019.

Inquiries may be directed to Ehlers and 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](http://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 5, 2019. The Bonds will mature on December 1 in the years and amounts set forth on the cover of this Preliminary Official Statement. Interest will be payable on June 1 and December 1 of each year, commencing June 1, 2020, 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 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** 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 December 1, 2029 shall be subject to optional redemption prior to maturity on December 1, 2028 or 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 being issued pursuant to Minnesota Statutes, Chapters 444 and 475, by the City, for the purpose of financing water infrastructure improvements.

## ESTIMATED SOURCES AND USES\*

<b>Sources</b>		
Par Amount of Bonds	<u>\$5,125,000</u>	
<b>Total Sources</b>		<b>\$5,125,000</b>
<b>Uses</b>		
Total Underwriter's Discount (1.200%)	\$61,500	
Costs of Issuance	61,000	
Deposit to Project Construction Fund	5,000,000	
Rounding Amount	<u>2,500</u>	
<b>Total Uses</b>		<b>\$5,125,000</b>

\*Preliminary, subject to change

## 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. Principal and interest on the Bonds will be paid entirely from net revenues of the water system which is owned and operated by the City. Should the revenues pledged for payment of the Bonds be insufficient to pay the principal and interest as the same shall become due, the City is required to pay maturing principal and interest from moneys on hand in any other fund of the City not pledged for another purpose and/or to levy a tax for this purpose upon all the taxable property in the City, without limitation as to rate or amount.

## **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 and "AAA" by S&P Global Ratings.

The City has requested a rating on this issue from Moody's Investors Service and S&P Global Ratings, 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 brokers, dealers, and municipal securities dealers, in connection with their participation in the offering of the Bonds, to comply with Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the City shall agree to provide certain information to the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system, or any system that may be prescribed in the future. The Rule was last amended, effective February 27, 2019, to include an expanded list of material events.

On the date of issue and delivery, the City shall execute and deliver a Continuing Disclosure Certificate, under which the City will covenant for the benefit of holders including beneficial holders, to provide electronically, or in a manner otherwise prescribed, certain financial information annually and to provide notices of the occurrence of certain events enumerated in the Rule (the "Disclosure Undertaking"). The details and terms of the Disclosure Undertaking for the City are set forth in Appendix D. Such Disclosure Undertaking will be in substantially the form attached hereto.

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

Under certain previous undertakings, the City's annual continuing disclosure requirements included the filing of historic sales assessment ratios. For the fiscal years ended December 31, 2014 through 2016, the City's Comprehensive Annual Financial Report ("CAFR") was referenced as the source for the City's annual operating data; however, the historic sales assessment ratios were not included in the CAFR as referenced. This information was filed with EMMA on October 25, 2019.

## **LEGAL OPINION**

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

## TAX CONSIDERATIONS

The following is a summary of certain U.S. federal and Minnesota income tax considerations relating to the purchase, ownership, and disposition of the Bonds. This summary is based on the U.S. Internal Revenue Code of 1986 (the "Code") and the Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"), all as of the date hereof and all of which are subject to change, possibly with retroactive effect. Any such change could adversely affect the matters discussed below, including the tax exemption of interest on the Bonds. The City has not sought and will not seek any rulings from the IRS regarding the matters discussed below, and there can be no assurance the IRS or a court will not take a contrary position regarding these matters.

**Prospective purchasers of Bonds should consult their own tax advisors with respect to applicable federal, state, and local tax rules, and any pending or proposed legislation or regulatory or administrative actions, relating to the Bonds based on their own particular circumstances.**

This summary is for general information only and is not intended to constitute a complete analysis of all tax considerations relating to the purchase, ownership, and disposition of Bonds. It does not address the U.S. federal estate and gift tax or any state, local, or non-U.S. tax consequences except with respect to Minnesota income tax to the extent specified herein. This summary is limited to consequences to U.S. holders that purchase the Bonds for cash at original issue and hold the Bonds as "capital assets" (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income or state taxation that may be relevant to particular holders of Bonds in light of their specific circumstances or the tax considerations applicable to holders that may be subject to special income tax rules, such as holders subject to special tax accounting rules under Section 451(b) of the Code; insurance companies, brokers, dealers, or traders in stocks, securities, or currencies or notional principal contracts; foreign corporations subject to the branch profits tax; holders receiving payments in respect to the Bonds through foreign entities; and S corporations, partnerships, or other pass-through entities or investors therein.

For purposes of this discussion, the "issue price" of a maturity of Bonds is the first price at which a substantial amount of Bonds of that maturity is sold for cash to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers.

### ***Tax Exempt Interest***

In the opinion of Bond Counsel, based on existing law and assuming the accuracy of certain representations and compliance with certain covenants, interest on the Bonds (i) is excluded from gross income for federal income tax purposes (ii) is not an item of tax preference for federal alternative minimum tax purposes; (iii) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes, and (iv) is not an item of tax preference for federal or Minnesota alternative minimum tax purposes. Interest on the Bonds is included, however, in taxable income for purposes of the Minnesota franchise tax imposed on corporations and financial institutions.

The Code establishes certain requirements that must be met after the issuance of the Bonds in order that interest on the Bonds be excluded 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 and restrictions on the investment of Bond proceeds and other amounts. The City has made certain representations and has covenanted to comply with certain restrictions, conditions, and requirements designed to ensure interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or noncompliance with these covenants may cause interest on the Bonds to be included in federal gross income or in Minnesota taxable net income retroactively to their date of issue. Bond Counsel has not independently verified the accuracy of these representations and will not verify the continuing compliance with these covenants. 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 Bonds is included in federal gross income or in Minnesota taxable net income.



### ***Original Issue Discount***

Bonds may be issued at a discount from their principal amount (any such Bonds being "Discount Bonds"). The excess of the principal amount payable on Bonds of a given maturity over their issue price constitutes "original issue discount" ("OID"). OID that accrues to a holder of a Discount Bond 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 OID that accrues on a Discount Bond is added to the holder's federal and Minnesota tax bases. OID is taxable under the Minnesota franchise tax on corporations and financial institutions.

OID on a Discount Bond generally accrues 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 OID 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 Discount Bonds (adjusted as necessary for an initial short period) and (b) the adjusted issue price of such Discount Bonds, over (2) the amount of stated interest actually payable. For this purpose, the adjusted issue price is determined by adding to the issue price for such Discount Bonds the OID that is treated as having accrued during all prior 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 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 OID, the amount of OID 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 Discount Bond. If the excess is greater than the amount of remaining OID, the basis reduction rules for amortizable bond premium may result in taxable gain upon sale or other disposition of the Bonds, even if the Bonds are sold, redeemed or retired for an amount equal to or less than their cost.

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.

### ***Market Discount***

If a Bond is purchased for a cost that is less than the Bond's issue price (plus accrued original issue discount, if any), the purchaser will be treated as having purchased the Bond with market discount (unless a statutory *de minimis* rule applies). Market discount is treated as ordinary income and generally is recognized on the maturity or earlier disposition of the Bond (to the extent that the gain realized does not exceed the accrued market discount on the Bond).

### ***Bond Premium***

A holder that acquires a Bond for an amount in excess of its principal amount generally must, from time to time, reduce the holder's federal and Minnesota tax basis for the Bond. Premium generally is amortized for federal income tax purposes 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, holders 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 income tax purposes or for purposes of the Minnesota income tax applicable to individuals, estates, or trusts.

### ***Related Tax Considerations***

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.

Section 265(a) 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. In the case of a financial institution, generally, no deduction is allowed under Section 265(b) of the Code for that portion of the holder's interest expense that is allocable to interest on tax-exempt obligations, such as the Bonds, unless the obligations are "qualified tax-exempt obligations". Indebtedness may be allocated to the Bonds for this purpose even though not directly traceable to the purchaser of the Bonds. The Bonds are "qualified tax exempt obligations" for purposes of Section 265(b)(3) of the Code. Accordingly, although interest expense allocable to the Bonds is not subject to the disallowance under Section 265(b) of the Code, the deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds may be subject to reduction under Section 291 of the Code.

The ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds, may affect a holder's federal, state, or local tax liability in some additional circumstances. The nature and extent of these other tax consequences depends upon the particular tax status of the holder and the holder's other items of income or deduction.

### ***Sale or Other Disposition***

A holder will generally recognize gain or loss on the sale, exchange, redemption, retirement, or other disposition of a Bond equal to the difference between (i) the amount realized less amounts attributable to any accrued but unpaid stated interest and (ii) the holder's adjusted tax basis in the Bond. The amount realized includes the cash and the fair market value of any property received by the holder in exchange for the Bond. A holder's adjusted tax basis in a Bond generally will be equal to the amount that the holder paid for the Bond, increased by any accrued original issue discount with respect to the Bond and reduced by the amount of any amortized bond premium on the Bond. Except to the extent attributable to market discount (which will be taxable as ordinary income to the extent not previously included in income), any gain or loss will be capital gain or loss and will be long-term capital gain or loss if the holder held the Bond for more than one year. Long-term capital gains recognized by certain non-corporate persons, including individuals, generally are taxable at a reduced rate. The deductibility of capital losses is subject to significant limitations.

### ***Information Reporting and Backup Withholding***

Payments of interest on the Bonds (including any allocable bond premium or accrued original issue discount) and proceeds from the sale or other disposition of the Bonds are expected to be reported to the IRS as required under applicable Treasury Regulations. Backup withholding will apply to these payments if the holder fails to provide an accurate taxpayer identification number and certification that it is not subject to backup withholding (generally on an IRS Form W-9) or otherwise fails to comply with the applicable backup withholding requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS. Certain holders are exempt from information reporting. Potential holders should consult their own tax advisors regarding qualification for an exemption and the procedures for obtaining such an exemption.

## **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, Colorado, 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, 2018, have been audited by CliftonLarsonAllen, 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 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 (water revenues) 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.

**Cybersecurity:** The City is dependent on electronic information technology systems to deliver services. These systems may contain sensitive information or support critical operational functions which may have value for unauthorized purposes. As a result, the electronic systems and networks may be targets of cyberattack. There can be no assurance that the City will not experience an information technology breach or attack with financial consequences that could have a material adverse impact.

# 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	2016/17	2017/18	2018/19
Residential homestead <sup>1</sup>	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 <sup>1</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$2,050,000 - 0.50% <sup>2</sup> Over \$2,050,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,940,000 - 0.50% <sup>2</sup> Over \$1,940,000 - 1.00% <sup>2</sup>	First \$500,000 HGA - 1.00% Over \$500,000 HGA - 1.25% First \$1,900,000 - 0.50% <sup>2</sup> Over \$1,900,000 - 1.00% <sup>2</sup>
Agricultural non-homestead	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>	Land - 1.00% <sup>2</sup>
Seasonal recreational residential	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>	First \$500,000 - 1.00% <sup>3</sup> Over \$500,000 - 1.25% <sup>3</sup>
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 <sup>4</sup> - 1.25% Affordable Rental: First \$115,000 - .75% Over \$115,000 - .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 <sup>4</sup> - 1.25% Affordable Rental: First \$121,000 - .75% Over \$121,000 - .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 <sup>4</sup> - 1.25% Affordable Rental: First \$139,000 - .75% Over \$139,000 - .25%
Industrial/Commercial/Utility <sup>5</sup>	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%

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

<sup>2</sup> Applies to land and buildings. Exempt from referendum market value tax.

<sup>3</sup> Exempt from referendum market value tax.

<sup>4</sup> 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.

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

## CURRENT PROPERTY VALUATIONS

2018/19 Economic Market Value \$11,333,244,191<sup>1</sup>

	<b>2018/19 Assessor's Estimated Market Value</b>	<b>2018/19 Net Tax Capacity</b>
Real Estate	\$10,558,499,100	\$128,777,793
Personal Property	104,765,000	1,995,250
Total Valuation	<u>\$10,663,264,100</u>	<u>\$130,773,043</u>
Less: Captured Tax Increment Tax Capacity <sup>2</sup>		(1,869,603)
Fiscal Disparities Contribution <sup>3</sup>		<u>(16,343,594)</u>
Taxable Net Tax Capacity		\$112,559,846
Plus: Fiscal Disparities Distribution <sup>3</sup>		<u>6,041,478</u>
Adjusted Taxable Net Tax Capacity		<u>\$118,601,324</u>

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<sup>1</sup> According to the Minnesota Department of Revenue, the Assessor's Estimated Market Value (the "AEMV") for the City of Eden Prairie is about 94.28% 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 \$11,333,244,191.

<sup>2</sup> The captured tax increment value shown above represents the captured net tax capacity of tax increment financing districts in the City of Eden Prairie.

<sup>3</sup> 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, and fiscal capacity indicated market value as determined by the Minnesota Department of Revenue. Each governmental unit makes a contribution and receives a distribution--sometimes gaining and sometimes contributing net tax capacity for tax purposes.

## 2018/19 NET TAX CAPACITY BY CLASSIFICATION

	<b>2018/19 Net Tax Capacity</b>	<b>Percent of Total Net Tax Capacity</b>
Residential homestead	\$ 75,621,514	57.83%
Agricultural	44,602	0.03%
Commercial/industrial	42,010,319	32.12%
Public utility	491,626	0.38%
Railroad operating property	21,082	0.02%
Non-homestead residential	10,394,693	7.95%
Commercial & residential seasonal/rec.	193,957	0.15%
Personal property	1,995,250	1.53%
Total	<u><u>\$130,773,043</u></u>	<u><u>100.00%</u></u>

## TREND OF VALUATIONS

<b>Levy Year</b>	<b>Assessor's Estimated Market Value</b>	<b>Assessor's Taxable Market Value</b>	<b>Net Tax Capacity<sup>1</sup></b>	<b>Adjusted Taxable Net Tax Capacity<sup>2</sup></b>	<b>Percent +/- in Estimated Market Value</b>
2014/15	\$9,078,339,200	\$8,872,051,073	\$111,349,454	\$97,367,897	+5.23%
2015/16	9,633,243,700	9,445,754,858	118,505,475	104,902,872	+6.11%
2016/17	9,690,009,546	9,872,802,500	121,601,594	107,314,235	+0.59%
2017/18	10,040,396,281	10,209,614,900	125,227,400	112,119,923	+3.62%
2018/19	10,663,264,100	10,509,048,316	130,773,043	118,601,324	+6.20%

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<sup>1</sup> Net Tax Capacity is before fiscal disparities adjustments and includes tax increment values.

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

**LARGER TAXPAYING PARCELS<sup>1</sup>**

<b>Taxpayer</b>	<b>Type of Property</b>	<b>2018/19 Net Tax Capacity</b>	<b>Percent of City's Total Net Tax Capacity</b>
EP Campus I, LLC	Commercial	\$ 2,999,250	2.29%
Capref Eden Prairie, LLC	Commercial	1,859,250	1.42%
Individual	Apartment	1,307,750	1.00%
AGNL Health, LLC	Commercial	759,250	0.58%
Xcel Energy	Utility	736,758	0.56%
WPT Land 2, LP	Commercial	659,250	0.50%
Lifetouch, Inc.	Commercial	642,130	0.49%
OSWX Property, LLC	Commercial	597,050	0.46%
7500 Flying Cloud, LLC	Commercial	583,570	0.45%
Liberty Property, LP	Commercial	578,850	0.44%
<b>Total</b>		<u><u>\$10,723,108</u></u>	<u><u>8.20%</u></u>

City's Total 2018/19 Net Tax Capacity            \$130,773,043

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

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<sup>1</sup> 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 DEBT<sup>1</sup>

#### General Obligation Debt (see schedules following)

Total G.O. debt secured by special assessments and tax	\$ 5,975,000
Total G.O. debt secured by tax abatement revenues	15,900,000
Total G.O. debt secured by taxes	8,115,000
Total G.O. debt secured by utility revenues (includes the Bonds)*	<u>6,930,000</u>
Total General Obligation Debt*	<u><u>\$36,920,000</u></u>

#### Lease Obligations

Issue Date	Purpose	Final Maturity	Principal Outstanding at 12/31/18
12/1/2016	Fire Equipment	12/1/2021	\$175,457

\*Preliminary, subject to change.

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<sup>1</sup> Outstanding debt is as of the dated date of the Bonds.

City of Eden Prairie, Minnesota  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Special Assessments and Taxes  
 (As of 12/05/2019)

Calendar Year Ending	Permanent Improvement Revolving Fund Bonds 1) Series 2010A		Permanent Improvement Revolving Fund Crossover Refunding Bonds Series 2011D		Permanent Improvement Revolving Fund Bonds Series 2012C		Improvement and Refunding Bonds 2) Series 2016A		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Principal	Interest	Principal	Interest	Principal	Interest				
2020	\$1,190,000	12/01	80,000	20,150	160,000	24,338	220,000	51,360	1,710,000	4,265,000	28.62%	2020
2021			80,000	17,350	165,000	21,138	220,000	44,760	1,690,000	2,575,000	56.90%	2021
2022			90,000	14,550	170,000	17,425	220,000	38,160	480,000	2,095,000	64.94%	2022
2023			90,000	11,175	175,000	13,600	230,000	31,410	495,000	1,600,000	73.22%	2023
2024			95,000	7,800	180,000	9,225	225,000	24,585	500,000	1,100,000	81.59%	2024
2025			100,000	4,000	180,000	4,725	105,000	16,853	385,000	715,000	88.03%	2025
2026							105,000	16,853	105,000	610,000	89.79%	2026
2027							105,000	14,411	105,000	505,000	91.55%	2027
2028							105,000	11,839	105,000	400,000	93.31%	2028
2029							100,000	9,225	100,000	300,000	94.98%	2029
2030							100,000	6,675	100,000	200,000	96.65%	2030
2031							100,000	4,050	100,000	100,000	98.33%	2031
2032							100,000	1,350	100,000	0	100.00%	2032
			535,000	75,025	1,030,000	90,450	1,935,000	274,313	5,975,000	6,464,038		

1) This issue is paid entirely from special assessments

2) This represents the \$2,360,000 Improvement and Refunding Bonds portion of the \$3,940,000 General Obligation Bonds, Series 2016A.

This portion refunded the 2017 through 2023 maturities of the City's \$1,845,000 General Obligation Permanent Improvement Revolving Fund Bonds, Series 2008B dated October 1, 2008.

**City of Eden Prairie, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Tax Abatement Revenues  
(As of 12/05/2019)**

**Tax Abatement Revenue Bonds  
Series 2014A**

<b>Dated Amount</b>	07/15/2014 \$17,155,000
<b>Maturity</b>	01/15

<b>Calendar Year Ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Principal</b>	<b>Total Interest</b>	<b>Total P &amp; I</b>	<b>Principal Outstanding</b>	<b>% Paid</b>	<b>Calendar Year Ending</b>
2020	900,000	505,713	900,000	505,713	1,405,713	15,000,000	5.66%	2020
2021	910,000	478,563	910,000	478,563	1,388,563	14,090,000	11.38%	2021
2022	925,000	451,038	925,000	451,038	1,376,038	13,165,000	17.20%	2022
2023	920,000	423,363	920,000	423,363	1,343,363	12,245,000	22.99%	2023
2024	930,000	395,613	930,000	395,613	1,325,613	11,315,000	28.84%	2024
2025	815,000	369,438	815,000	369,438	1,184,438	10,500,000	33.96%	2025
2026	850,000	344,463	850,000	344,463	1,194,463	9,650,000	39.31%	2026
2027	865,000	318,738	865,000	318,738	1,183,738	8,785,000	44.75%	2027
2028	885,000	292,488	885,000	292,488	1,177,488	7,900,000	50.31%	2028
2029	1,210,000	261,063	1,210,000	261,063	1,471,063	6,690,000	57.92%	2029
2030	1,025,000	224,975	1,025,000	224,975	1,249,975	5,665,000	64.37%	2030
2031	1,060,000	188,488	1,060,000	188,488	1,248,488	4,605,000	71.04%	2031
2032	1,100,000	150,688	1,100,000	150,688	1,250,688	3,505,000	77.96%	2032
2033	1,130,000	110,250	1,130,000	110,250	1,240,250	2,375,000	85.06%	2033
2034	1,165,000	67,219	1,165,000	67,219	1,232,219	1,210,000	92.39%	2034
2035	1,210,000	22,688	1,210,000	22,688	1,232,688	0	100.00%	2035
	15,900,000	4,604,781	15,900,000	4,604,781	20,504,781			

City of Eden Prairie, Minnesota  
 Schedule of Bonded Indebtedness  
 General Obligation Debt Secured by Taxes  
 (As of 12/05/2019)

Calendar Year Ending	Crossover Refunding Bonds Series 2011C		Crossover Refunding Bonds Series 2012A		CIP Crossover Refunding Bonds Series 2012B		Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Dated Amount	Maturity	Dated Amount	Maturity	Dated Amount	Maturity				
2020							1,202,025	7,085,000	12.69%	2020
2021							1,201,478	6,035,000	25.63%	2021
2022							1,229,341	4,935,000	39.19%	2022
2023							1,240,400	3,800,000	53.17%	2023
2024							1,229,669	2,650,000	67.34%	2024
2025							1,217,131	1,485,000	81.70%	2025
2026							1,227,453	280,000	96.55%	2026
2027							283,500	0	100.00%	2027
							8,830,996	8,115,000		

**City of Eden Prairie, Minnesota  
Schedule of Bonded Indebtedness  
General Obligation Debt Secured by Utility Revenues  
(As of 12/05/2019)**

Dated Amount	Taxable Water and Sewer Revenue Bonds		Water and Sewer Revenue Bonds Series 2011B		Water Revenue Bonds Series 2016A		Water Revenue Bonds Series 2019A		Estimated Interest	Total Principal	Total Interest	Total P & I	Principal Outstanding	% Paid	Calendar Year Ending
	Series 2011A	Series 2011B	Series 2016A	Series 2019A											
04/01/2011 \$1,280,000	12/01	04/01/2011 \$3,735,000	12/29/2016 \$1,580,000	12/05/2019 \$5,125,000*											
Maturity	12/01	12/01	02/01	12/01											
Calendar Year Ending															
2020	145,000	360,000	145,000	215,000	106,061	865,000	1,021,801	6,065,000	156,801	1,021,801	6,065,000	12.48%	2020		
2021				220,000	104,458	370,000	504,463	5,695,000	134,463	504,463	5,695,000	17.82%	2021		
2022				150,000	30,005	150,000	134,463	5,320,000	127,028	502,028	5,320,000	23.23%	2022		
2023				155,000	25,430	160,000	119,333	4,935,000	119,333	504,333	4,935,000	28.79%	2023		
2024				160,000	20,705	165,000	98,628	4,545,000	111,308	501,308	4,545,000	34.42%	2024		
2025				165,000	15,830	170,000	95,478	4,145,000	103,020	503,020	4,145,000	40.19%	2025		
2026				170,000	10,805	175,000	92,215	3,735,000	94,893	504,893	3,735,000	46.10%	2026		
2027				175,000	6,243	180,000	88,650	3,315,000	87,005	507,005	3,315,000	52.16%	2027		
2028				180,000	2,115		84,890	3,070,000	80,210	325,210	3,070,000	55.70%	2028		
2029					75,188		80,210	2,820,000	75,188	325,188	2,820,000	59.31%	2029		
2030					69,813		250,000	2,565,000	69,813	324,813	2,565,000	62.99%	2030		
2031					64,203		255,000	2,305,000	64,203	324,203	2,305,000	66.74%	2031		
2032					58,353		260,000	2,040,000	64,203	323,353	2,040,000	70.56%	2032		
2033					52,125		265,000	1,770,000	58,353	323,125	1,770,000	74.46%	2033		
2034					45,645		270,000	1,495,000	52,125	322,125	1,495,000	78.43%	2034		
2035					38,908		275,000	1,210,000	45,645	320,645	1,210,000	82.54%	2035		
2036					31,783		285,000	920,000	38,908	323,908	920,000	86.72%	2036		
2037					24,388		290,000	620,000	31,783	321,783	620,000	91.05%	2037		
2038					16,588		300,000	315,000	24,388	324,388	315,000	95.45%	2038		
2039					8,505		305,000	0	16,588	321,588	315,000	100.00%	2039		
	145,000	360,000	1,300,000	5,125,000	1,337,681	6,930,000	8,429,553		1,499,553	8,429,553					

\* Preliminary, subject to change.

1) This represents the \$1,580,000 Water Revenue Bonds portion of the \$3,940,000 General Obligation Bonds, Series 2016A

## 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 the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate principal of the following: (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 payable wholly from the income of revenue producing conveniences (includes the Bonds); (4) obligations issued to create or maintain a permanent improvement revolving fund; (5) obligations issued to finance any public revenue producing convenience; (6) funds held as sinking funds for payment of principal and interest on debt other than those deductible under Minnesota Statutes, Section 475.51, subd. 4; (7) obligations issued to pay judgments against the City; and (8) 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.

2018/19 Assessor's Estimated Market Value	\$10,663,264,100
Multiply by 3%	<u>0.03</u>
Statutory Debt Limit	\$ 319,897,923
Less: Long-Term Debt Outstanding Being Paid Solely from Taxes	<u>(8,115,000)</u>
Unused Debt Limit	<u><u>\$ 311,782,923</u></u>

**OVERLAPPING DEBT<sup>1</sup>**

<b>Taxing District</b>	<b>2018/19 Adjusted Taxable Net Tax Capacity</b>	<b>% In City</b>	<b>Total G.O. Debt<sup>2</sup></b>	<b>City's Proportionate Share</b>
Hennepin County	\$1,979,015,644	5.9929%	\$ 99,682,000 <sup>3</sup>	\$ 5,973,843
I.S.D. No. 270 (Hopkins)	127,935,979	4.9907%	167,740,000	8,371,400
I.S.D. No. 272 (Eden Prairie)	112,000,738	97.8486%	101,395,000	99,213,588
I.S.D. No. 276 (Minnetonka)	82,296,686	3.1900%	111,625,000 <sup>4</sup>	3,560,837
Metropolitan Council	4,268,355,428	2.7786%	263,285,000 <sup>5</sup>	7,315,637
Three Rivers Park District	1,392,585,502	8.5166%	53,385,000	4,546,587
City's Share of Total Overlapping Debt				<u>\$128,981,892</u>

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<sup>1</sup> 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.

<sup>2</sup> Outstanding debt is based on information in Official Statements obtained on EMMA and the Municipal Advisor's records.

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> 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.

## DEBT RATIOS

	<b>G.O. Debt</b>	<b>Debt/Economic Market Value (\$11,333,244,191)</b>	<b>Debt/ Current Population Estimate (63,456)</b>
Direct G.O. Debt Secured By:			
Special Assessments & Taxes	\$ 5,975,000		
Tax Abatement Revenues	15,900,000		
Taxes	8,115,000		
Utility Revenues*	<u>6,930,000</u>		
Total General Obligation Debt (includes the Bonds)*	\$ 36,920,000		
Less: G.O. Debt Paid Entirely from Revenues <sup>1</sup>	<u>(6,930,000)</u>		
Tax Supported General Obligation Debt*	\$ 29,990,000	0.26%	\$472.61
 City's Share of Total Overlapping Debt	 <u>\$128,981,892</u>	 <u>1.14%</u>	 <u>\$2,032.62</u>
 Total*	 <u><u>\$158,971,892</u></u>	 <u><u>1.40%</u></u>	 <u><u>\$2,505.23</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

The City has no current plans for additional financing in the next 12 months.

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<sup>1</sup> Debt service on the City's general obligation revenue debt is being paid entirely from revenues and therefore is considered self-supporting debt.



## TAX RATES, LEVIES AND COLLECTIONS

### TAX LEVIES AND COLLECTIONS

Tax Year	Net Tax Levy <sup>1</sup>	Total Collected Following Year	Collected to Date <sup>2</sup>	% Collected
2014/15	\$33,882,810	\$33,701,272	\$33,819,594	99.81%
2015/16	34,663,000	34,534,486	34,630,526	99.91%
2016/17	35,567,250	35,487,001	35,499,348	99.81%
2017/18	37,426,770	37,316,703	37,271,596	99.59%
2018/19	38,481,621	In process of collection		

Property taxes are collected in two installments in Minnesota--the first by May 15 and the second by October 15.<sup>3</sup> 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.

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

<sup>2</sup> Collections are through June 1, 2019.

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

## TAX CAPACITY RATES<sup>1</sup>

	2014/15	2015/16	2016/17	2017/18	2018/19
Hennepin County	46.398%	45.356%	44.087%	42.808%	41.861%
City of Eden Prairie	33.954%	32.327%	32.667%	32.526%	31.690%
I.S.D. No. 270 (Hopkins)	30.340%	28.514%	25.611%	29.035%	27.022%
I.S.D. No. 272 (Eden Prairie)	22.030%	20.948%	21.865%	20.525%	20.756%
I.S.D. No. 276 (Minnetonka)	25.093%	22.887%	22.770%	23.133%	21.209%
Metropolitan Mosquito	0.507%	0.483%	0.475%	0.456%	0.427%
Metropolitan Council	0.976%	0.925%	0.883%	0.844%	0.659%
Metropolitan Transit	1.523%	1.491%	1.463%	1.383%	1.456%
Three Rivers Park District	3.789%	3.601%	3.365%	3.161%	2.961%
Park Museum	0.702%	0.712%	0.711%	0.710%	0.705%
HCRRA	1.817%	1.879%	1.925%	1.962%	1.807%
Hennepin HRA	0.471%	0.439%	0.497%	0.457%	0.535%

### *Referendum Market Value Rates:*

City of Eden Prairie	0.00995%	0.00913%	0.00891%	0.00862%	0.00798%
I.S.D. No. 270 (Hopkins)	0.17933%	0.18711%	0.18024%	0.15045%	0.14703%
I.S.D. No. 272 (Eden Prairie)	0.24221%	0.23086%	0.22013%	0.22945%	0.22153%
I.S.D. No. 276 (Minnetonka)	0.26449%	0.30072%	0.29966%	0.30308%	0.34013%

**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 and Associates.

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<sup>1</sup> After reduction for state aids. Does not include the statewide general property tax against commercial/industrial, non-homestead resorts and seasonal recreational residential property.

# THE ISSUER

## CITY GOVERNMENT

The City of Eden Prairie was organized as a municipality in 1974. 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 and Finance Manager are responsible for administrative details and financial records.

## EMPLOYEES; PENSIONS; UNIONS

The City currently has 278 full-time and 459 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

<b>Bargaining Unit</b>	<b>Expiration Date of Current Contract</b>
International Union of Operating Engineers -Local 49	December 31, 2019
Law Enforcement Labor Services - LELS	Negotiating first contract

## POST EMPLOYMENT BENEFITS

The City has obligations for some post-employment benefits for its employees. Accounting for these obligations is dictated by Governmental Accounting Standards Board Statement No. 75 (GASB 75). The City's most recent actuarial study shows a total OPEB liability of \$2,771,732 as of December 31, 2018. The City has been funding these obligations on a pay-as-you-go basis.

**Source:** The City's most recent actuarial study.

## 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, 2019)

<b>Fund</b>	<b>Total Cash and Investments</b>
General	\$16,422,108
Special Revenue	603,274
Debt Service	1,244,294
Capital Projects	28,666,738
Enterprise Funds	24,554,375
Internal Service Funds	10,559,460
Agency	285,542
Permanent	285,059
<b>Total Funds on Hand</b>	<b><u><u>\$82,620,850</u></u></b>

## ENTERPRISE FUNDS

Revenues available for debt service on the City's enterprise funds have been as follows as of December 31 each year:

	2016	2017	2018
<b>Water</b>			
Total Operating Revenues	\$ 7,649,111	\$ 7,846,508	\$ 8,422,155
Less: Operating Expenses	<u>(7,503,033)</u>	<u>(6,678,407)</u>	<u>(7,486,051)</u>
Operating Income	\$ 146,078	\$ 1,168,101	\$ 936,104
Plus: Depreciation	<u>2,934,915</u>	<u>2,908,862</u>	<u>2,881,198</u>
Revenues Available for Debt Service	<u><u>\$ 3,080,993</u></u>	<u><u>\$ 4,076,963</u></u>	<u><u>\$ 3,817,302</u></u>
<b>Wastewater</b>			
Total Operating Revenues	\$ 5,789,584	\$ 5,863,499	\$ 6,356,014
Less: Operating Expenses	<u>(5,653,174)</u>	<u>(5,134,214)</u>	<u>(5,705,790)</u>
Operating Income	\$ 136,410	\$ 729,285	\$ 650,224
Plus: Depreciation	<u>1,724,415</u>	<u>1,744,602</u>	<u>1,738,001</u>
Revenues Available for Debt Service	<u><u>\$ 1,860,825</u></u>	<u><u>\$ 2,473,887</u></u>	<u><u>\$ 2,388,225</u></u>
<b>Stormwater</b>			
Total Operating Revenues	\$ 2,118,416	\$ 2,380,050	\$ 2,726,255
Less: Operating Expenses	<u>(812,841)</u>	<u>(1,363,930)</u>	<u>(1,254,125)</u>
Operating Income	\$ 1,305,575	\$ 1,016,120	\$ 1,472,130
Plus: Depreciation	<u>951,751</u>	<u>1,046,138</u>	<u>1,081,097</u>
Revenues Available for Debt Service	<u><u>\$ 2,257,326</u></u>	<u><u>\$ 2,062,258</u></u>	<u><u>\$ 2,553,227</u></u>
<b>Liquor</b>			
Total Operating Revenues	\$ 3,014,559	\$ 2,952,607	\$ 3,130,094
Less: Operating Expenses	<u>(2,587,200)</u>	<u>(2,209,358)</u>	<u>(2,139,777)</u>
Operating Income	\$ 427,359	\$ 743,249	\$ 990,317
Plus: Depreciation	<u>122,669</u>	<u>122,334</u>	<u>115,367</u>
Revenues Available for Debt Service	<u><u>\$ 550,028</u></u>	<u><u>\$ 865,583</u></u>	<u><u>\$ 1,105,684</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 2018 audited financial statements.

COMBINED STATEMENT	FISCAL YEAR ENDING DECEMBER 31				
	2015 Audited	2016 Audited	2017 Audited	2018 Audited	2019 Adopted Budget <sup>1</sup>
<b>Revenues</b>					
Property taxes	\$ 30,667,752	\$ 31,365,122	\$ 32,361,383	\$ 34,237,372	\$ 34,619,210
Special assessments	0	0	2,408	60	0
Penalties and interest	19,615	18,151	22,716	21,289	25,000
Licenses and permits	4,467,194	3,770,890	3,565,161	4,892,559	3,801,037
Intergovernmental Revenue	1,428,239	1,479,880	1,504,055	1,439,023	1,311,182
Charges for services	4,864,818	5,325,932	5,744,494	5,976,951	6,071,195
Fines and forfeits	337,759	339,823	346,835	410,903	417,000
Investment income	69,284	104,189	107,350	307,748	120,000
Other miscellaneous revenues	465,066	430,748	375,633	245,245	165,000
<b>Total Revenues</b>	<b>\$ 42,319,727</b>	<b>\$ 42,834,735</b>	<b>\$ 44,030,035</b>	<b>\$ 47,531,150</b>	<b>\$ 46,529,624</b>
<b>Expenditures</b>					
Current:					
General government	\$ 3,809,732	\$ 4,118,176	\$ 4,033,588	\$ 4,467,514	\$ 4,472,674
Community development	2,191,062	2,180,541	2,376,934	2,320,363	2,494,636
Police	13,474,840	13,775,455	14,069,709	14,517,004	15,216,401
Fire	5,754,747	5,699,308	6,145,202	6,058,619	6,322,236
Public works	5,687,743	5,757,839	6,025,024	5,872,135	6,070,640
Parks and recreation	10,555,392	10,983,233	11,280,708	12,158,792	12,365,693
Capital outlay	39,067	70,430	80,118	56,277	0
Debt Service	46,545	46,544	60,766	4,489	60,766
<b>Total Expenditures</b>	<b>\$ 41,559,128</b>	<b>\$ 42,631,526</b>	<b>\$ 44,072,049</b>	<b>\$ 45,455,193</b>	<b>\$ 47,003,046</b>
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 760,599</b>	<b>\$ 203,209</b>	<b>\$ (42,014)</b>	<b>\$ 2,075,957</b>	<b>\$ (473,422)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	\$ 271,865	\$ 271,144	\$ 283,889	\$ 399,723	\$ 254,599
Transfers out	(486,338)	(150,000)	0	0	0
Issuance of debt	0	286,942	0	0	0
Sale of capital assets	4,600	0	(1,113,730)	(555,343)	0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (209,873)</b>	<b>\$ 408,086</b>	<b>\$ (829,841)</b>	<b>\$ (155,620)</b>	<b>\$ 254,599</b>
<b>Net Changes in Fund Balances</b>	<b>\$ 550,726</b>	<b>\$ 611,295</b>	<b>\$ (871,855)</b>	<b>\$ 1,920,337</b>	<b>\$ (218,823)</b>
General Fund Balance January 1	22,332,031	22,882,757	23,494,052	22,622,197	24,542,534
Prior Period Adjustment	0	0	0	0	0
Residual Equity Transfer in (out)	0	0	0	0	0
General Fund Balance December 31	\$ 22,882,757	\$ 23,494,052	\$ 22,622,197	\$ 24,542,534	\$ 24,323,711
<b>DETAILS OF DECEMBER 31 FUND BALANCE</b>					
Nonspendable	\$ 22,947	\$ 35,792	\$ 30,037	\$ 103,845	103,845
Restricted	0	286,942	0	0	0
Unassigned	22,859,810	23,171,318	22,592,160	24,438,689	24,219,866
<b>Total</b>	<b>\$ 22,882,757</b>	<b>\$ 23,494,052</b>	<b>\$ 22,622,197</b>	<b>\$ 24,542,534</b>	<b>\$ 24,323,711</b>

<sup>1</sup> The 2019 budget was adopted on December 4, 2018.

# GENERAL INFORMATION

## LOCATION

The City of Eden Prairie, with a 2010 U.S. Census population of 60,797, and a current population estimate of 63,456, and comprising an area of 36 square miles, is located approximately 18 miles southwest of the Minneapolis-St. Paul metropolitan area. The City is the 17<sup>th</sup> largest city in Minnesota.

## LARGER EMPLOYERS<sup>1</sup>

Larger employers in the City of Eden Prairie include the following:

<b>Firm</b>	<b>Type of Business/Product</b>	<b>Estimated No. of Employees</b>
Optum, Inc. & Optum Rx, Inc. <sup>2</sup>	Health information technology	3,312
Eden Prairie Mall LLC/Homart Development	Shopping mall	2,310
C.H. Robinson Worldwide, Inc.	Transportation logistics	2,200
Starkey Labs	Hearing foundation	2,000
Emerson Process Management	Automation consultants	1,500
I.S.D. No. 272 (Eden Prairie)	Elementary and secondary education	1,477
Element Fleet Management	Service to the commercial vehicle market	1,200
Super Valu Stores, Inc.	Grocery distributor and corporate headquarters	1,100
MTS Systems Corporation	Testing apparatus - manufacturers	1,000
Eaton Corp.	Hydraulic equipment-manufacturers	1,000

**Source:** *ReferenceUSA, written and telephone survey (October 2019), City of Eden Prairie 2018 CAFR and the Minnesota Department of Employment and Economic Development.*

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<sup>1</sup> 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.

<sup>2</sup> Includes two locations in the City of Eden Prairie.

## BUILDING PERMITS

	2015	2016	2017	2018	2019 <sup>1</sup>
<u>New Single Family Homes</u>					
No. of building permits	71	49	59	49	10
Valuation	\$23,477,500	\$16,178,000	\$19,318,155	\$16,634,500	\$2,768,000
<u>New Multiple Family Buildings</u>					
No. of building permits	2	0	0	3	0
Valuation	\$486,000	\$0	\$0	\$80,498,520	\$0
<u>New Commercial/Industrial</u>					
No. of building permits	1	6	0	3	6
Valuation	\$1,030,000	\$3,363,626	\$0	\$2,718,000	\$24,579,527
<u>All Building Permits</u> <i>(including additions and remodelings)</i>					
No. of building permits	6,415	5,997	6,212	6,425	4,904
Valuation	\$115,227,035	\$113,318,278	\$100,777,696	\$222,044,945	\$112,119,900

**Source:** The City.

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<sup>1</sup> As of September 30, 2019.



## U.S. CENSUS DATA

### Population Trend: The City

2000 U.S. Census population	54,901
2010 U.S. Census population	60,797
2018 State Demographer's Estimate	63,456
Percent of Change 2000 - 2010	+ 10.74%

### Income and Age Statistics

	<b>The City</b>	<b>Hennepin County</b>	<b>State of Minnesota</b>	<b>United States</b>
2017 per capita income	\$57,138	\$41,794	\$34,712	\$31,177
2017 median household income	\$103,426	\$71,154	\$65,699	\$57,652
2017 median family income	\$128,142	\$95,062	\$82,785	\$70,850
2017 median gross rent	\$1,289	\$1,031	\$906	\$982
2017 median value owner occupied units	\$334,000	\$245,400	\$199,700	\$193,500
2017 median age	40.2 yrs.	36.3 yrs.	37.9 yrs.	37.8 yrs.

	<b>State of Minnesota</b>	<b>United States</b>
City % of 2017 per capita income	164.61%	183.27%
City % of 2017 median family income	154.79%	180.86%

### Housing Statistics

	<b><u>The City</u></b>		<b>Percent of Change</b>
	<b>2000</b>	<b>2018</b>	
All Housing Units	21,026	24,920	18.52%

**Source:** 2000 and 2010 Census of Population and Housing, and 2017 American Community Survey (Based on a five-year estimate), U.S. Census Bureau ([www.factfinder.census.gov](http://www.factfinder.census.gov)).

## EMPLOYMENT/UNEMPLOYMENT DATA

Rates are not compiled for individual communities within counties.

<b>Year</b>	<b><u>Average Employment</u></b>		<b><u>Average Unemployment</u></b>	
	<b>Hennepin County</b>	<b>Hennepin County</b>	<b>State of Minnesota</b>	
2015	654,583	3.3%	3.7%	
2016	664,578	3.3%	3.9%	
2017	677,696	3.0%	3.4%	
2018	685,853	2.5%	2.9%	
2019, August	698,905	2.9%	3.0%	

**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 or engaged the Auditor to perform, and the Auditor has not performed, any additional examination, assessments, procedures or evaluation with respect to such financial statements since the date thereof or with respect to this Preliminary Official Statement, nor has the City requested that the Auditor consent to the use of such financial statements in this Preliminary Official Statement. Although the inclusion of the financial statements in this Preliminary 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.

**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT  
of the  
CITY OF EDEN PRAIRIE  
MINNESOTA**

**For The Year Ended December 31, 2018**

**Rick Getschow, City Manager**

**Prepared by  
THE FINANCE DIVISION**

**Sue Kotchevar, Chief Financial Officer**

City of Eden Prairie, Minnesota  
For the Year Ended December 31, 2018

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City of Eden Prairie, Minnesota  
For the Year Ended December 31, 2018

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May 7, 2019

To the Honorable Mayor, Members of the City Council and the Citizens of the City of Eden Prairie:

The comprehensive annual financial report of the City of Eden Prairie, Minnesota, for the year ended December 31, 2018, is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board and meets the requirements of the State Auditor's Office.

The report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented within this report. To provide a reasonable basis for making these representations, management of the City has established internal controls designed to protect the City's assets from loss, theft or misuse and to provide sufficient information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the City's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by CliftonLarsonAllen LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates used by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was reasonable basis for rendering an unmodified opinion that the City's financial statements, for the year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditors' report is present in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in

conjunction with it. The City's MD&A can be found in the financial section of this report immediately following the report of the independent auditors.

### City Profile

Eden Prairie is a suburban community of 63,726 people located in the southwest corner of Hennepin County in a setting of rolling hills and picturesque lakes and creeks. Eden Prairie has a convenient location, a comprehensive system of highways, and is a short distance from downtown Minneapolis and St. Paul and the Minneapolis-St. Paul International Airport.

Incorporated in 1974 as a city, the City of Eden Prairie operates under a Statutory Plan B form of government. Policymaking and legislative authorities are vested in the governing council, which consists of a mayor and a four-member council. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the government's manager and attorney. The council is elected on a nonpartisan basis. The mayor and council members are elected to four-year staggered terms. The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and to assign appropriate responsibility and authority to City staff for the efficient and effective delivery of City services.

With a staff of around 276 regular, full-time equivalent employees, the City provides its residents and businesses with a full range of municipal services consisting of police and fire protection, street maintenance, recreation programs, park maintenance, community and economic development, building inspections, and a water, wastewater and storm water.

The City is also financially accountable for the Housing and Redevelopment Authority (HRA), which is included in the City's financial statements as a blended component unit. Additional information on the HRA is located in Note 1 in the notes to the financial statements.

The biennial budget serves as the foundation for the City's financial planning and control. Departments submit budget requests to Finance in May and the City Manager presents the proposed budget to the City Council for review prior to September 30<sup>th</sup> of each year. A budget workshop is usually held with the City Council in June or July. The City Council holds a public meeting on the proposed budget and adopts the final budget in December each year.

During the first year of the two-year budget process, both years' budgets are developed and the City Council adopts the first year's budget. During the second year of the two-year budget process, budget work is minimized. Staff updates the budget for any significant budget developments and the council then reviews and adopts the second year budget.

The budget is prepared by department and division. The City's directors and division managers may make transfers of appropriations within a division. Transfers of appropriations between

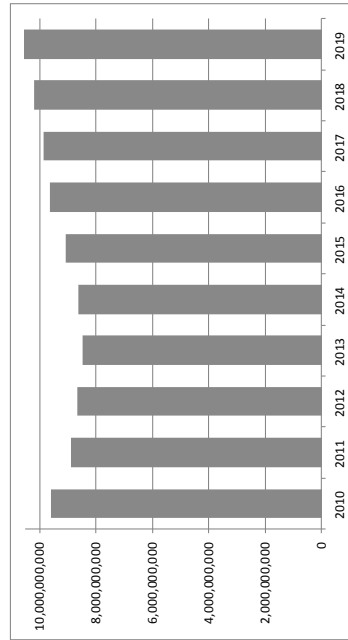
departments require the approval of the City Manager. Any changes in the total budget must be approved by the City Council.

**Economic Conditions and Outlook**

The City of Eden Prairie is located in the southwest corner of the Minneapolis/St. Paul Metropolitan area. With the last update of the comprehensive plan and the trend towards condensed multi-family housing in the downtown area, it is expected that Eden Prairie's population will grow to 82,400 by 2040.

Year	Population	Increase
1960 Census	3,233	134%
1970 Census	6,938	115%
1980 Census	16,263	134%
1990 Census	39,311	142%
2000 Census	54,901	40%
2010 Census	60,797	11%
2018 Estimate	63,726	5%

Below summarizes City market value since 2010.



The City's tax base increased from \$9.9 billion to \$10.2 billion from 2017 to 2018. In 2019, the market value increased to \$10.6 billion.

The business environment in Eden Prairie is good. Eden Prairie's unemployment rate is 2.6%, which is less than the State rate of 3.0% and the US rate of 4%. Business continues to invest in Eden Prairie including the following this past year:

- Elevate new apartment building - \$40,010,000 valuation
- Prairie Bluff Senior Living new apartment building - \$22,164,080 valuation
- Schedules new retail - \$19,970,253 valuation
- Southview Senior Living new apartment building - \$18,324,000 valuation
- Optum interior finish - \$8,500,000 valuation
- Hampton Inn new hotel - \$7,473,005 valuation footing/foundation
- Emerson remodel - \$4,800,000 valuation
- Surmodics interior finish - \$2,450,000 valuation
- FedEx interior finish - \$1,498,000 valuation
- Pizza Luce interior finish - \$1,400,000 valuation
- Preserve Village Outlet Retail new building - \$1,220,000 valuation
- Ascensis Corporation remodel - \$1,065,165 valuation
- Cambria remodel - \$1,000,000 valuation

Elevate is a Transit Oriented Development (TOD) project that integrates both residential and commercial development. The project consist of 222 residential units above 13,000 square feet of retail and restaurant development.

Prairie Bluffs Senior Living is a 138-unit senior housing project that includes independent units, memory care units, and assisted living units.

Scheel's is a redevelopment of a previous Sears site into a new Scheel's store. The store will be a collection of entertainment venues, specialty shops and boutiques staffed with experts who focus on their passions. The 240,000-square-foot Scheel's Retail Shopping Adventure will showcase Minnesota's largest selection of sports, fashion and footwear under one roof. It is expected to open 2020.

Southview of Eden Prairie is a 116-unit senior living residence that includes independent living, assisted, and memory care units.

Eden Prairie serves as the corporate headquarters location for many national and international businesses including CH Robinson World Wide, Tennant Company, Optum, numerous multi-tenant office building partnerships, Lifetouch/ShutterFly Inc., SuperValu Inc, American Family Mutual Insurance, Starkey Labs, MTS systems Corporation, and others.

Eden Prairie also has key locations for retailing including the City's mall which has approximately 1.5 million square feet of shopping. The mall is part of the City's "Major Center Area" or downtown. Stores include a 160,000 square foot Von Maur Department Store, a Barnes and Noble Bookstore, an 18-screen AMC Movie Theater, and numerous restaurants.

The Southwest Station is also part of the City's downtown and includes the Southwest metro transit hub and offices, 900 car parking structure, multiple restaurants and a luxury 236 unit condominium complex. As part of the construction of the Southwest Light Rail Transit line, a light rail transit station will be built at this location which will enable the bus service to transport customers to their final destination.

#### *Light Rail Transit (LRT)*

The Southwest Light Rail Transit (LRT) line is a high-frequency train serving Eden Prairie, Minnetonka, Hopkins, St. Louis Park, and Minneapolis. It is part of the Green Line, which includes the Central Corridor LRT. Therefore, riders of Southwest LRT will be able to continue into St. Paul via the Central Corridor without changing trains.

The Southwest LRT line will also connect to other rail lines (Hiawatha, Northstar, and the future Bottineau) and high-frequency bus routes in downtown Minneapolis, providing access to the University of Minnesota, Minneapolis-St. Paul Airport, Mall of America, the State Capitol, downtown St. Paul, Big Lake, and eventually the northern Twin Cities suburbs. Connections to other rail lines will occur at the Intermodal Station in downtown Minneapolis. At this time, construction will begin in 2019 with expected completion in 2023.

There are currently four proposed Light Rail stations in Eden Prairie. Eden Prairie's LRT projects include planning and development of the stations, park-and-ride facilities, local roadway improvements, sidewalks, trails, streetscape and other infrastructure. The station areas also have great potential for additional housing, employment and shopping opportunities via infill or redevelopment.

#### *Transportation Infrastructure*

In 2019, the City will invest approximately \$44,000,000 in transportation infrastructure paid from various funding sources. Projects include:

- County Road 61/Flying Cloud Drive from Highway 101 in Chamhassen to Charlson Road in Eden Prairie. This reconstruction project will improve the driving surface and safety along the corridor.
- Preserve Boulevard project, which includes include intersection improvements, additional turn lanes and new landscaping.

- Eden Prairie Road and Flying Cloud Drive project which includes a new road alignment and street and storm water improvements.

#### *New Water Storage Reservoir*

The City has identified that additional water storage will be necessary to support the expansion of water service to future growth areas while improving the operation of the distribution system and maintaining adequate water supply under emergency situations. A new four million gallon 140-foot diameter pre-stressed concrete ground storage reservoir and associated pump station will be constructed in 2019.

#### **Long-term Financial Planning**

The City has implemented various financial policies to guide the Council and staff when making financial decisions. This helps to ensure the long-term stability and flexibility of City finances and operations. These policies include the following:

- The original budget should be balanced with revenues equal to expenditures,
- One-time revenues will be used for one-time expenditures,
- The City will maintain fund balance for working capital in the general fund at 50% of the next year's budgeted tax revenue,
- The City will also maintain 10% of the next year's budget in fund balance for budget stabilization and 5% of the next year's budget for budget balancing in the general fund,
- The City will confine long-term debt to capital improvements or projects that cannot be financed from current revenues, and
- The City will maintain a ten-year capital improvement plan to provide for capital asset acquisition, maintenance, replacement, and retirement.

The City's healthy economic base and its sound financial condition have helped maintained the highest bond rating possible from Moody's Investors Services and Standard and Poor's.

#### **Major Initiatives**

##### *ASPIRE EDEN PRAIRIE 2040*

The City of Eden Prairie's comprehensive plan update "ASPIRE EDEN PRAIRIE 2040" will create a blueprint for the future to guide the City in its decision making for the next 20 years. The plan outlines the existing conditions of the City, describes future goals and objectives, and includes an action plan on how to achieve these goals and objectives. Aspire Eden Prairie 2040 will include plans addressing land use, transportation, housing, parks and trails, water resources, resilience and economic competitiveness. In addition, Aspire Eden Prairie 2040 will include detailed sub-area

plans for key locations in the community. The update is a multi-year process with planned completion in 2019.

#### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eden Prairie for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. The City of Eden Prairie has received a Certificate of Achievement every year since 1990. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

In addition, the Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation award to the City of Eden Prairie for its Two Year Budget for the fiscal years beginning January 1, 2018 and 2019. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and a communications device. The award is valid for a period of two years only. The City of Eden Prairie has received a Distinguished Budget Presentation award for every budget since 1998.

Also, the Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Eden Prairie for its Popular Annual Financial Report for the fiscal year ended December 31, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of Eden Prairie has received the award annually since 1998. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA.

#### **Acknowledgements**

We would like to thank the Mayor and Council Members for their continued support in planning and conducting the financial operations of the City in a responsible and progressive manner. We would also like to express our appreciation to the employees of the Finance Division for their contribution to the preparation of this report.

Respectfully submitted,



Rick Getschow  
City Manager



Sue Kotchevar  
Chief Financial Officer





Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## City of Eden Prairie Minnesota

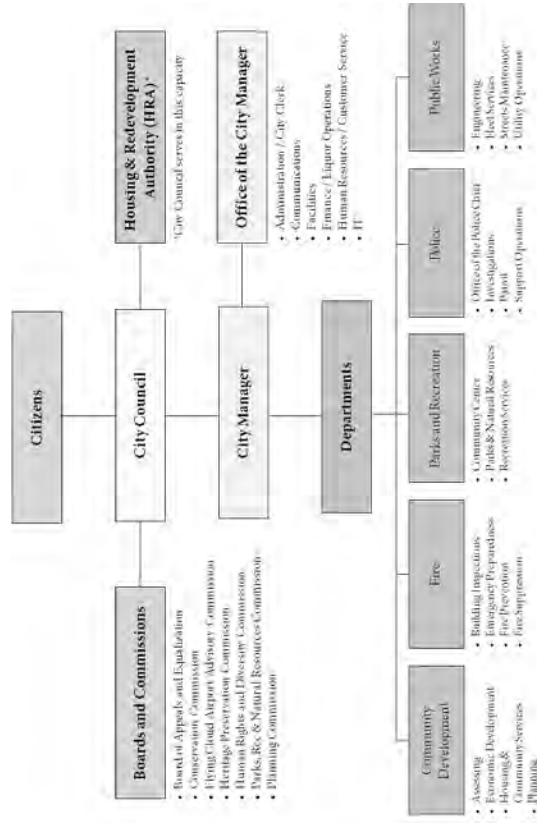
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Movell*

Executive Director/CEO

# City of Eden Prairie, Minnesota For the Year Ended December 31, 2018



City of Eden Prairie, Minnesota  
For the Year Ended December 31, 2018

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**Principal Officials**

**Elected Officials:**

Mayor	(Term expiration 12/31/18)	Nancy Tyra-Lukens
Council Member	(Term expiration 12/31/20)	Ron Case
Council Member	(Term expiration 12/31/20)	Brad Aho
Council Member	(Term expiration 12/31/18)	Sherry Butcher Wickstrom
Council Member	(Term expiration 12/31/18)	Kathy Nelson

**Appointed Officials:**

City Manager	Rick Getschow
City Attorney	Richard Rosow

**Departments:**

Chief of Police	Greg Weber
Community Development Director	Janet Jeremiah
Fire Chief	George Esbensen
Parks and Recreation Director	Jay Lotthammer
Public Works Director	Robert Ellis



CliftonLarsonAllen

CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor  
and Members of the City Council  
City of Eden Prairie  
Eden Prairie, 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 Eden Prairie (the City), as of and for the year ended December 31, 2018, 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.

### ***Auditors' 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 auditors' 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.

Honorable Mayor  
and Members of the City Council  
City of Eden Prairie

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2018, and the respective changes in financial position, the budgetary comparison for the general fund, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Report on Summarized Comparative Information***

We have previously audited the City's 2017 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified opinions on those financial statements in our report dated May 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December, 31 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Other Information***

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

The combining and individual nonmajor fund financial statements 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.

Honorable Mayor  
and Members of the City Council  
City of Eden Prairie

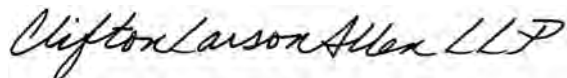
***Other Matters (Continued)***

*Other Information (Continued)*

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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections 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 it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2019, 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, and 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 result 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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 7, 2019

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

As management of the City of Eden Prairie, this section of the City's comprehensive annual financial report presents a discussion and analysis of the City's financial activities during the fiscal year ended December 31, 2018. This discussion and analysis should be read in conjunction with the transmittal letter in the introductory section of this report.

### Financial Highlights

#### The City as a Whole

- The assets and deferred outflow of resources of the City exceeded liabilities and deferred inflows of resources by \$394,884,648. Of this amount, \$51,659,331 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors, \$314,881,868 is invested in capital assets, and \$28,343,449 is restricted.
- The City's total net position increased by \$6,622,663 or 1.7%. The key factors in this increase can be attributed to the General fund due to building permit revenue, Park Improvement fund due to cash park fees and CJP Pavement Management fund due to increased franchise fees.
- The City's total long-term liabilities decreased by \$9,198,897 or 12.8% in comparison with the prior year. Contributing to the decrease was the change in the liability for pensions. The City's liability for pensions is \$21,196,405 compared to \$26,724,392 in 2017. Also contributing to the decrease was the current year retirements of outstanding bonds.

### Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. For governmental activities, the fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

#### Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including general government, public safety, public works, and parks and recreation. Property taxes, charges for services, and capital grants and contributions finance most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility system (Water, Wastewater and Stormwater Funds) and liquor operations are reported here.

### Reporting the City's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain grants and other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- **Governmental funds** – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation provided after the fund financial statements.

- Proprietary funds – When the City charges customers for the services it provides – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

The City of Eden Prairie maintains two different types of proprietary funds.

- Enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.
- Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for activities pertaining to employee benefits, workers compensation, personal time off accruals, property insurance, facilities, fleet services, and information technology.

### The City as Trustee

Reporting the City's Fiduciary Responsibilities

All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The City is fiduciary for resources collected and owed to others including developers and governmental agencies. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

### The City as a Whole

The City's combined net position increased from \$388,261,985 to \$394,884,648 and maintained its financial position. A large part of this increase was due to an increase of \$1.3 million in building permits. During the year, the City received revenue for a few large permits for three new apartment buildings, Scheels (new department store) and a new hotel. These permits also brought in cash park fees for the Park Improvement fund. The City also saw an increase in franchise fees due to a rate increase. By far the largest portion of the City of Eden Prairie's net position, \$314,881,868 (approximately 80%) 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 of Eden Prairie uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

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.

An additional portion of the City's net position \$28,343,449 (approximately 7%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$51,659,331 (approximately 13%), 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 for the government as a whole.

The following schedule provides a summary of the City's net position as of December 31, 2018 (in thousands):

	Governmental Activities			Business-Type activities			Total
	2018	2017	2018	2017	2018	2017	
Current and Other Assets	\$ 92,667	\$ 84,563	\$ 27,628	\$ 24,067	\$ 120,295	\$ 108,620	
Capital Assets	231,885	232,839	119,332	124,218	351,217	357,057	
Total Assets	324,552	317,392	146,960	148,285	471,512	465,677	
Deferred Outflows	13,752	20,117	524	900	14,276	21,017	
Total Assets and Deferred Outflows	338,304	337,509	147,484	149,185	485,788	486,694	
Long-Term Liabilities Outstanding	56,995	64,908	5,917	7,203	62,912	72,111	
Other Liabilities	6,725	4,659	1,330	1,109	8,055	5,768	
Total Liabilities	63,720	69,567	7,247	8,312	70,967	77,879	
Deferred Inflows	19,110	19,896	827	657	19,937	20,553	
Total Liabilities and Deferred Inflows	82,830	89,463	8,074	8,969	90,904	98,432	
Invested in Capital Assets	198,062	195,151	116,820	121,074	314,882	316,225	
Restricted	28,343	23,187	-	-	28,343	23,187	
Unrestricted	29,069	29,708	22,590	19,142	51,659	48,850	
Total Net Position	\$ 255,474	\$ 248,046	\$ 139,410	\$ 140,216	\$ 394,884	\$ 388,262	

Key elements of these changes are shown on the following page.

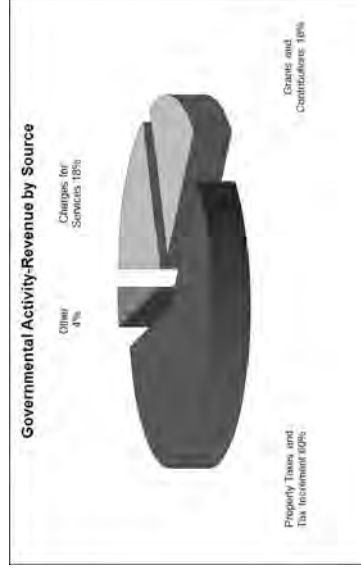
City of Eden Prairie, Minnesota  
Management's Discussion and Analysis

City of Eden Prairie, Minnesota  
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	Governmental Activities			Total
	2018	2017	Business-Type	
	2018	2017	2018	2017
<b>Revenues:</b>				
Program Revenues				
Charges for Services	\$ 11,991	\$ 10,890	\$ 28,413	\$ 26,612
Operating Grants and Contributions	2,457	1,707	21	238
Capital Grants and Contributions	9,259	6,490	1,957	1,294
General Revenues	37,339	35,406	-	-
Property Taxes	2,321	3,571	-	2,321
Tax Increment	1,645	1,546	-	1,645
Grants and Contributions	988	334	377	121
Investment Income	66,000	59,944	30,768	28,265
Total Revenues	119,980	108,907	63,869	60,404
<b>Expenses:</b>				
Administration	5,093	4,612	-	5,093
Community Development	4,942	6,222	-	4,942
Police	14,366	15,770	-	14,366
Fire	6,406	6,897	-	6,406
Public Works	10,099	10,617	-	10,099
Parks and Recreation	18,009	15,274	-	18,009
Interest on Long Term Debt	907	1,011	-	907
Water	-	-	10,461	9,687
Wastewater	-	-	7,469	6,913
Stormwater	-	-	2,351	2,437
Liquor	-	-	10,043	9,885
Total Expenses	59,822	60,403	30,324	28,922
Changes in Net Position				
Before Transfers	6,178	(459)	444	(657)
Internal Transfers	1,250	762	(1,250)	(762)
Change in Net Position	7,428	303	(806)	(1,419)
Net Position, January 1	248,046	247,743	140,216	141,635
Net Position, December 31	\$ 255,474	\$ 248,046	\$ 139,410	\$ 140,216

Governmental Activities

Revenue by Source

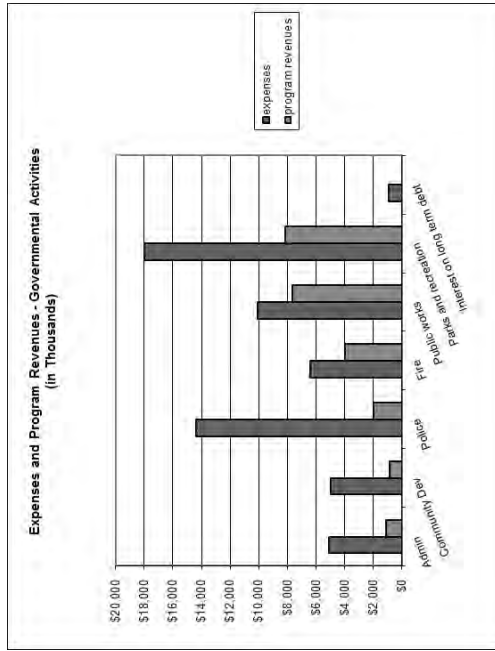
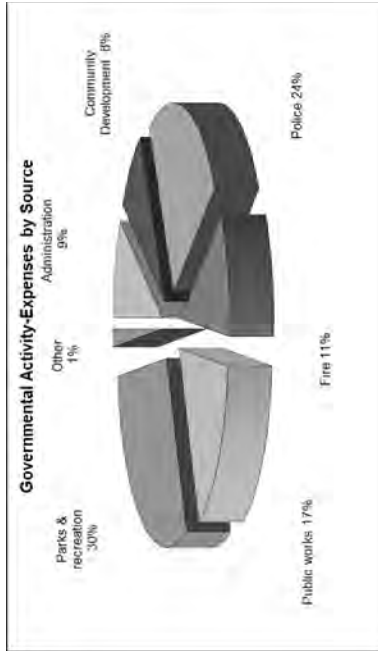


- For the year, property taxes totaled \$37,338,583 which is an increase of \$1,932,653 or 5.5% from 2017. For 2018, the City budgeted for a 4% increase in property taxes. The increase in taxes was more than what was budgeted due to abatements/appeals of taxes. Last year the City had a negative delinquent tax of \$199,417. For 2018, the amount was only \$31,220. The 2018 increase allows the City to maintain service levels.
- Charges for services increased by \$1,100,939 or 10.1% from 2017 due mainly to increased building permit revenue.
- Operating grants and contributions increased by \$750,029 or 43.9% from 2017. This was mainly due to an increase in Community Development Block grants, additional state aid for police training and municipal maintenance state aid.
- Capital grants and contributions increased by \$2,769,874 or 42.7% from 2017 due mainly to the rate increase in franchise fees and an increase in cash park fees.



City of Eden Prairie, Minnesota  
Management's Discussion and Analysis

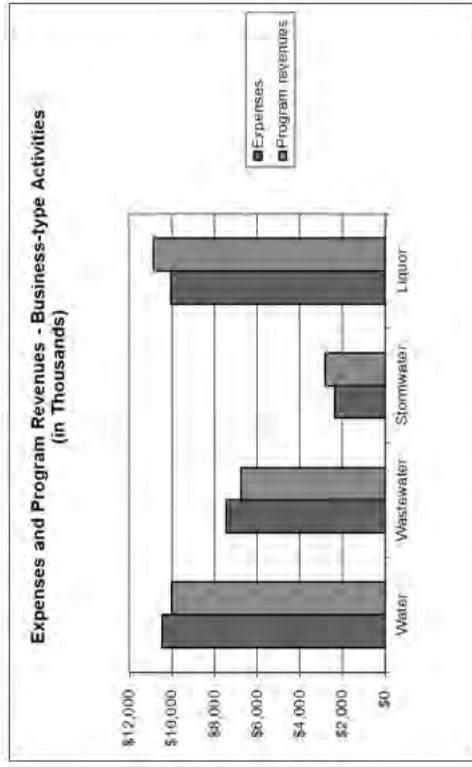
Expenses by Program



City of Eden Prairie, Minnesota  
Management's Discussion and Analysis

Business-type Activities

For the business-type activities, charges for services accounts for 92.3% of revenues. The Water Fund and Wastewater Fund had a negative change to net position of \$474,560 and \$739,704 respectively. The negative changes were primarily due to depreciation. The Stormwater Fund had a positive change to net position of \$425,671 due to increased rates. The Liquor operations had a positive change in net position of \$56,294.



## City of Eden Prairie, Minnesota Management's Discussion and Analysis

### The City's Funds

The General fund is the chief operating fund of the City of Eden Prairie. Fund balance increased by \$1,920,337 due mainly to the increase in building permit revenue for three new apartment buildings, Scheels (new department store) and a new hotel.

	2018	2017	Difference
<b>Fund Balance:</b>			
Nonspendable	\$ 103,845	\$ 30,037	\$ 73,808
Unassigned			
Budget Stabilization	7,065,258	5,774,218	1,291,040
Working Capital	17,322,105	16,817,942	504,163
Unassigned	51,326	-	51,326
<b>Total Fund Balance</b>	<b>\$ 24,542,534</b>	<b>\$ 22,622,197</b>	<b>\$ 1,920,337</b>

### Nonspendable Balances

The amounts classified as nonspendable consist of amounts that are not in spendable form, such as prepaid assets.

### Unassigned Balances

The unassigned fund balance consists of the budget stabilization balance and the working capital balance.

### Budget Stabilization

In compliance with City policy, 4%, 7%, 10% or 10% of the 2019 budgeted expenditures was maintained for budget stabilization to be used for emergencies and maintenance of the City's Aaa bond rating. Also, \$2,355,086 or 5% of the 2019 budgeted expenditures was maintained for budget balancing to be used for short term volatility in the City's finances.

### Working Capital

In compliance with City policy, 50% of the next year's budgeted tax revenues or \$17,322,105 is maintained for working capital. This amount represents the amount needed to fund operations for the first six months of the year. The City receives a tax settlement in December that funds operations until the next settlement in June of the next year.

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

### Other Major Funds

The Capital Improvement Maintenance fund balance increased by \$991,194 in 2018. Revenue of \$2,138,405 was collected which includes the tax levy, building rental income, and investment income. Expenditures for the year include the Staring Lake Pickleball Courts, Riley Lake Park renovations, trail maintenance and hard court maintenance. Transfers in include \$800,000 and \$535,343 respectively from the Liquor fund and General fund due to positive operating results. Transfers out includes \$300,000 to the CIP Trails fund for various trail improvements.

The Shady Oak Road North fund balance increased by \$338,702 in 2018 and now has a small fund balance. The Shady Oak Road North project reconstructed Shady Oak Road from Rowland Road through the Highway 62 interchange. This project is substantially complete and should be closed out in 2019.

The Shady Oak Road South fund balance decreased by \$29,250 in 2018. The Shady Oak Road South project reconstructed Shady Oak Road from Flying Cloud Drive to Rowland Road. This project is substantially complete and should be closed out in 2019.

The Aquatics & Fitness Expansion fund increased by \$403,343 due to a transfer in from the Park Improvement fund to close out this fund. The pool project upgraded the existing pool and also added a pool to the Community Center.

The Eden Prairie Road fund increased by \$410,103. Revenue of \$403,998 was collected which consisted of special assessments. The Eden Prairie Road project reconstructed Eden Prairie Road and also adds a new creek crossing at Riley Creek. This project will be repaid with future special assessments.

The General LRT fund decreased by \$2,680,692 due to payment to Metropolitan Council. This is the first of two payments for the \$7,052,536 Southwest Light Rail Transit Project. The second installment will be due later in 2019. The expenses for this project will be funded with MSA and transfers from the Capital Improvement Fund, Utility Funds, Transportation Fund, and Economic Development Fund. The SWLRT should be completed in 2023.

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

Water fund sales through December 31, 2018 totaled \$8,422,155, which is an increase of \$575,647 or 7.3% from 2017 due to the following:

- Increase in sales by approximately \$483,000 due to increased tier rates.
- Increase in sales by approximately \$188,000 due to the increase in the base charge.
- Decrease in sales by approximately \$96,000 due to the decrease in water use.

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

Wastewater fund sales through December 31, 2018 totaled \$6,356,014, which is an increase of \$492,515 or 8.4% from 2017 due to the following:

- Increase in sales by approximately \$341,000 due to the rate increase.
- Increase in sales by approximately \$188,000 due to the increase in the base charge.
- Decrease in sales by approximately \$37,000 due to decrease in sewer use.

Stormwater fund sales through December 31, 2018 totaled \$2,726,255, which is an increase of \$346,205 or 14.5% from 2017. The increase is due to the rate increase.

Liquor operations profit of \$800,000 was transferred to the Capital Improvement Maintenance Fund. Sales totaled \$10,559,515, which is an increase of \$278,633 or 2.7% over 2017. The operation continues to provide value to customers and maintain customer loyalty.

### Budgetary Highlights

The net change in fund balance to the General fund was \$1,920,337. The reasons for this increase is due to increased property tax revenue and an increase in building permit revenue. Businesses continue to invest in Eden Prairie including the following businesses this past year:

- Elevate new apartment building - \$40,010,000 valuation
- Prairie Bluff Senior Living new apartment building - \$22,164,080 valuation
- Scheels new retail - \$19,970,253 valuation
- Southview Senior Living new apartment building - \$18,324,000 valuation
- Optum interior finish - \$8,500,000 valuation
- Hampton Inn footings and foundation for new hotel - \$7,473,005
- Emerson remodel - \$4,836,917 valuation
- Surmodics interior finish - \$2,450,000 valuation
- FedEx interior finish - \$1,498,000 valuation
- Pizza Luce interior finish - \$1,400,000 valuation
- Preserve Village Outlet Retail new building - \$1,220,000 valuation
- Ascendis Corporation remodel - \$1,065,165 valuation
- 49 new single family homes - \$16,634,500

Total revenues equaled \$47,531,150 or 105% of the amount budgeted. The budget performance included the following variances:

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

- A two percent allowance for uncollectible taxes was budgeted to cover tax amounts abated.
- Positive performance for building permits, other permits, intergovernmental revenue, fines and forfeits, investment income, and other revenue.
- Other items had positive and negative variances.

Total expenditures equaled \$45,455,193 or 99.5% of the budget. All departments except Parks have spent less than 100% of the amounts budgeted. Parks is over budget by .6%.

### Capital Assets and Debt Administration

#### Capital Assets

At the end of 2018, the city had \$351 million invested in capital assets. Major capital assets added during the current fiscal year by fund include the following:

Fund	Project Name	2018 Additions
Fleet Capital	Police, Fire, Streets Vehicle Replacements	\$1,201,165
Water Capital	New Ground Storage Reservoir Land & Design	449,085
Fleet Capital	Streets, Parks Bobcats and Tractors	312,467
Eden Prairie Road	Eden Prairie Road Connection to CSAH 61	292,799
IT Capital	Storage Network and Public Safety Software Upgrades	267,434
Park Improvement	Minnesota River Vista Lookout	257,718
<b>Total</b>		<b>\$2,780,668</b>

Capital Assets (net of depreciation, in thousands)

	Governmental Activities		Business-type Activities		Total
	2018	2017	2018	2017	
Land & Land Improv.	\$ 34,424	\$ 32,827	\$ 1,088	\$ 832	\$ 35,512
Infrastructure	135,623	134,732	-	-	135,623
Work in Progress	1,645	2,313	519	164	2,164
Distribution System	-	-	88,788	92,792	88,788
Buildings	52,340	54,509	24,820	26,038	77,160
Leasehold Improvements	4	9	104	237	108
Machinery & Equipment	1,105	1,006	3,967	4,070	5,072
Autos	3,420	3,251	46	85	3,466
Other Assets	3,324	4,192	-	-	3,324
<b>Total</b>	<b>\$ 231,885</b>	<b>\$ 232,839</b>	<b>\$ 119,332</b>	<b>\$ 124,218</b>	<b>\$ 351,217</b>
					<b>\$ 357,057</b>

The City has chosen to maintain infrastructure using the modified approach. This means the City does not depreciate the cost of infrastructure but maintains the system at a "very good condition" level or

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

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higher. Additional information on the modified approach can be found in Note 1 of this report and additional information on the City's capital assets can be found in Note 4 of this report.

The City's policy is to achieve an average rating of 70 (very good condition) for all streets and trails. In the summer of 2016, the City conducted a physical condition assessment. This assessment will be performed every three years. As of December 31, 2018, the City's infrastructure system was rated at a Pavement Condition Index (PCI) of 76.9%, which is higher than the City's policy level. The City's infrastructure are constantly deteriorating resulting from the following factors: (1) traffic using the system; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development trenching operations; (4) water damage from natural precipitation; and (5) frost heave. The City is continuously taking actions to prolong the life of the system through short-term maintenance activities such as pothole patching, crack sealing, seal coating, and overlaying. The City expended \$2,711,217 on infrastructure maintenance for the year ending December 31, 2018. These expenditures delayed deterioration; however, the overall condition of the system was not improved through these maintenance expenditures. The City has estimated that the amount of annual expenditures required to maintain the City's infrastructure at the average PCI rating of very good is approximately \$3,500,000.

### Debt

At year-end, the City had approximately \$63 million in bonds and other long-term liabilities outstanding versus \$72 million last year. The majority of the decrease pertains to the change in the liability for pensions. (Refer to Note 8) Also contributing to the decrease was the current year retirements of outstanding bonds. (Refer to Note 11)

### Economic Factors and Next Year's Budgets

The City's elected officials consider many factors when adopting the budget and determining fees for service and fees that will be charged for the business-type activities. These factors include service levels, the tax impact on the median value home, commercial/industrial and household growth, and inflation.

Currently, the 2019 general fund budgeted appropriations are \$47,101,720 which is an increase of \$1,306,068 or 2.9% from the 2018 budget. The City has a balanced budget for 2019.

## City of Eden Prairie, Minnesota Management's Discussion and Analysis

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### Contacting the City's Financial Management

This financial report is designed to provide a general overview of the City's finances for those interested in the government's finances. If you have questions about this report or need additional financial information, contact the Finance Division at City of Eden Prairie, 8080 Mitchell Road, Eden Prairie, MN 55344.

**City of Eden Prairie, Minnesota**  
**Statement of Net Position**  
**December 31, 2018**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 67,085,357	\$ 23,031,753	\$ 90,117,110
Receivables			
Accounts	2,618,822	3,344,303	5,963,125
Interest	172,209	62,373	234,582
Due From Other Governments	7,603,341	30,495	7,633,836
Unremitted Taxes	292,396	-	292,396
Delinquent Taxes	267,495	-	267,495
Unremitted Special Assessments	2,325	-	2,325
Delinquent Special Assessments	3,812	328,099	331,911
Special Assessments	9,272,293	333,734	9,606,027
Unavailable Special Assessments	1,404,060	293,200	1,697,260
Internal Balances	943,022	(943,022)	-
Inventories	95,176	1,109,842	1,205,018
Net Pension Asset	1,573,839	-	1,573,839
Prepaid Items	549,121	37,350	586,471
Land Held for Resale	784,000	-	784,000
Capital Assets			
Nondepreciable			
Land	21,844,811	1,027,319	22,872,130
Infrastructure	135,623,178	-	135,623,178
Work in Progress	1,644,751	519,086	2,163,837
Depreciable Buildings, Property and Equipment, Net	72,771,921	117,785,266	190,557,187
Total Assets	324,551,929	146,959,798	471,511,727
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on Refunding of Debt	139,730	-	139,730
Other Post Employment Benefits	110,233	8,670	118,903
Pensions	13,502,507	515,496	14,018,003
Total Deferred Outflows of Resources	13,752,470	524,166	14,276,636
<b>Total Assets and Deferred Outflows of Resources</b>	<b>338,304,399</b>	<b>147,483,964</b>	<b>485,788,363</b>

**City of Eden Prairie, Minnesota**  
**Statement of Net Position**  
**December 31, 2018**

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>LIABILITIES</b>			
Accounts and Contracts Payable	4,857,020	1,073,829	5,930,849
Salaries Payable	553,804	94,883	648,687
Investment Interest Payable	10,743	-	10,743
Interest Payable	435,489	19,693	455,182
Due to Other Governments	233,822	134,799	368,621
Unearned Revenue	634,270	7,163	641,433
Total OPEB Liability			
Due Within One Year	110,233	8,670	118,903
Due in More Than One Year	2,459,396	193,433	2,652,829
Net Pension			
Due in More Than One Year	18,322,543	2,873,862	21,196,405
Bonds Payable			
Due Within One Year	3,335,000	630,000	3,965,000
Due in More Than One Year	30,627,686	1,881,507	32,509,193
Capital lease payable			
Due Within One Year	57,367	-	57,367
Due in More Than One Year	118,090	-	118,090
Compensated Absences			
Due Within One Year	960,247	159,678	1,119,925
Due in More Than One Year	1,004,261	169,351	1,173,612
Total Liabilities	<u>63,719,971</u>	<u>7,246,868</u>	<u>70,966,839</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pensions	19,110,015	826,861	19,936,876
Total Liabilities and Deferred Inflows	<u>82,829,986</u>	<u>8,073,729</u>	<u>90,903,715</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	198,061,704	116,820,164	314,881,868
Restricted for Perpetual Care, Nonexpendable	151,249	-	151,249
Restricted for Debt Service	5,566,288	-	5,566,288
Restricted for Special Assessments	8,262,203	-	8,262,203
Restricted for Tax Increment	2,876,901	-	2,876,901
Restricted for Public Works	10,382,206	-	10,382,206
Restricted for Parks and Recreation	1,074,528	-	1,074,528
Restricted for Historical and Cultural	30,074	-	30,074
Unrestricted	29,069,260	22,590,071	51,659,331
Total Net Position	<u>\$ 255,474,413</u>	<u>\$ 139,410,235</u>	<u>\$ 394,884,648</u>

**City of Eden Prairie, Minnesota**  
**Statement of Activities**  
**For the Year Ended December 31, 2018**

FUNCTIONS/PROGRAMS	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Administration	\$ 5,092,886	\$ 1,079,151	\$ 8,922	\$ -
Community Development	4,942,029	161,918	649,887	62,200
Police	14,365,502	1,115,447	755,200	81,917
Fire	6,406,404	3,505,901	474,369	-
Public Works	10,098,667	274,679	500,000	6,888,861
Parks and Recreation	18,008,795	5,854,094	69,104	2,226,153
Interest on Long Term Debt	907,413	-	-	-
Total Governmental Activities	59,821,696	11,991,190	2,457,482	9,259,131
Business-Type Activities				
Water	10,460,599	8,422,155	7,060	1,571,004
Wastewater	7,469,070	6,356,014	-	384,840
Stormwater	2,351,367	2,786,754	8,605	979
Liquor	10,043,085	10,848,725	5,000	-
Total Business-Type Activities	30,324,121	28,413,648	20,665	1,956,823
Total Primary Government	\$ 90,145,817	\$ 40,404,838	\$ 2,478,147	\$ 11,215,954

General Revenues

Taxes

Property Taxes, Levied for General Purposes

Property Taxes, Levied for Debt Service

Tax Increment

Grants and Contributions Not Restricted to Specific Programs

Investment Income

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,004,813)	\$ -	\$ (4,004,813)
(4,068,024)	-	(4,068,024)
(12,412,938)	-	(12,412,938)
(2,426,134)	-	(2,426,134)
(2,435,127)	-	(2,435,127)
(9,859,444)	-	(9,859,444)
(907,413)	-	(907,413)
<u>(36,113,893)</u>	<u>-</u>	<u>(36,113,893)</u>
-	(460,380)	(460,380)
-	(728,216)	(728,216)
-	444,971	444,971
-	810,640	810,640
<u>-</u>	<u>67,015</u>	<u>67,015</u>
<u>(36,113,893)</u>	<u>67,015</u>	<u>(36,046,878)</u>
34,787,407	-	34,787,407
2,551,176	-	2,551,176
2,320,447	-	2,320,447
1,644,788	-	1,644,788
988,382	377,341	1,365,723
1,250,402	(1,250,402)	-
<u>43,542,602</u>	<u>(873,061)</u>	<u>42,669,541</u>
7,428,709	(806,046)	6,622,663
248,045,704	140,216,281	388,261,985
<u>\$ 255,474,413</u>	<u>\$ 139,410,235</u>	<u>\$ 394,884,648</u>



**City of Eden Prairie, Minnesota**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	Capital Projects			
	General	Capital Improvement Maintenance	Shady Oak Road North	Shady Oak Road South
<b>ASSETS</b>				
Cash and Investments	\$ 24,860,401	\$ 9,237,988	\$ 748,778	\$ 171,127
Receivables				
Accounts	442,695	22,317	-	-
Interest	51,380	27,991	2,665	735
Due From Other Governments	58,366	7,413,995	-	-
Unremitted Taxes	250,998	2,145	-	-
Delinquent Taxes	265,175	2,320	-	-
Unremitted Special Assessments	171	-	-	-
Delinquent Special Assessments	-	247	-	-
Deferred Special Assessments	-	168,600	4,831,592	-
Special Deferred Special Assessments	-	61,582	-	-
Due From Other Funds	-	1,420,800	-	-
Advances to Other Funds	-	785,852	-	-
Prepaid Items	103,845	-	-	-
Land Held for Resale	-	-	-	-
Notes Receivable	-	-	-	-
Total Assets	<u>\$ 26,033,031</u>	<u>\$ 19,143,837</u>	<u>\$ 5,583,035</u>	<u>\$ 171,862</u>
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 582,509	\$ 271,865	\$ -	\$ -
Salaries Payable	508,290	-	-	-
Investment Interest Payable	-	-	-	-
Due to Other Governments	55,088	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	78,290	91,080	-	-
Total Liabilities	<u>1,224,177</u>	<u>362,945</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue-Loans/Grants	1,145	7,413,995	-	-
Unavailable Revenue-Property Taxes	265,175	2,320	-	-
Unavailable Revenue-Special Assessments	-	230,429	4,831,592	-
Total Deferred Inflows of Resources	<u>266,320</u>	<u>7,646,744</u>	<u>4,831,592</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	103,845	-	-	-
Restricted	-	-	751,443	-
Assigned	-	11,134,148	-	171,862
Unassigned	24,438,689	-	-	-
Total Fund Balance	<u>24,542,534</u>	<u>11,134,148</u>	<u>751,443</u>	<u>171,862</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 26,033,031</u>	<u>\$ 19,143,837</u>	<u>\$ 5,583,035</u>	<u>\$ 171,862</u>

**City of Eden Prairie, Minnesota**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2018**

	Capital Projects				
	Aquatics & Fitness Expansion	Eden Prairie Road	General LRT	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ -	\$ -	\$ 22,270,319	\$ 57,288,613
Receivables					
Accounts	-	-	-	915,944	1,380,956
Interest	-	-	-	62,811	145,582
Due From Other Governments	-	-	-	130,927	7,603,288
Unremitted Taxes	-	-	-	39,253	292,396
Delinquent Taxes	-	-	-	-	267,495
Unremitted Special Assessments	-	-	-	2,154	2,325
Delinquent Special Assessments	-	48	-	3,517	3,812
Deferred Special Assessments	-	117,589	-	4,154,512	9,272,293
Special Deferred Special Assessments	-	1,015,462	-	327,016	1,404,060
Due From Other Funds	-	-	-	888,873	2,309,673
Advances to Other Funds	-	-	-	-	785,852
Prepaid Items	-	-	-	76,078	179,923
Land Held for Resale	-	-	-	784,000	784,000
Notes Receivable	-	-	-	1,088,083	1,088,083
Total Assets	<u>\$ -</u>	<u>\$ 1,133,099</u>	<u>\$ -</u>	<u>\$ 30,743,487</u>	<u>\$ 82,808,351</u>
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ 866,917	\$ 1,721,291
Salaries Payable	-	-	-	5,613	513,903
Investment Interest Payable	-	3,308	1,013	6,422	10,743
Due to Other Governments	-	-	2,299,275	7,982	2,362,345
Due to Other Funds	-	864,369	399,261	888,873	2,152,503
Unearned Revenue	-	-	-	464,305	633,675
Total Liabilities	<u>-</u>	<u>867,677</u>	<u>2,699,549</u>	<u>2,240,112</u>	<u>7,394,460</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-Loans/Grants	-	-	-	-	7,415,140
Unavailable Revenue-Property Taxes	-	-	-	-	267,495
Unavailable Revenue-Special Assessments	-	1,133,099	-	4,485,045	10,680,165
Total Deferred Inflows of Resources	<u>-</u>	<u>1,133,099</u>	<u>-</u>	<u>4,485,045</u>	<u>18,362,800</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	227,197	331,042
Restricted	-	-	-	10,826,406	11,577,849
Assigned	-	-	-	13,909,815	25,215,825
Unassigned	-	(867,677)	(2,699,549)	(945,088)	19,926,375
Total Fund Balance	<u>-</u>	<u>(867,677)</u>	<u>(2,699,549)</u>	<u>24,018,330</u>	<u>57,051,091</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ -</u>	<u>\$ 1,133,099</u>	<u>\$ -</u>	<u>\$ 30,743,487</u>	<u>\$ 82,808,351</u>

**City of Eden Prairie, Minnesota**  
**Governmental Funds**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
**December 31, 2018**

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

<b>Total Fund Balance - Governmental Funds</b>	\$ 57,051,091
1. Capital assets used in Governmental Activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of Capital Assets	268,563,433
Less Accumulated Depreciation	(42,225,575)
2. Long term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year end consist of:	
Bond Principal Payable Net	(33,962,686)
Capital Lease	(175,457)
Deferred Loss on Refunding	139,730
3. The City's net pension liability, net pension asset and related deferred outflows and inflows of resources are recorded only on the Statement of Net Position	
Balances at year end are:	
Net Pension Asset	1,573,839
Deferred Outflows of Resources related to pensions	13,502,507
Net Pension Liability	(18,322,543)
Deferred Inflows of Resources related to pensions	(19,110,015)
4. Taxes and special assessment receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	10,947,660
5. Grants and loan receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	7,415,140
6. Governmental funds do not report a liability for accrued interest on long-term debt until due and payable.	(435,489)
7. Internal Service Funds are used by management to charge the costs of employee benefits to individual funds. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Position.	10,332,206
8. Internal Service Funds are used by management to charge the costs of employee benefits to individual funds. The assets and liabilities of the Internal Service Fund are included in Business-type Activities in the Statement of Net Position.	180,572
<b>Net Position - Governmental Activities</b>	<u>\$ 255,474,413</u>

City of Eden Prairie, Minnesota  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2018

	Capital Projects			
	General	Capital Improvement Maintenance	Shady Oak Road North	Shady Oak Road South
<b>REVENUES</b>				
General Property Taxes	\$ 34,237,372	\$ 300,686	\$ -	\$ -
Special Assessments	60	-	1,922,979	-
Penalties and Interest	21,289	-	-	-
Licenses and Permits	4,892,559	-	-	-
Intergovernmental Revenue	1,439,023	-	-	-
Charges for Services	5,976,951	-	-	-
Fines and Forfeits	410,903	-	-	-
Investment Income	307,748	181,673	15,723	9,531
Rental	-	1,571,520	-	-
Other	245,245	84,526	-	-
Total Revenues	47,531,150	2,138,405	1,938,702	9,531
<b>EXPENDITURES</b>				
Current				
Administration	4,467,514	-	-	-
Community Development	2,320,363	-	-	-
Police	14,517,004	-	-	-
Fire	6,058,619	-	-	-
Public Works	5,872,135	-	-	-
Parks and Recreation	12,158,792	-	-	-
Interest on Interfund Borrowing	-	-	-	-
Capital Outlay				
Administration	-	297,377	-	-
Police	-	53,605	-	-
Fire	-	377,141	-	-
Public Works	-	17,545	-	38,781
Parks and Recreation	-	1,436,886	-	-
Debt Service				
Principal	56,277	-	-	-
Interest	4,489	-	-	-
Fiscal Agent Fees	-	-	-	-
Total Expenditures	45,455,193	2,182,554	-	38,781
Excess of Revenues Over (Under) Expenditures	2,075,957	(44,149)	1,938,702	(29,250)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	399,723	1,335,343	-	-
Transfers Out	(555,343)	(300,000)	(1,600,000)	-
Total Other Financing Sources (Uses)	(155,620)	1,035,343	(1,600,000)	-
Net Change in Fund Balances	1,920,337	991,194	338,702	(29,250)
Fund Balance (Deficit) - Beginning	22,622,197	10,142,954	412,741	201,112
Fund Balance (Deficit) - Ending	\$ 24,542,534	\$ 11,134,148	\$ 751,443	\$ 171,862

City of Eden Prairie, Minnesota  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2018

Capital Projects					
	Aquatics & Fitness Expansion	Eden Prairie Road	General LRT	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General Property Taxes	\$ -	\$ -	\$ -	\$ 5,071,246	\$ 39,609,304
Special Assessments	-	430,998	-	841,496	3,195,533
Penalties and Interest	-	-	-	-	21,289
Licenses and Permits	-	-	-	3,045,487	7,938,046
Intergovernmental Revenue	-	-	-	1,541,655	2,980,678
Charges for Services	-	-	-	-	5,976,951
Fines and Forfeits	-	-	-	5,125	416,028
Investment Income	481	-	-	372,380	887,536
Rental	-	-	-	73,268	1,644,788
Other	15,352	-	-	2,863,983	3,209,106
Total Revenues	15,833	430,998	-	13,814,640	65,879,259
<b>EXPENDITURES</b>					
Current					
Administration	-	-	-	-	4,467,514
Community Development	-	-	-	2,822,679	5,143,042
Police	-	-	-	155,308	14,672,312
Fire	-	-	-	-	6,058,619
Public Works	-	-	-	125,177	5,997,312
Parks and Recreation	-	-	-	17,318	12,176,110
Interest on Interfund Borrowing	-	20,895	6,603	38,656	66,154
Capital Outlay					
Administration	-	-	-	31,309	328,686
Police	-	-	-	-	53,605
Fire	-	-	-	-	377,141
Public Works	-	-	44,703	4,459,992	4,561,021
Parks and Recreation	-	-	2,278,773	780,427	4,496,086
Debt Service					
Principal	-	-	-	3,813,547	3,869,824
Interest	-	-	-	971,142	975,631
Fiscal Agent Fees	-	-	-	16,848	16,848
Total Expenditures	-	20,895	2,330,079	13,232,403	63,259,905
Excess of Revenues Over (Under) Expenditures	15,833	410,103	(2,330,079)	582,237	2,619,354
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	387,510	-	-	2,430,613	4,553,189
Transfers Out	-	-	(350,613)	(551,010)	(3,356,966)
Total Other Financing Sources (Uses)	387,510	-	(350,613)	1,879,603	1,196,223
Net Change in Fund Balances	403,343	410,103	(2,680,692)	2,461,840	3,815,577
Fund Balance (Deficit) - Beginning	(403,343)	(1,277,780)	(18,857)	21,556,490	53,235,514
Fund Balance (Deficit) - Ending	\$ -	\$ (867,677)	\$ (2,699,549)	\$ 24,018,330	\$ 57,051,091

**City of Eden Prairie, Minnesota**  
**Reconciliation of the Statement of Revenues and Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2018**

**Total net change in fund balances - governmental funds** \$ 3,815,577

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

1. Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful life's as depreciation expense.
 

Capital Outlays	2,752,478
Depreciation Expense	(4,067,795)
The net effect of the disposal of capital assets	
Disposals	(1,383,295)
Accumulated Depreciation on Disposals	897,100
  
2. Principal payments of long-term debt consumes the current financial resources of Governmental Funds, However they have no effect on Net Position. 3,826,277
  
3. Interest on long-term debt in the statement of activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due thus requires use of current financial resources. In the Statement of Activities, however interest expense is recognized as the interest accrues, regardless of when it is due. 33,830
  
4. Governmental Funds report debt issuance premiums and discounts as another financing source or use at the time of issuance. Premiums and discounts are reported as an unamortized asset or liability in the Government-wide financial statements.
 

Amortization of Premiums/Discounts	117,701
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5. Refunding losses are recognized when paid in the governmental funds but amortized over the life of the debt in the Statement of Activities. (22,918)
  
6. Taxes and special assessments receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. (2,395,278)
  
7. Grants and loan receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 2,410,160
  
8. Some pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore are not reported as expenditures.
 

Change in Net Pension Asset/Liability and Related Deferred Outflows/Inflows of Resources	803,291
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9. Internal Service Funds are used by management to charge the costs of employee benefits to individual funds. The net revenue of these activities is reported in Governmental Activities. 567,834
  
10. Internal Service Funds are used by management to charge the costs of employee benefits to individual funds. The net revenue of these activities is reported in Business Type Activities. 73,747

**Change in Net Position - Governmental Activities** \$ 7,428,709

**City of Eden Prairie, Minnesota**  
**General Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2018**  
**With Comparative Actual Amounts For the Year Ended December 31, 2017**

	2018				2017
	Budget Original	Budget Final	Actual	Variance Over/(Under)	Actual
<b>REVENUES</b>					
Taxes and Special Assessments					
General Property Taxes and Assessments	\$ 33,610,883	\$ 33,610,883	\$ 34,237,432	\$ 626,549	\$ 32,363,791
Penalties and Interest	25,000	25,000	21,289	(3,711)	22,716
Total Taxes and Special Assessments	33,635,883	33,635,883	34,258,721	622,838	32,386,507
Licenses and Permits					
Liquor, Beer and Wine Licenses	316,000	316,000	310,271	(5,729)	312,254
Business Licenses	28,400	28,400	29,565	1,165	26,114
Dog Registration Licenses	20,000	20,000	20,469	469	14,732
Building Permits and Fees	2,247,200	2,247,200	3,388,529	1,141,329	2,066,787
Cable TV	900,000	900,000	821,381	(78,619)	892,338
Other Permits	267,434	267,434	322,344	54,910	298,030
Total Licenses and Permits	3,779,034	3,779,034	4,892,559	1,113,525	3,610,255
Intergovernmental Revenue					
Police Pension Aid	540,000	540,000	565,506	25,506	538,127
Fire Relief Association Aid	450,000	450,000	457,742	7,742	448,846
School Liaison	115,798	115,798	115,798	-	115,798
Police Training	88,000	88,000	64,119	(23,881)	21,301
Grants	65,000	65,000	174,552	109,552	258,733
PERA Aid	52,384	52,384	52,384	-	52,384
Local Performance Aid	-	-	8,922	8,922	-
State Street Aid	-	-	-	-	68,866
Total Intergovernmental Revenue	1,311,182	1,311,182	1,439,023	127,841	1,504,055
Charges for Services					
Public Safety	166,500	166,500	168,197	1,697	162,709
Recreation					
Community Center	4,710,140	4,710,140	4,662,346	(47,794)	4,520,172
Youth Programs	377,500	377,500	446,124	68,624	400,850
Organized Athletics	261,240	261,240	209,138	(52,102)	182,907
Senior Center	101,950	101,950	88,887	(13,063)	114,609
Outdoor Center	84,000	84,000	65,169	(18,831)	65,810
Arts Center	74,100	74,100	96,542	22,442	85,401
Park Facilities	70,550	70,550	78,086	7,536	73,648
Oak Point Pool & Beaches	59,500	59,500	41,914	(17,586)	89,419
Park Maintenance	35,000	35,000	54,686	19,686	32,101
Therapeutic Recreation	34,000	34,000	35,931	1,931	34,405
Arts	25,350	25,350	24,706	(644)	22,582
Special Events	500	500	5,225	4,725	-
Total Recreation	5,833,830	5,833,830	5,808,754	(25,076)	5,621,904
Total Charges for Services	6,000,330	6,000,330	5,976,951	(23,379)	5,784,613
Fines and Forfeits	390,000	390,000	410,903	20,903	346,835
Investment Income	120,000	120,000	307,748	187,748	107,350
Other	163,000	163,000	245,245	82,245	290,420
Total Revenues	\$ 45,399,429	\$ 45,399,429	\$ 47,531,150	\$ 2,131,721	\$ 44,030,035

City of Eden Prairie, Minnesota  
 General Fund  
 Statement of Revenues, Expenditures and  
 Changed in Fund Balance - Budget and Actual  
 For the Year Ended December 31, 2018  
 With Comparative Actual Amounts For the Year Ended December 31, 2017

Continued

	2018			Variance Over/(Under)	2017
	Budget Original	Budget Final	Actual		Actual
<b>EXPENDITURES</b>					
Current					
Administration					
Legislative	\$ 326,751	\$ 326,751	\$ 353,363	\$ 26,612	\$ 315,205
Office of the City Manager	453,100	453,100	395,644	(57,456)	374,109
Legal Counsel	521,000	521,000	594,355	73,355	559,426
City Clerk	304,684	339,590	297,317	(42,273)	149,794
Communications	604,324	604,324	589,320	(15,004)	554,337
Finance	874,690	874,690	871,204	(3,486)	847,800
Customer Service	390,781	390,781	358,894	(31,887)	363,108
Human Resources	1,045,214	1,045,214	1,007,417	(37,797)	869,809
Total Administration	4,520,544	4,555,450	4,467,514	(87,936)	4,033,588
Community Development					
Assessing	1,008,446	1,008,446	999,649	(8,797)	987,704
Planning	659,494	675,760	657,096	(18,664)	709,821
Community Development Administration	271,196	271,196	200,664	(70,532)	245,030
Economic Development	132,636	132,636	131,498	(1,138)	121,221
Housing & Community Services	341,990	341,990	331,456	(10,534)	313,158
Total Community Development	2,413,762	2,430,028	2,320,363	(109,665)	2,376,934
Police	14,566,339	14,566,339	14,517,004	(49,335)	14,069,709
Fire					
Fire	4,732,462	4,732,462	4,743,169	10,707	4,944,125
Inspections	1,190,778	1,190,778	1,165,392	(25,386)	1,140,076
Public Safety Communications	155,138	155,138	150,058	(5,080)	75,121
Total Fire	6,078,378	6,078,378	6,058,619	(19,759)	6,159,322
Public Works					
Engineering	1,257,458	1,257,458	1,290,511	33,053	1,560,088
Street Maintenance	3,725,945	3,725,945	3,622,145	(103,800)	3,618,118
Street Lighting	937,500	937,500	959,479	21,979	848,128
Total Public Works	5,920,903	5,920,903	5,872,135	(48,768)	6,026,334



City of Eden Prairie, Minnesota  
General Fund  
Statement of Revenues, Expenditures and  
Changed in Fund Balance - Budget and Actual  
For the Year Ended December 31, 2018  
With Comparative Actual Amounts For the Year Ended December 31, 2017

Continued

	2018			Variance Over/(Under)	2017
	Budget Original	Budget Final	Actual		Actual
<b>EXPENDITURES (Continued)</b>					
Current (Continued)					
Parks and Recreation					
Park Maintenance	3,996,851	3,996,851	4,006,113	9,262	3,766,016
Community Center	4,917,459	4,917,459	4,959,534	42,075	4,525,739
Youth Programs	516,297	516,297	560,645	44,348	481,919
Senior Center	416,398	416,398	417,007	609	414,123
Park Administration	427,653	427,653	424,314	(3,339)	393,015
Organized Athletics	294,024	294,024	247,497	(46,527)	229,829
Recreation Administration	350,294	350,294	352,724	2,430	328,722
Arts Center	295,817	295,817	334,375	38,558	310,962
Therapeutic Recreation	225,752	225,752	197,185	(28,567)	204,928
Outdoor Center	226,359	226,359	226,903	544	227,451
Oak Point Pool	41,719	41,719	42,541	822	84,692
Arts	129,878	129,878	153,329	23,451	148,795
Special Events	108,319	108,319	98,756	(9,563)	100,658
Park Facilities	74,067	74,067	79,853	5,786	71,528
Beaches	64,073	64,073	58,016	(6,057)	57,019
Total Parks and Recreation	12,084,960	12,084,960	12,158,792	73,832	11,345,396
Debt Service					
Principal	56,277	56,277	56,277	-	55,208
Interest	4,489	4,489	4,489	-	5,558
Total Debt Service	60,766	60,766	60,766	-	60,766
Total Expenditures	45,645,652	45,696,824	45,455,193	(241,631)	44,072,049
Excess of Revenues Over (Under) Expenditures	(246,223)	(297,395)	2,075,957	2,373,352	(42,014)
<b>OTHER FINANCING SOURCES / (USES)</b>					
Transfers In	396,223	396,223	399,723	3,500	283,889
Transfers Out	(150,000)	(150,000)	(555,343)	(405,343)	(1,113,730)
Total Other Financing Sources / (Uses)	246,223	246,223	(155,620)	(401,843)	(829,841)
Net Change in Fund Balance	\$ -	\$ (51,172)	1,920,337	\$ 1,971,509	(871,855)
Fund Balance, January 1			22,622,197		23,494,052
Fund Balance, December 31			<u>\$ 24,542,534</u>		<u>\$ 22,622,197</u>

City of Eden Prairie, Minnesota  
Proprietary Funds  
Statement of Net Position  
December 31, 2018

	Water Fund	Wastewater Fund	Stormwater Fund	Liquor Fund	Totals	Governmental Activities Internal Service Fund
<b>ASSETS</b>						
Current Assets:						
Cash and Investments	\$ 13,031,729	\$ 5,795,880	\$ 2,594,649	\$ 1,790,067	\$ 23,212,325	\$ 9,616,172
Receivables:						
Accounts	1,433,339	1,346,659	561,058	3,247	3,344,303	149,783
Interest	36,124	15,279	5,907	5,063	62,373	26,627
Due From Other Governments	-	-	30,495	-	30,495	53
Delinquent Special Assessments	321,679	6,420	-	-	328,099	-
Deferred Special Assessments	52,993	79,489	201,252	-	333,734	-
Special Deferred Special Assessments	117,280	175,920	-	-	293,200	-
Inventory	-	-	-	1,109,842	1,109,842	95,176
Prepaid Items	23,269	-	65	14,016	37,350	369,198
Total Current Assets	15,016,413	7,419,647	3,393,426	2,922,235	28,751,721	10,257,009
Noncurrent Assets						
Capital Assets:						
Property, Plant and Equipment	133,052,395	82,658,592	49,988,698	3,189,697	268,889,382	10,853,009
Less Accumulated Depreciation	(76,339,068)	(47,783,859)	(24,066,435)	(1,368,349)	(149,557,711)	(5,306,206)
Total Noncurrent Assets	56,713,327	34,874,733	25,922,263	1,821,348	119,331,671	5,546,803
Total Assets	71,729,740	42,294,380	29,315,689	4,743,583	148,083,392	15,803,812
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Other Post Employment Benefits	5,312	1,525	819	1,014	8,670	110,233
Pensions	269,972	72,135	51,780	121,609	515,496	-
Total Deferred Outflows of Resources	275,284	73,660	52,599	122,623	524,166	110,233
Total Assets and Deferred Outflows of Resources	72,005,024	42,368,040	29,368,288	4,866,206	148,607,558	15,914,045
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	388,112	46,250	30,081	609,386	1,073,829	836,454
Salaries Payable	48,832	13,892	8,615	23,544	94,883	39,901
Bond Interest Payable	19,230	463	-	-	19,693	-
Due to Other Governments	5,613	3,997	-	125,189	134,799	170,752
Due to Other Funds	-	-	157,170	-	157,170	-
Unearned Revenue	-	-	-	7,163	7,163	595
Current Portion of Total OPEB Liability	5,312	1,525	819	1,014	8,670	110,233
Current Portion of Bonds Payable	540,000	90,000	-	-	630,000	-
Current Portion of Compensated Absences	99,292	16,152	19,694	24,540	159,678	960,247
Total Current Liabilities	1,106,391	172,279	216,379	790,836	2,285,885	2,118,182
Noncurrent Liabilities:						
Total OPEB Liability	118,521	34,018	18,280	22,614	193,433	2,459,396
Net Pension Liability	1,505,073	402,142	288,672	677,975	2,873,862	-
Bonds Payable	1,778,025	103,482	-	-	1,881,507	-
Advances from Other Funds	-	-	785,852	-	785,852	-
Compensated Absences	105,308	17,130	20,887	26,026	169,351	1,004,261
Total Noncurrent Liabilities	3,506,927	556,772	1,113,691	726,615	5,904,005	3,463,657
Total Liabilities	4,613,318	729,051	1,330,070	1,517,451	8,189,890	5,581,839
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pensions	433,036	115,705	83,056	195,064	826,861	-
Total Liabilities and Deferred Inflows of Resources	5,046,354	844,756	1,413,126	1,712,515	9,016,751	5,581,839
<b>NET POSITION</b>						
Net Investment in Capital Assets	54,395,302	34,681,251	25,922,263	1,821,348	116,820,164	5,546,803
Unrestricted	12,563,368	6,842,033	2,032,899	1,332,343	22,770,643	4,785,403
Total Net Position	\$ 66,958,670	\$ 41,523,284	\$ 27,955,162	\$ 3,153,691	139,590,807	\$ 10,332,206
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds					(180,572)	
Total Net Position-Business-Type Activities					\$ 139,410,235	

City of Eden Prairie, Minnesota  
Proprietary Funds  
Statement of Revenues, Expenses and  
Changes in Net Position  
For the Year Ended December 31, 2018

	Water Fund	Wastewater Fund	Stormwater Fund	Liquor Fund	Total	Governmental Activities - Internal Service Fund
<b>SALES AND COST OF SALES</b>						
Sales	\$ -	\$ -	\$ -	\$ 10,559,515	\$ 10,559,515	\$ -
Cost of Sales	-	-	-	(7,718,631)	(7,718,631)	-
Gross Profit	-	-	-	2,840,884	2,840,884	-
<b>OPERATING REVENUE</b>						
Sales	8,412,424	6,356,014	2,726,255	-	17,494,693	-
Charges for Services	-	-	-	-	-	17,215,519
Rental	-	-	-	243,874	243,874	946,133
Other	9,731	-	-	45,336	55,067	-
Total Operating Revenues	8,422,155	6,356,014	2,726,255	289,210	17,793,634	18,161,652
<b>OPERATING EXPENSE</b>						
Personnel Services	2,453,796	700,063	698,961	1,042,808	4,895,628	8,608,261
Supplies						
Supplies	70,584	35,506	53,308	28,899	188,297	61,526
Cleaning Supplies	9,301	-	-	-	9,301	138,059
Motor Fuel	19	-	-	-	19	425,875
Tires	-	-	-	-	-	80,419
Chemicals	626,860	-	-	-	626,860	-
Repair and Maintenance Supplies	259,303	55,143	62,198	5,426	382,070	445,238
Contractual Services						
Contractual Services	594,797	254,010	283,546	146,408	1,278,761	2,942,884
Software	56,202	56,202	-	1,695	114,099	997,372
Janitorial Services	50,288	-	-	53,756	104,044	1,028,107
Lime Residual Removal	321,575	-	-	-	321,575	-
Building Rent	-	-	-	272,316	272,316	-
Licenses, Permits, Taxes	170,641	135	1,670	92,882	265,328	206,784
Repair and Maintenance	437,406	82,163	23,294	21,387	564,250	211,012
Utilities	696,723	26,025	1,155	83,110	807,013	1,626,650
MCES Fees	-	4,186,455	-	-	4,186,455	-
Bank and Credit Card Fees	41,095	41,053	-	204,200	286,348	-
User Charges	344,459	249,191	109,459	186,890	889,999	-
Capital Under \$25,000	1,353,002	19,844	20,534	-	1,393,380	321,715
Total Operating Expenses	7,486,051	5,705,790	1,254,125	2,139,777	16,585,743	17,093,902
Operating Income (Loss) Before Depreciation	936,104	650,224	1,472,130	990,317	4,048,775	1,067,750
Depreciation	2,881,198	1,738,001	1,081,097	115,367	5,815,663	1,189,650
Operating Income (Loss) Before Nonoperating Revenue / Expense	(1,945,094)	(1,087,777)	391,033	874,950	(1,766,888)	(121,900)
<b>NONOPERATING REVENUE (EXPENSE)</b>						
Grants	3,525	-	5,247	-	8,772	-
Investment Income	219,321	92,463	34,990	30,567	377,341	172,016
Interest	(78,163)	(8,025)	(11,002)	-	(97,190)	-
Amortization of Bond Premiums	18,219	4,241	-	-	22,460	-
Fiscal Agent Fees	(1,121)	(263)	-	-	(1,384)	-
Gain/(Loss) on Disposition of Capital Assets	-	-	60,499	(54,223)	6,276	231,027
Miscellaneous	3,535	-	3,358	5,000	11,893	59,622
Total Nonoperating Revenues (Expenses)	165,316	88,416	93,092	(18,656)	328,168	462,665
Income (Loss) Before Contributions and Transfers	(1,779,778)	(999,361)	484,125	856,294	(1,438,720)	340,765
Contributions - from Governmental Activities	-	-	-	-	-	172,890
Transfers In	-	-	-	-	-	54,179
Capital Access Charges	1,505,970	369,330	-	-	1,875,300	-
Capital Special Assessments	65,034	15,510	979	-	81,523	-
Transfers Out	(265,786)	(125,183)	(59,433)	(800,000)	(1,250,402)	-
Change in Net Position	(474,560)	(739,704)	425,671	56,294	(732,299)	567,834
Net Position - Beginning	67,433,230	42,262,988	27,529,491	3,097,397	140,323,106	9,764,372
Net Position - Ending	\$ 66,958,670	\$ 41,523,284	\$ 27,955,162	\$ 3,153,691	139,590,807	\$ 10,332,206
Adjustment to reflect the consolidation of Internal Service Funds activities related to Enterprise Funds					(73,747)	
Change in Net Position of Business-Type Activities					<u>\$ (806,046)</u>	

City of Eden Prairie, Minnesota  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended December 31, 2018

	Water Fund	Wastewater Fund	Stormwater Fund	Liquor Fund	Totals	Governmental Activities - Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts From Customers	\$ 8,380,196	\$ 6,482,530	\$ 2,663,205	\$ 10,848,007	\$ 28,373,938	\$ 17,226,018
Payments to Vendors	(4,890,131)	(4,623,611)	(417,595)	(8,728,860)	(18,660,197)	(7,993,179)
Payments to Employees	(2,527,696)	(760,984)	(577,631)	(1,117,653)	(4,983,964)	(7,787,275)
Other Receipts	9,731	-	-	-	9,731	1,005,755
Net Cash Provided (Used) By Operating Activities	972,100	1,097,935	1,667,979	1,001,494	4,739,508	2,451,319
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment Income	209,762	87,964	32,128	28,975	358,829	165,590
Net Cash Provided (Used) By Investing Activities	209,762	87,964	32,128	28,975	358,829	165,590
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Grants	3,525	-	5,247	-	8,772	-
Transfers in	-	-	-	-	-	54,179
Payments From Other Funds	-	-	(157,171)	-	(157,171)	-
Transfers (Out)	(265,786)	(125,183)	(59,433)	(800,000)	(1,250,402)	-
Net Cash Provided (Used) By Noncapital Financing Activities	(262,261)	(125,183)	(211,357)	(800,000)	(1,398,801)	54,179
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>						
Acquisition and Construction of Capital Assets	(619,657)	(116,444)	(247,786)	-	(983,887)	(2,037,124)
Proceeds From Sale of Equipment	-	-	60,499	-	60,499	403,917
Access Charges	1,505,970	369,330	-	-	1,875,300	-
Special Assessments	65,034	15,510	979	-	81,523	-
Principal Paid on Debt	(520,000)	(90,000)	-	-	(610,000)	-
Interest and Fiscal Agent Paid on Debt	(81,961)	(8,512)	(11,002)	-	(101,475)	-
Net Cash Provided (Used) By Capital Financing Activities	349,386	169,884	(197,310)	-	321,960	(1,633,207)
Net Increase (Decrease) in Cash and Cash Equivalents	1,268,987	1,230,600	1,291,440	230,469	4,021,496	1,037,881
Cash and Cash Equivalents, January 1	11,762,742	4,565,280	1,303,209	1,559,598	19,190,829	8,578,291
Cash and Cash Equivalents, December 31	\$ 13,031,729	\$ 5,795,880	\$ 2,594,649	\$ 1,790,067	\$ 23,212,325	\$ 9,616,172

City of Eden Prairie, Minnesota  
Proprietary Funds  
Statement of Cash Flows  
For the Year Ended December 31, 2018

	Water Fund	Wastewater Fund	Stormwater Fund	Liquor Fund	Totals	Governmental Activities - Internal Service Fund
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating Income (Loss)	\$ (1,945,094)	\$ (1,087,777)	\$ 391,033	\$ 874,950	\$ (1,766,888)	\$ (121,900)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	2,881,198	1,738,001	1,081,097	115,367	5,815,663	1,189,650
Miscellaneous	3,535	-	3,358	5,000	11,893	59,622
(Increase) Decrease in Assets and Deferred Outflows:						
Accounts Receivable	(172,255)	(130,325)	(77,246)	(2,204)	(382,030)	63,249
Special Assessments Receivable	140,027	256,841	14,196	-	411,064	-
Due From Other Governments	6,334	-	130,037	-	136,371	122
Inventory	-	-	-	78,476	78,476	6,288
Prepaid Items	(16,445)	348,871	(65)	(13,956)	318,405	211,824
Other Post Employment Benefits (Deferred Outflow)	(5,312)	(1,525)	(819)	(1,014)	(8,670)	(110,233)
Pensions (Deferred Outflow)	213,637	59,557	8,882	102,480	384,556	-
Increase (Decrease) in Liabilities and Deferred Inflows:						
Accounts Payable	146,979	29,248	4,389	15,175	195,791	272,962
Salaries Payable	9,772	4,412	4,652	405	19,241	4,713
Unearned Revenue	-	-	-	1,486	1,486	(52,750)
Due to Other Governments	1,721	3,997	(150)	2,045	7,613	1,266
Other Post Employment Benefits	(10,917)	(35,863)	6,478	(16,792)	(57,094)	942,145
Net Pension Liability	(378,927)	(110,889)	52,352	(195,016)	(632,480)	-
Pensions (Deferred Inflow)	80,093	19,596	38,785	31,521	169,995	-
Compensated Absences	17,754	3,791	11,000	3,571	36,116	(15,639)
Net Cash Provided (Used) by Operating Activities	\$ 972,100	\$ 1,097,935	\$ 1,667,979	\$ 1,001,494	\$ 4,739,508	\$ 2,451,319
Noncash Investing, Capital and Financing Activities:						
Amortization of Bond Premium	(18,219)	(4,241)	-	-	(22,460)	-

**City of Eden Prairie, Minnesota**  
**Agency Funds**  
**Statement of Fiduciary Net Position**  
**December 31, 2018**

	<u>Total</u>
<b>ASSETS</b>	
Cash and Investments	\$ 1,589,907
Accounts Receivable	92,495
Total Assets	<u>\$ 1,682,402</u>
<b>LIABILITIES</b>	
Accounts Payable	\$ 1,075,560
Due to Other Governments	606,842
Total Liabilities	<u>\$ 1,682,402</u>

## City of Eden Prairie, Minnesota Notes to Financial Statements

### Note 1—Summary of Significant Accounting Policies

#### Reporting Entity

The City of Eden Prairie is a municipal corporation governed by an elected mayor and four-member council. The accompanying financial statements consist of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the financial statements from being misleading. The criteria used to determine if the primary government is financially accountable for a potential component unit include whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

#### Blended Component Unit

The Housing and Redevelopment Authority (H.R.A.) is a body organized and existing under the laws of the State of Minnesota. The Authority was established in 1980 by the City to carry out certain redevelopment projects within the City and is governed by the City Council and the Mayor. The City also has an operational responsibility for the H.R.A. The H.R.A. has a December 31 year-end and does not issue financial statements. This unit is included within the H.R.A. and Economic Development funds.

#### 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 segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, service or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### Measurement Focus, Basis of Accounting and Statement Presentation

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 proprietary funds are reported as separate columns in the fund financial statements.

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## City of Eden Prairie, Minnesota Notes to Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary fund financial statements include Agency funds, which utilize the accrual basis of accounting, but 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 the 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, interest and special assessments are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when payment is received by the City.

The City reports the following major governmental funds:

- The General fund is the City's primary operating fund. It accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.
- The Capital Improvement Maintenance fund accounts for the accumulation of resources to be used for capital improvements and maintenance of City property.
- The Shady Oak Road North fund accounts for the accumulation of resources to be used for the reconstruction of Shady Oak Road from Rowland Road through the Highway 62 interchange.
- The Shady Oak Road South fund accounts for the accumulation of resources to be used for the reconstruction of Shady Oak Road from Flying Cloud Drive to Rowland Road.
- The Aquatics & Fitness Expansion fund accounts for the accumulation of resources to be used for an upgrade to the Community Center pool.
- The Eden Prairie Road fund accounts for proceeds of bonds sold to finance the construction of Eden Prairie Road.
- The General LRT fund accounts for the accumulation of resources to be used for the completion of the Town Center Station, Urban Grid roadway system, extension of Eden Road to the station and upgrade/betterments of amenities within Eden Prairie beyond the base product.

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## City of Eden Prairie, Minnesota Notes to Financial Statements

The City reports the following major proprietary funds:

- The Water fund accounts for the operations of the City water system.
  - The Wastewater fund accounts for the operations of the City wastewater service.
  - The Stormwater Drainage fund accounts for the operations of the City's stormwater system.
  - The Liquor fund accounts for the operations of the City's three retail liquor stores and the operations of the City-owned Den Road building which is leased to City liquor operations and other tenants.
- Additionally, the city reports the following fund types:
- Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. Internal Service funds include Health & Benefits, Severance, Workers Compensation, Property Insurance, Facilities, Fleet, and Information Technology.
  - Fiduciary funds include Agency funds that account for various deposits, collections and remittances of expenses for accumulating donations and contributions in the Escrow fund, WAFTA, Metropolitan Council Environmental Services funds (MCES) and the 494 Corridor Commission.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are payments in-lieu of taxes and other charges between the City's water, wastewater, and storm water function and various other functions of the City.

Elimination of these charges would distort the direct costs and program revenues reported from the various functions concerned.

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 revenue of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## City of Eden Prairie, Minnesota Notes to Financial Statements

### Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

#### Cash and Investments

Cash and investments, except for small amounts of cash on hand, are deposited in pooled accounts of the City. The City invests cash surpluses in these accounts; and investment earnings, as well as gains and losses on sales of securities, are allocated to the various funds on the basis of average cash balances. Funds with deficit cash balance averages (interfund payable) are charged interest equivalent to the average investment earnings lost in financing the deficits. For purposes of the statement of cash flows, the Proprietary funds consider all unrestricted investments held in the pooled accounts of the City to be cash equivalents because this pool is used essentially as a demand deposit account. Investments are stated at their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools that meet the criteria of GASB Statement No. 79 are valued at amortized costs. If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31.

#### Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans) or advances to/from other funds. All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

#### Inventories and Prepaid Items

Liquor fund inventories are valued at average cost. The Fleet fund's inventories are valued at cost. All inventories use the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

#### Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with



## City of Eden Prairie, Minnesota Notes to Financial Statements

an initial individual cost of more than \$25,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at acquisition 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.

The City has chosen to use the modified approach for its infrastructure assets which means the following criteria will take place:

- The City will preserve and maintain infrastructure assets at a condition level of 70.
- The Engineering department will be in charge of determining the appropriate condition level at which these assets are to be maintained.
- The City will maintain an inventory of these assets and perform a condition assessment every 3 years to establish that the condition level of 70 is being maintained.
- The City will make annual estimates of the amounts that must be expended to preserve and maintain these assets at the condition level of 70.

Property, plant, and equipment, except for infrastructure, of the City are depreciated using the straight line method over the following estimated useful lives:

Buildings	5-50 years
Land improvements	10-50 years
Leasehold improvements	10-25 years
Equipment	5-30 years
Autos	5-20 years
Other assets	5-30 years
Distribution system	20-50 years
Intangible assets	3 years

The City has chosen to implement early GASB Statement No. 89. This statement is effective for reporting periods after December 15, 2019, however, early implementation was encouraged. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense and not included in the cost of a capital asset.

### 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 will not be recognized as

## City of Eden Prairie, Minnesota Notes to Financial Statements

an outflow of resources (expense/ expenditure) until then. The City has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, the deferred charge for pensions (see Pension section below for explanation) and the deferred charge for OPEB (see OPEB section below for explanation). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. It is the deferred charge for pensions (see Pension section below for explanation). The City also has one type of item, which arises under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, loans and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

### Pensions

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 PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that 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. For the governmental activities, the net pension liability will be liquidated through the General fund.

For purposes of measuring the liability, deferred outflows of resources and deferred inflows of resources, and expense associated with the City's requirement to contribute to the Eden Prairie Firefighter Relief Association, information about the Plan's fiduciary net position and additions to/deductions from the Eden Prairie Firefighter Relief Association Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, and OPEB expense, the City recognizes benefit payments when due and payable in accordance with the benefit terms. The City's benefit payments consist of the implicit rate subsidy, and subsidized premiums for officers injured in the line of duty. The City adopted GASB Statement 75-Accounting and Financial Reporting for Postemployment Benefits Other Than Pension in 2018.

## City of Eden Prairie, Minnesota Notes to Financial Statements

### Compensated Absences

The City compensates employees upon termination for unused paid time off (PTO). Such pay will be reflected as a liability in the government-wide financial statement and accrued as an expense as it is earned in an internal service fund.

### General Property Taxes

Property tax levies are set by the City Council in December each year and are certified to Hennepin County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

The County spreads all levies over taxable property. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Revenues are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to taxing districts in February, June, and December.

In the governmental fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes receivable and are fully offset by unavailable revenue because they are not available to finance current expenditures.

### Special Assessment Levies

Special assessments represent the financing for public improvements paid for by the benefiting property owner. In the fund financial statements, special assessment revenue and related interest income is generally recognized in the year collected. Hennepin County acts as the billing and collection agent. Amounts collected by the County during the year that have not yet been remitted to the City are considered collections for purposes of revenue recognition.

Deferred special assessments receivable represents principal amounts due in future years. Special deferred assessments receivable includes Green Acres, disability, senior citizen owned property or other qualified hardship properties. These special assessments are deferred until such time the property loses its exempt status. While these taxes remain a valid receivable, the timing of their collection is uncertain. Interest accrues from the year of the deferment.

Delinquent special assessments receivable represents special assessments principal and interest that are past due. In the governmental fund financial statements, deferred and delinquent special assessments receivable are fully offset by deferred inflows of resources because such assessment revenue is not available currently.

## City of Eden Prairie, Minnesota Notes to Financial Statements

### Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest 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 is reported as other financing sources. Premiums and discounts on debt issuances are reported as other financing sources/uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Fund Balance Classifications

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 assets and assets that are legally or contractually required to be maintained intact.
- *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. These constraints are established by Resolution of the City Council. Only the Council can remove or change the constraints placed on committed fund balances by resolution.
- *Assigned*-consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City's intended use. These constraints are established by the City council and/or management. Pursuant to City Council Resolution, the City Manager or Finance Manager is authorized to establish assignments of fund balance.
- *Unassigned*-is the residual classification for the general fund and 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 unrestricted resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned 3) unassigned.

The City's fund balance policy requires the unassigned for working capital fund balance component to equal 50% of the next year's budgeted tax revenue. In recognition that the amount for working capital only covers operating costs for the first six months of the year, the City will maintain an unassigned fund

City of Eden Prairie, Minnesota  
Notes to Financial Statements

balance component for budget stabilization which is 15% of the next year's budget. If the balance falls below 15%, a plan would be developed and implemented to replenish the fund.

**Prior Period Comparative Financial Information/Reclassification**

The financial statements include certain prior year partial comparative information but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2017, from which the summarized information was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**Note 2—Stewardship, Compliance and Accountability**

**Budgetary Information**

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General fund. The City does not budget for its Special Revenue funds. All annual appropriations lapse at fiscal year end.

The proposed budget is presented to the City Council for review. The Council then holds truth-in-taxation meeting after which a final General Fund annual budget is legally adopted by no later than December 31.

The appropriated budget is prepared by department and division. The City's directors and division managers may make transfers of appropriations within a division. Transfers of appropriations between departments require the approval of the City Manager. The legal level of budgetary control is the fund level. Any changes in the total budget of each fund must be approved by a majority vote of the City Council. During the year, adjustments between the original and final General fund amended budget resulted in an increase of \$51,172. Following are changes made to the original budget during the year:

Records Management	Inspection Scanning	\$	6,000
Elections	Staffing		28,906
Planning	Comprehensive Plan		16,266
		\$	<u>51,172</u>

General fund expenditures equal \$45,455,193 or 99.5% of the annual amount budgeted of \$45,696,824. All departments except Parks have spent less than 100% of the amounts budgeted.

**Deficit Fund Equity**

The following governmental funds had deficit fund balance/net position at December 31, 2018:

City of Eden Prairie, Minnesota  
Notes to Financial Statements

Major Funds:		\$	867,677
Eden Prairie Road			2,699,549
General LRT			
Non-Major Governmental Funds:			
Eden Prairie Rd Connect to Flying Cloud			916,086
Homeowners Improvements Area			29,002
Internal Service Funds:			
Health and Benefits			1,522,241
Severance			609,693

The fund balance deficits of these individual Capital Project funds will be financed by municipal state aid, special assessments and other future City planned funding as identified in the City's Capital Improvement Plan. The fund balance deficit of the Severance Internal Service fund will be financed by user charges. The fund balance deficit of the Health and Benefits fund is due to the OPEB liability which the City will not fund since it pertains only to the Implicit Rate.

**Note 3—Cash and Investments**

**Components of Cash and Investments**

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

Investments	\$	91,695,602
Cash on hand		11,415
Total	\$	<u>91,707,017</u>

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

Statement of Net Position		
Cash and cash equivalents	\$	90,117,110
Statement of Fiduciary Net Position		
Cash and investments		1,589,907
	\$	<u>91,707,017</u>

**Deposits:**

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

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

City of Eden Prairie, Minnesota  
Notes to Financial Statements

**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 obligation rate "A" or better; revenue obligations rate "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificated 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. It is the City's policy to limit collateral to what is authorized by Minnesota Statutes.

At year-end, the carrying amount of the City's deposits was \$0 while the balance on the bank records was \$0. At December 31, 2018, 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.

**Investments**

As of December 31, 2018, the city had the following investments and maturities:

	Investment Maturities (in Years)		
	Total	Less Than 1 Year	1 to 5 Years
U.S. Agencies	\$ 48,109,312	\$ 27,708,647	\$ 20,400,665
Municipal Bonds	4,919,485	2,588,390	2,331,095
Commercial Paper	454,803	454,803	-
Negotiable Certificate of Deposit	11,116,879	6,156,641	4,960,238
Bankers Acceptance	8,023,935	8,023,935	-
Mutual Funds	19,071,188	19,071,188	-
<b>Total</b>	<b>\$ 91,695,602</b>	<b>\$ 64,003,604</b>	<b>\$ 27,691,998</b>

City of Eden Prairie, Minnesota  
Notes to Financial Statements

	US Agencies	Municipal Bonds	Commercial Paper	Negotiable Certificate of Deposit	Bankers Acceptance	Mutual Funds	Total
<b>Moody's</b>	\$ 45,637,397	\$ 1,296,799	\$ -	\$ -	\$ -	\$ -	\$ 46,934,196
AAA	-	861,881	-	-	-	-	861,881
AA1	-	851,182	-	-	-	-	851,182
AA3	2,222,523	-	454,803	11,116,879	8,023,935	19,071,188	40,889,328
<b>N/A N/R</b>	-	-	-	-	-	-	-
<b>S&amp;P</b>	-	304,413	-	-	-	-	304,413
A+	-	493,355	-	-	-	-	493,355
AA	249,392	-	-	-	-	-	249,392
AA+	-	440,408	-	-	-	-	440,408
AA-	-	671,647	-	-	-	-	671,647
AAA	\$ 48,109,312	\$ 4,919,485	\$ 454,803	\$ 11,116,879	\$ 8,023,935	\$ 19,071,188	\$ 91,695,602

Moody's Investors Service was used as the primary agency for the municipal bond ratings, in the case that Moody's did not provide a rating a Standard & Poor's was used.

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

**Interest Rate Risk**

Per City policy, the City will match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities will be disclosed to the City Council. Currently, the City does not have any investments maturing more than five years from the date of purchase.

**Credit Risk**

It is the City's policy to limit its investments to the following types, which are also authorized by Minnesota Statutes:

- Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described above or in general obligation tax exempt securities, or repurchase or reverse repurchase agreements.

City of Eden Prairie, Minnesota  
Notes to Financial Statements

- Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers, or, a bank qualified as a depositor.
- Commercial paper issued by United States corporations or their Canadian subsidiaries, of the higher quality, and maturing in 270 days or less.
- Banker's acceptance of U.S. banks eligible for purchase by the Federal Reserve System.
- General obligations of a state or local government.
- Money market mutual funds meeting the conditions of rule 2a-7 of the Securities and Exchange Commission. The fair value of the position in the pool is the net asset value per share provided by the pool.

Additionally, because the City's most recently issued GO bonds carried an AAA rating, Minnesota Statutes also allow the City to invest funds in:

- Index mutual funds based in the United States and indexed to a broad market United States equity index.
- Minnesota State Board of Investments, subject to such terms and minimum amounts as may be adopted by the board.

However, these investment types are not allowed per the City's investment policy.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the city will 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 investments are held in safe keeping. The City's investment policy specifically addresses custodial credit risk by requiring investments to be held at the Federal Reserve Bank or any bank authorized under the laws of the United States.

**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 policy specifically addresses the City's desire to limit risk by avoiding over concentration in securities from a specific issuer and by setting allocation guidelines to diversify the types of securities in the portfolio. At year end, the City held the following investment in securities with a single issuer which exceeded 5%.

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Issuer	Percentage
FHLB	5.3%
FNMA	5.1%
US Bank (BA)	8.8%

**Fair Value Measurements**

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.
- Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly or substantially the full term through corroboration with observable market data.
- Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants and would use in pricing the asset.

Assets measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
U.S. Agencies	\$ 34,824,270	\$ 13,285,042	\$ -	\$ 48,109,312
Municipal Bonds	-	4,919,485	-	4,919,485
Negotiable Certificates of Deposit	-	11,116,879	-	11,116,879
	\$ 34,824,270	\$ 29,321,406	\$ -	\$ 64,145,676

Investments measured at amortized cost

	27,549,926
	<u>\$ 91,695,602</u>

City of Eden Prairie, Minnesota  
Notes to Financial Statements

Note 4—Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	2018 Beginning Balance	Transfers	Increases	Decreases	2018 Ending Balance
<b>GOVERNMENTAL ACTIVITIES</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 22,011,188	\$ (2,500)	\$ 100,581	\$ 264,438	\$ 21,844,811
Infrastructure	134,731,967	562,828	328,383	-	135,623,178
Work in Progress	2,312,685	(1,897,854)	1,229,720	-	1,644,751
Total Capital Assets, Not Being Depreciated	159,055,840	(1,337,326)	1,658,684	264,438	159,112,740
Capital Assets, Being Depreciated					
Buildings	72,646,442	-	129,982	71,164	72,705,260
Land Improvements	18,965,637	1,945,253	883,172	89,600	21,704,462
Leasehold Improvements	77,318	-	-	-	77,318
Machinery and Equipment	4,908,118	-	518,709	371,218	5,055,609
Autos	11,061,930	-	1,035,819	447,727	11,650,022
Other Assets	9,613,746	(607,927)	405,416	300,204	9,111,031
Total Capital Assets, Being Depreciated	117,273,191	1,337,326	2,973,098	1,279,913	120,303,702
Total Capital Assets, Cost	276,329,031	-	4,631,762	1,544,351	279,416,442
Less Accumulated Depreciation for					
Buildings	18,137,263	-	2,266,148	38,605	20,364,806
Land Improvements	8,150,090	28,353	1,021,006	73,292	9,126,157
Leasehold Improvements	67,863	-	5,054	-	72,917
Machinery and Equipment	3,902,525	-	419,942	371,218	3,951,249
Autos	7,810,670	-	851,927	432,677	8,229,920
Other Assets	5,421,921	(28,353)	693,368	300,204	5,786,732
Total Accumulated Depreciation	43,490,332	-	5,257,445	1,215,996	47,531,781
Total Capital Assets, Being Depreciated, Net	73,782,859	1,337,326	(2,284,347)	63,917	72,771,921
Governmental Activities Capital Assets, Net	\$ 232,838,699	\$ -	\$ (625,683)	\$ 328,355	\$ 231,894,661

City of Eden Prairie, Minnesota  
Notes to Financial Statements

	2018 Beginning Balance	Transfers	Increases	Decreases	2018 Ending Balance
<b>BUSINESS-TYPE ACTIVITIES</b>					
Capital Assets, Not Being Depreciated					
Land	\$ 766,958	\$ -	\$ 260,361	\$ -	\$ 1,027,319
Work in Progress	164,320	(136,823)	491,589	-	519,086
Total Capital Assets, Not Being Depreciated	931,278	(136,823)	751,950	-	1,546,405
Capital Assets, Being Depreciated					
Land Improvements	107,304	58,375	-	-	165,679
Buildings	59,234,176	136,823	-	-	59,370,999
Distribution System	199,337,722	-	-	-	199,337,722
Leasehold Improvements	847,866	-	-	120,472	727,394
Machinery and Equipment	6,535,968	-	231,937	149,036	6,618,869
Autos	943,189	-	-	-	943,189
Other Assets	237,500	(58,375)	-	-	179,125
Total Capital Assets, Being Depreciated	267,243,725	136,823	231,937	269,508	267,342,877
Total Capital Assets, Cost	268,175,003	-	983,887	269,508	268,889,382
Less Accumulated Depreciation for					
Land Improvements	41,979	58,375	4,950	-	105,304
Buildings	33,196,207	-	1,354,587	-	34,550,794
Distribution System	106,546,239	-	4,003,928	-	110,550,167
Leasehold Improvements	611,556	-	77,348	66,249	622,655
Machinery and Equipment	2,465,840	-	335,527	149,036	2,652,331
Autos	858,012	-	39,323	-	897,335
Other Assets	237,500	(58,375)	-	-	179,125
Total Accumulated Depreciation	143,957,333	-	5,815,663	215,285	149,587,711
Total Capital Assets, Being Depreciated, Net	123,286,392	136,823	(5,583,726)	54,223	117,795,266
Business-Type Activities Capital Assets, Net	\$ 124,217,670	\$ -	\$ (4,831,776)	\$ 54,223	\$ 119,331,671

City of Eden Prairie, Minnesota  
Notes to Financial Statements

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

<b>Governmental Activities</b>	<b>\$</b>
Administration	333,691
Community Development	31,388
Police	214,617
Fire	301,546
Public Works	332,717
Parks and Recreation	2,853,836
Capital Assets Held by the Government's Internal Service Funds are Charged to the Various Functions Based on their Usage of the Assets	1,189,650
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 5,257,445</b>

**Business-Type Activities**

Water	\$ 2,881,198
Wastewater	1,738,001
Stormwater	1,081,097
Liquor	115,367
<b>Total Depreciation Expense - Business-Type Activities</b>	<b>\$ 5,815,663</b>

**Note 5—Notes/Loans Receivable**

The City has entered into note agreements with Eden Prairie residents to either improve the quality of housing and/or to increase the availability of affordable housing. These note agreements are secured by a secured lien that is placed on the property. Depending on the agreement, the note is interest free and is due either when the home sells or 20 years or 30 years, whichever occurs first.

The City has also entered into a note agreement with Climatech to help fund planned renovations through DEED's Minnesota Investment Fund. The program required the City to apply for the grant on behalf of Climatech and act as a conduit between DEED and the business. If Climatech meets the job creation and wage commitments, \$100,000 of the note principal will be forgiven. The remaining \$270,000 will be repaid over 7 years at an interest rate of 2.0%.

The City has entered into a \$500,000 TIF note agreement with the developer Elevate for site improvement costs to redevelop the vacant Ruby Tuesdays and Anchor Bank. The new six-story building will include 222 apartment units over approximately 13,000 square feet of retail and restaurants. The note will bear simple interest at the rate of 1% per annum. The interest and principal shall be paid on the earlier of (a) the end of the term of the HUD Mortgage (40 years) or (b) a sale, refinancing or exchange of the Project by the Developer, at which time all principal plus accrued interest shall be paid in a lump sum.

City of Eden Prairie, Minnesota  
Notes to Financial Statements

Project	Notes Receivable
Home Buyer Assistance Program	\$ 178,252
Rehabilitation Assistance Program	220,998
Climatech DEED	188,833
Elevate TOD	500,000
	<u>\$ 1,088,083</u>

**Note 6—Interfund Receivables and Payables**

The composition of due to/from balances as of December 31, 2018, is as follows:

	Due From		Due To		Advances To	
	Other Funds	Other Funds	Other Funds	Other Funds	Other Funds	Other Funds
Capital Improvement Maintenance	\$ 1,420,800	\$ -	\$ -	\$ 785,852	\$ -	\$ -
Eden Prairie Road	-	-	864,369	-	-	-
General LRT	-	-	399,261	-	-	-
Non-Major Governmental Funds	888,873	-	888,873	-	-	-
Stormwater Fund	-	-	157,170	-	-	785,852
<b>Total</b>	<b>\$ 2,309,673</b>	<b>\$ 2,309,673</b>	<b>\$ -</b>	<b>\$ 785,852</b>	<b>\$ -</b>	<b>\$ 785,852</b>

The funds will be repaid as special assessment revenue, taxes, grants and other future City planned funding as identified in the City's Capital Improvement Plan are received.

Interfund payables and receivables are representative of lending/borrowing arrangements to cover deficit cash balances.

City of Eden Prairie, Minnesota  
Notes to Financial Statements

**Note 7—Interfund Transfers**

The composition of interfund transfers as of December 31, 2018, is as follows:

Transfers In	Transfers Out	Amount
General	Water Fund	211,607
	Wastewater	125,183
	Stormwater	59,433
	Non-Major Governmental Funds	3,500
Capital Improvement Maintenance	General	535,343
	Liquor Fund	800,000
Aquatics & Fitness Expansion	Non-Major Governmental Funds	387,510
Non-Major Governmental Funds	General	20,000
	Capital Improvement Maintenance	300,000
	Shady Oak Road North	1,600,000
	General LRT	350,613
	Non-Major Governmental Funds	160,000
Internal Service Funds	Water Fund	54,179
<b>Total of transfers</b>		<b>\$ 4,607,368</b>

Generally, transfers are used to move revenues from the fund that collects them to the fund that the budget requires to expend them.

City of Eden Prairie, Minnesota  
Notes to Financial Statements

**Note 8—Pension Plan**

**Defined Benefit Pension Plans**

**Plan Description**

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (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.

**General Employees Retirement Plan** All full-time and certain part-time employees of the City of Eden Prairie are covered by the General Employees Retirement Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

**Public Employees Police and Fire Plan** The Police and Fire Plan, 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 Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

**Benefits Provided**

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

**General Employees Plan Benefits**

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% for each of the first 10 years of service and 1.7% for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% for all years 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 unreduced Social Security benefits capped at 66.



City of Eden Prairie, Minnesota  
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Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

**Police and Fire Plan Benefits**

Benefits for the Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1% increase. An annual adjustment will equal 2.5% any time the plan exceeds a 90% funded ratio for two consecutive years. If the adjustment is increased to 2.5% and the funded ratio falls below 80% for one year or 85% for two consecutive years, the post-retirement benefit increase will be lowered to 1%. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

**Contributions**

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

**General Employees Plan Contributions**

Coordinated Plan members were required to contribute 6.50%, of their annual covered salary in fiscal year 2018. The City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Plan for the year ended December 31, 2018, were \$1,231,656. The City's contributions were equal to the required contributions as set by state statute.

**Police and Fire Plan Contributions**

Plan members were required to contribute 10.8% of their annual covered salary and the City was required to contribute 16.20% of pay for members in fiscal year 2018. The City's contributions to the Police and Fire Plan for the year ended December 31, 2018, were \$1,260,639. The City's contributions were equal to the required contributions as set by state statute.

City of Eden Prairie, Minnesota  
Notes to Financial Statements

**Pension Costs**

**General Employee Plan Pension Costs**

At December 31, 2018, the City reported a liability of \$13,419,620 for its proportionate share of the General Employees Plan's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$16 million to the fund in 2018. 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 \$440,302. The net pension liability was measured as of June 30, 2018, 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 PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion share was .2419% which was an decrease of .0117% from its proportion share measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$1,044,363 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$102,678 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$16 million to the General Employees Plan.

At December 31, 2018, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 355,196	\$ 391,392
Changes in Actuarial Assumptions	1,281,913	1,507,838
Difference Between Projected and Actual Investment Earnings	-	1,371,272
Changes in Proportion	152,501	590,551
Contributions Paid to PERA Subsequent to the Measurement Date	617,521	-
<b>Total</b>	<b>2,407,131</b>	<b>\$ 3,861,053</b>

The deferred outflows of resources of \$617,521 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

City of Eden Prairie, Minnesota  
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Year Ended Dec 31:	Pension Expense Amount
2019	\$ 305,303
2020	(828,665)
2021	(1,267,990)
2022	(280,091)

**Police and Fire Plan Pension Costs**

At December 31, 2018, the City reported a liability of \$7,776,785 for its proportionate share of the Police and Fire Plan's net pension liability. The net pension liability was measured as of June 30, 2018, 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 PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 7.296% which was a decrease of .0214% from its proportion measured as of June 30, 2017. The City also recognized \$65,664 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota's on-behalf contributions to the Police and Fire Plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the City recognized pension expense of \$758,283 for its proportionate share of the Police and Fire Plan's pension expense.

For year ended December 31, 2018, the City recognized total pension expenses of \$2,206,235 for their proportionate shares of the pension expense for all of the plans in which they participate.

At December 31, 2018, the City reported its proportionate share of the Police and Fire Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences Between Expected and Actual Economic Experience	\$ 313,446	\$ 1,907,841
Changes in Actuarial Assumptions	9,668,477	11,448,441
Difference Between Projected and Actual Investment Earnings	-	1,628,868
Changes in Proportion	3,600	506,784
Contributions Paid to PERA Subsequent to the Measurement Date	634,542	-
Total	\$ 10,620,065	\$ 15,491,934

City of Eden Prairie, Minnesota  
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The deferred outflows of resources of \$634,542 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended Dec 31:	Pension Expense Amount
2019	\$ (306,335)
2020	(667,432)
2021	(1,246,624)
2022	(3,195,779)
2023	(90,241)

**Actuarial Assumptions**

The total pension liability in the June 30, 2018, actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.5% per year
Salary Growth	3.25% per year
Investment Rate of Return	7.5%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabled for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan, 1% per year for the Police and Fire Plan, and 2% per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

City of Eden Prairie, Minnesota  
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Police and Fire Fund

- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1% per year through 2064 and 2.5% per year, thereafter, to 1% for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric 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	36%	5.10%
International Stocks	17%	5.30%
Bonds (Fixed Income)	20%	.75%
Alternative Assets Private Markets	25%	5.90%
Cash	2%	0.0%
Total	100%	

**Discount Rate**

The discount rate used to measure the total pension liability in 2018 was 7.5%. 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 these assumptions, the fiduciary net position of the General Employees Fund and the Police and Fire Fund were 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.

**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 one percentage point lower or one percentage point higher than the current discount rate:

City of Eden Prairie, Minnesota  
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Sensitivity of Net Pension Liability at Different Discount Rate (in thousands)

	General Employees Fund	Police and Fire Fund
1% Lower	\$ 21,808,601	\$ 16,673,914
Current discount Rate	\$ 13,419,620	\$ 7,776,785
1% Higher	\$ 6,494,756	\$ 419,228

**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 Internet at [www.mnpera.org](http://www.mnpera.org).

**Defined Contribution Plan**

Five council members of the City of Eden Prairie are covered by the Defined Contribution Plan, a multiple-employer deferred compensation plan administered by PERA. The Defined Contribution Plan 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 five percent of salary which is matched by the elected official's employer. 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 two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City's during fiscal year 2018 were:

	Amount		% of Covered Payroll		Required Rates
	Employee	Employer	Employee	Employer	
\$	2,740	\$ 2,740	5.00%	5.00%	5.00%

**Defined Benefit Pension Plans – Volunteer Fire Fighter’s Relief Association**

**Plan Description**

Firefighters of the City of Eden Prairie are members of the Eden Prairie Firefighter Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association’s by-laws. As of December 31, 2017, membership includes 100 active participants, 100 retirees and beneficiaries currently receiving benefits, and 20 terminated employees entitled to benefit but not yet receiving them. The plan issues a stand-alone financial statement.

**Benefits Provided**

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age; has retired from the Eden Prairie Fire Department; has served at least 10 years of active service with such department before retirement; and, has been a member of the Association in good standing for at least 10 years prior to such retirement; shall be entitled to receive a service pension based on the vested amount of service time accrued. Full vesting occurs at 10 years of service, with no provision for partial investing. Upon retirement, an irrevocable election for one of the following two plan options must be made.

- Monthly Service Pension – Each eligible member electing this plan is entitled to receive a monthly service pension calculated by multiplying \$56 times each year that member has been an active firefighter in the Fire Department and member in good standing of the Relief Association, up to a maximum monthly pension of \$1,792.
- Lump Sum Service Pension – each eligible member electing this plan is entitled to receive a one-time lump sum service pension calculated by multiplying \$10,000 times the years of service which the member would be entitled.

Pursuant to *Minnesota Statutes* §424A.02, Subds. 2 and 4, members who retire with 10 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in *Minnesota Statutes* §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

A member, who is disabled with a fire service related disability, shall be eligible to collect a disability benefit. The member shall be eligible to receive the disability benefit immediately upon approval of the Board of Trustees. The disability benefit amount shall be equal to the service pension amount in effect on the date of the disability for each year of active service. A member must apply for and meet all the requirements for disability as defined in the bylaws in order to receive such benefits. A member currently

receiving a disability benefit shall receive all approved increases in the monthly service pension applicable to that member’s number of years of active firefighting service.

In the event of the death of an active or deferred member of the Association, the surviving spouse, if any, shall be paid 100% of the lump sum benefit for each year of service. If such member who has no surviving spouse leaves a surviving child or children, such child or children as a group shall be paid 100% of the lump sum benefit for each year of active service. If such member has no spouse and no surviving children but has a designated beneficiary on file, such beneficiary shall be paid 100% of the lump sum benefit for each year of active service. If such member has no spouse, no surviving children, and no designated beneficiary, the member’s estate shall be paid 100% of the lump sum benefit. Such death benefits are payable without regard to minimum or partial vesting requirements. If an active member dies before completing one year of active service, the Association shall pay a death benefit to his or her surviving spouse, surviving children or designated beneficiary on file in the same order and procedure as describe above of \$10,000.

In the event of the death of a retired member of the Association, the surviving spouse, if any, shall be paid until death or remarriage of the surviving spouse, monthly, two-thirds of the monthly service pension for each year of active service. If such member leave a surviving child or children in the addition to a spouse, such child or children, in the aggregate, shall be paid, monthly, the sum of one-third of the monthly service pension. If such member is survived only by a child or children, such child or children, in the aggregate, shall be paid, monthly, the sum of 100% of the monthly service pension for each year of active service.

*Minnesota Statutes* Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.

**Contributions**

*Minnesota Statutes* Chapter 424A.093 specifies minimum support rates required on an annual basis. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). The minimum contribution from the City of Eden Prairie and state aid is determined as follows:

City of Eden Prairie, Minnesota  
Notes to Financial Statements

Normal Cost for the Next Year	
+ Amortization of Unfunded Actuarial Liability as Reported in the Latest Actuarial Valuation	
+ Administrative Expenses for the Prior Year Multiplied by a Factor of 1.035	
- Anticipated State Aid (Not to Exceed the Fire Aid Received in the Prior Year Multiplied by a Factor of 1.035)	
- Anticipated Contributions Required by the Association	
= <u>Bylaws from Active Members of the Association</u>	
= <u>Minimum Municipal Obligation</u>	

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$448,846 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2017. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contribution to the plan for the year ended December 31, 2017 was \$517,955.

The City used December 31, 2017 amounts since December 31, 2018 were not available yet.

**Pension Costs**

At December 31, 2018, the City reported \$1,573,839 for the Association's net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

As a result of its requirement to contribute to the Relief Association, the City recognized fire expense of \$403,589 for the year ended December 31, 2018. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

Differences Between Expected and Actual Economic Experience	\$	-	\$	116,988
Changes in Actuarial Assumptions		467,523		-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		-		466,901
City Contributions Subsequent to the Measurement Date		523,284		-
Total	\$	990,807	\$	583,889

City of Eden Prairie, Minnesota  
Notes to Financial Statements

The City contributions to the Association subsequent to the measurement date of \$523,284, reported as deferred outflows of resources, will be recognized as an addition of the net pension asset in the year ended December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to the Association's pension will be recognized in pension expense as follows:

Year Ended Dec 31:	Pension Expense
2019	\$ 307,095
2020	193,706
2021	(281,559)
2022	(335,608)
Thereafter	-

**Actuarial Assumptions**

The actuarial total pension liability was determined as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

City of Eden Prairie, Minnesota  
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**ASSUMPTIONS FROM ACTUARIAL REPORT**

Valuation Date	12/31/16
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
	Closed
Actuarial Assumptions:	
Discount Rate	5.50%
Investment Rate of Return	5.50%
20-Year Municipal Bond Yield	3.50%
Age of Service Retirement	Later of Age 50 or 10 years of service
Mortality	Assumed life expectancies were based on the RP-2014 Generational mortality table projected with Improvement Scale MP-2016.
Disability	25% of active disabilities are assumed to be in the line of duty or fire service related.
Withdrawal	6% withdrawal assumed at age 20, decreasing 0.24% each year until 0% at age 45, with no withdrawal after age 45.
Percent Married	85.00%
Age Difference	3 years
Form of Payment	80% Annuity (66 2/3% J&S for married), 20% Lump Sum

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation are summarized in the following table:

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Asset Class	Expected Portfolio Weight	Long-Term Expected Nominal Rate of Return
Cash	5.00%	2.00%
Fixed Income	35.00%	4.00%
Equities	55.00%	7.00%
Other	5.00%	5.00%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>6.00%</b>

**Discount Rate**

The discount rate used to measure the total pension liability was 5.50%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

**Pension Liability Sensitivity**

The following presents the City of Eden Prairies proportionate share of the net pension liability of the Association, calculated using the discount rate of 5.50%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

Net Pension Liability (Asset)	1% Decrease	Discount Rate	Selected Discount Rate	1% Increase
	\$ 1,111,130	4.50%	\$ (1,573,839)	\$ (3,763,310)
Discount Rate			5.50%	6.50%

**Plan's Fiduciary Net Position**

Detailed information about the Plan's fiduciary's net position is available in a separately-issued report. That report may be obtained by writing to Eden Prairie Firefighter's Association, 14800 Scenic Heights Rd., Eden Prairie, MN 55344 or by calling (952)949-8367.

Information about the changes in the Plan's net pension liability (asset) is as follows:

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	2017	2016
<b>Total Pension Liability</b>		
Service Cost	\$ 485,961	\$ 434,587
Interest	1,123,468	1,151,849
Differences Between Expected and Actual Experience	-	(233,976)
Changes of Assumptions	-	935,047
Benefit Payments, Including Member Contribution Refunds	(1,084,111)	(1,135,264)
<b>Net Change in Total Pension Liability</b>	525,318	1,152,243
<b>Total Pension Liability - Beginning</b>	20,482,777	19,330,534
<b>Total Pension Liability - Ending (a)</b>	21,008,095	20,482,777

**Plan Fiduciary Net Position**

Municipal Contributions	387,665	388,664
State Contributions	448,846	448,848
Net Investment Income	2,776,128	892,090
Benefit Payments	(1,084,111)	(1,137,436)
Administrative Expenses	(34,700)	(56,576)
Other Changes	671	4,426
<b>Net Change in Fiduciary Net Position</b>	2,494,499	540,316

**Fiduciary Net Position - Beginning**  
**Fiduciary Net Position - Ending (b)**

20,087,435	19,547,119
22,581,934	20,087,435

**Association's Net Pension Liability/(Asset) - Ending (a) - (b)**

\$ (1,573,839)	\$ 395,342
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	General Employees Plan	Police and Fire	Fire Relief	Total
Pension Expense	\$ 1,044,363	\$ 758,283	\$ 403,589	\$ 2,206,235
Net Pension Liability	13,419,620	7,776,785	-	21,196,405
Deferred Outflows	2,407,131	10,620,065	990,807	14,018,003
Deferred Inflows	3,861,053	15,491,934	583,889	19,936,876

City of Eden Prairie, Minnesota  
Notes to Financial Statements

**Note 9—Other Post-Employment Benefits Plan**

**Plan Description**

The City's single-employer defined benefit OPEB plan provides OPEB for all permanent full-time employees of the City. The City's OPEB Plan is administered by the City. The City does not administer a trust and therefore does not issue a separate report.

**Benefits Provided**

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.

**Employees Covered by Benefit Terms**

At January 1, 2018, membership included 15 retirees and others currently receiving benefits, 4 spouses receiving payments and 275 active plan members.

**Contributions**

All post-employment benefits are based on contractual agreements with employee groups. These contractual agreements do not include any specific contribution or funding requirements.

**Total OPEB Liability**

The City's total OPEB liability was measured as of January 1, 2018 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

City of Eden Prairie, Minnesota  
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Inflation	2.5%
Salary Increases	3% average, including inflation
Healthcare cost trend rates	6.5% as of January 1, 2018 grading to 5% over 6 years

Mortality rates were based on the RP-2014 White Collar Mortality Tables with MP-2017 Generational Improvement Scale (with Blue Collar adjustment for Police and Fire Personnel).

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2015-September 30, 2017.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.3%. Since the plan is not funded by a trust, the discount rate is equal to the 20-year Municipal Bond Yield.

Total OPEB Liability	<u>\$ 2,771,732</u>
Balances at 12/31/2017	\$ 2,705,898
Changes for the Year:	
Service Cost	143,922
Interest	91,272
Benefit Payments	<u>(169,360)</u>
Net Changes	65,834
Balances at 12/31/18	<u>\$ 2,771,732</u>

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (2.3%) or 1% point higher (4.3%) than the current discount rate:

Total OPEB Liability	\$ 2,989,898	Discount Rate (3.3)%	1% Increase (4.3)%	\$ 2,570,126
		<u>\$ 2,771,732</u>		

City of Eden Prairie, Minnesota  
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**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% point lower (5.5% decreasing to 4%) or 1% point higher (7.5% decreasing to 6%) than the current healthcare cost trend rates:

Total OPEB Liability	\$ 2,508,771	Healthcare Cost Trend Rates (6.5% decreasing to 5%)	\$ 2,771,732
	\$ 2,508,771	1% Decrease (5.5% decreasing to 4%)	\$ 3,077,401
		1% Increase (7.5% decreasing to 6%)	

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended December 31, 2018, the City recognized OPEB expense of \$65,834. At December 31, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

Contributions Subsequent to the Measurement Date	\$ 118,903
<b>Total</b>	<u>\$ 118,903</u>

The City's contributions subsequent to the measurement date of \$118,903, reported as deferred outflows of resources, will be recognized as a reduction of the total OPEB liability in the City's fiscal year ended December 31, 2019.

**Note 10—Leases**

**As Lessee**

The City has entered into lease agreements for two space leases in connection with its liquor store operations. Rental expense, excluding a prorated share of real estate taxes and common area operating costs, for the year ended December 31, 2018, was approximately \$176,000.

The following is an annual schedule of future minimum lease payments under these leases.



City of Eden Prairie, Minnesota  
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Year Ended December 31	Prairie Village	Prairie View
2019	\$ 80,016	\$ 96,180
2020	88,008	-
2021	88,008	-
2022	96,012	-
2023	96,012	-
thereafter	525,422	-
	<u>\$ 973,478</u>	<u>\$ 96,180</u>

The lease agreement with Prairie Village also includes a percentage rent to the landlord during the term in the amount equal to five percent (5%) of gross sales in excess of three million for years 2019-2022 and five percent (5%) of gross sales in excess of four million for years 2023-2028.

The City has entered into a lease agreement with the Metropolitan Airports Commission for athletic fields. Rental expense for the year ended December 31, 2018, was \$4,434. The City will continue to pay this amount, escalating 3% per year for the remaining lease term, which expires September 1, 2019.

The City has entered into a lease agreement with the Metropolitan Airports Commission for community garden plots. Rental expense for the year ended December 31, 2018, was \$487. The City has renewed the lease for an additional one year term and will pay \$502 in 2019.

The City has entered into a lease agreement with the Minnesota Department of Natural Resources for the Staring Lake trail right of way. Rental expense for the year ended December 31, 2018 was \$520. The City will continue to pay \$520 annually until the rental term expires on June 30, 2022.

The City has entered into a lease agreement with CAPREF Eden Prairie LLC for office space used on the lower level of Eden Prairie Center. Rental expense for the year ended December 31, 2018 was \$4,667. The City will continue to pay \$4,667 per year for the remaining lease term which expires March 31, 2024.

The City has entered into a five year lease agreement for fire safety equipment. In 2018, the City paid \$10,895 for automatic external defibrillators, and \$12,800 for thermal imaging cameras. These lease expenses will continue through 2020.

**As Lessor**

The City occupies approximately half of the City Center building. The remaining half was leased to the Eden Prairie Independent School District and SuperValu during 2018.

The City has a lease agreement with the Eden Prairie Independent School District and received \$359,205 of rental revenue for 2018. The City will receive rent annually through May 31, 2024.

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Notes to Financial Statements

Annual rent will be \$362,284 in 2019; \$371,350 in 2020; \$380,415 in 2021; \$390,165 in 2022; \$399,915 in 2023; \$270,943 in 2024. The City also received the School District's portion of Common Area Maintenance (CAM) for maintenance, insurance and taxes.

SuperValu started paying a lump sum gross rent on March 1, 2015. The City received \$1,489,828 in gross rent for 2018. This gross rent amount is intended to cover both base rent and CAM. The City calculated SuperValu's 2018 CAM (based on the building's CAM budget and SuperValu's square footage) at \$658,927, leaving \$830,901 as Rental Revenue. The City will receive Gross Rent annually through June 30, 2022. Gross rent received will be \$1,538,341 in 2019, \$1,575,188 in 2020, \$1,612,034 in 2021, and \$819,835 in 2022.

The City has entered into a lease agreement with Smith for the rental of space located at the Smith Douglas More House. Rental income for the year ended December 31, 2018 was \$53,975. This lease will expire on

December 31, 2027. The City will receive \$34,000 annually through 2027. The City will also receive additional rent if sales exceed \$500,000.

The City has entered into a lease agreement with Eden Prairie Montessori for the rental of space located at 8098 Glen Lane. This lease agreement commenced on July 1, 2017 and continues through June 30, 2022. Rental income for the year ended December 31, 2018 was \$73,268. The City will receive \$75,858 in 2019, \$77,377 in 2020, \$78,921 in 2021, and \$39,852 in 2022.

The City has entered into a lease agreement with Ngyuen Family Inc d/b/a Lotus Nails Spa for 1,402 square feet of rental of space located in the Den Road Liquor store building. Rental income for the year ended December 31, 2018 was \$30,844. The City will receive rent annually through 2024. Annual rent will be \$31,078 in 2019, \$32,246 from 2020 to 2023, and \$10,749 in 2024.

The City has entered into a lease agreement with Jeneka LLC d/b/a Encore Consignment Boutique for 3,379 square feet of rental of space located in the Den Road Liquor store building. Rental income for the year ended December 31, 2018 was \$91,233. This was the final year of the lease for Encore Boutique.

The City has entered into a lease agreement with a tenant for the rental of space located at 9100 Riley Lake Road (the "Riley House"). Rental income for the year ended December 31, 2018 was \$6,900.

The City has entered into a lease agreement with True Friends, a Minnesota non-profit corporation, for the use of Camp Eden Wood. Base rent received was \$1 and covers the entire 20 year lease term from January 1, 2015 until December 31, 2034.

## City of Eden Prairie, Minnesota Notes to Financial Statements

The City has entered into a lease agreement with Eden Prairie Historical Society for the use of Cummins-Phipps-Grill House. Base rent received is \$1/year and will continue through March 31, 2020.

The City has entered into a lease with Eden Prairie Schools for the use of the girls hockey locker room located at the Community Center. This lease commenced on October 1, 2018 and ends on September 30, 2021. The City received \$4,356 in rental income for 2018 and will continue to receive \$4,356 annually through 2020.

The City has entered into communication facilities license agreements with AT&T, New Cingular Wireless, Great River Energy, Sprint, T-Mobile, and Verizon for cell antenna equipment placed on City property such as roofs and water tower tanks. In 2018, the City received \$322,638 in rental income. Annual rent will be \$345,564 in 2019, \$360,797 in 2020, \$367,166 in 2021, \$383,329 in 2022, \$385,284 in 2023, \$372,329 in 2024, and \$371,214 in 2025.

The City has entered into small wireless facility collocation agreements with Verizon Wireless for cellular equipment placed on City property such as light poles and traffic signal poles. For 2018, the City received \$4,800 in rental income. These rental agreements will continue until 2026 for which the City will receive \$4,800 annually.

The assets acquired for these lease agreements are as follows:

	2018 Governmental Activities	2018 Liquor Fund
Asset:		
Land	\$ 2,628,813	\$ 536,659
Land Improvements	1,551,648	-
Building	12,607,245	2,653,037
Less: Accumulated Depreciation	(6,717,193)	(1,368,348)
Total	<u>\$ 10,070,513</u>	<u>\$ 1,821,348</u>
Depreciation Expense	\$ 340,983	\$ 115,367

### Note 11—Long Term Debt

#### Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

The City also issues assessment debt with governmental commitment to provide funds for the construction of streets and utilities. These bonds will be repaid from amounts levied against the property

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## City of Eden Prairie, Minnesota Notes to Financial Statements

owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources are received. Assessment debt with governmental commitment has been issued for governmental activities.

The City also issues tax abatement bonds. These bonds and interest thereon are payable from abatements collected from certain property in the City. If abatement revenues are insufficient to meet principal and interest due, the City is required to levy ad valorem taxes without limit as to rate or amount on all taxable property in the City to make up the deficiency.

Bonds currently outstanding (in thousands of dollars) are as follows:

	Maturities	Interest Rates	Original Issue	2018 Amount Outstanding
<b>Governmental Activity</b>				
<b>General Obligation Bonds</b>				
G.O. Refunding Bonds 2011C	2021	1.25-2.10%	\$ 4,455	\$ 1,685
G.O. Refunding Bonds 2012A	2026	2.00-2.63%	5,110	4,990
G.O. Refunding Bonds 2012B	2027	2.00-2.50%	3,170	2,445
<b>Assess Debt With Govt Commit</b>				
G.O. Revolving Bonds of 2010A	2025	2.00-4.00%	1,190	615
G.O. Revolving Bonds of 2011D	2025	2.00-2.63%	1,805	1,190
G.O. Revolving Bonds of 2012C	2021	2.00%	10,250	3,905
G.O. Bonds of 2016A	2032	2.30-3.00%	2,360	2,150
<b>Tax Abatement Bonds</b>				
G.O. Tax Abatement Bonds 2014A	2035	2.00-3.75%	17,155	16,345
<b>Total Governmental Activity</b>			<u>45,495</u>	<u>33,325</u>
<b>Business Type Activity</b>				
G.O. Water & Sewer Bonds 2011A	2020	.50-3.80%	1,260	280
G.O. Bonds 2011B	2020	2.50-3.00%	3,320	710
G.O. Bonds of 2016A	2027	2.30-3.00%	1,680	1,445
<b>Total Business Type Activity</b>			<u>6,160</u>	<u>2,435</u>
<b>Capital Lease</b>	2021	1.93%	287	175
Total			<u>\$ 51,942</u>	<u>\$ 35,935</u>

Annual debt service requirements to maturity for governmental activity bonds (in thousands of dollars) are as follows:

City of Eden Prairie, Minnesota  
Notes to Financial Statements

Years Ending 12/31	G.O. Bonds		Improv. Bonds		Assessment Debt with Govt Commitment		Tax Abatement Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 1,005	\$ 172	\$ 1,885	\$ 445	\$ 445	\$ 526	\$ 3,335	\$ 889	\$ 811	\$ 811
2020	1,030	172	1,710	133	900	506	3,640	726	726	726
2021	1,050	152	1,690	95	910	479	3,650	650	650	650
2022	1,100	129	480	70	925	451	2,505	585	585	585
2023	1,135	106	495	56	920	423	2,560	518	518	518
2024	1,150	80	500	42	930	396	2,580	449	449	449
2025	1,165	52	385	28	815	369	2,365	383	383	383
2026	1,205	22	105	17	850	344	2,160	337	337	337
2027	280	4	105	14	865	319	1,250	304	304	304
2028	-	-	105	12	885	292	990	270	270	270
2029	-	-	100	9	1,210	261	1,310	232	232	232
2030	-	-	100	7	1,025	225	1,125	192	192	192
2031	-	-	100	4	1,060	188	1,160	152	152	152
2032	-	-	100	1	1,100	151	1,200	110	110	110
2033	-	-	-	-	1,130	110	1,130	67	67	67
2034	-	-	-	-	1,165	67	1,165	23	23	23
2035	-	-	-	-	1,210	23	1,210	23	23	23
Total	\$ 9,120	\$ 908	\$ 7,860	\$ 660	\$ 16,345	\$ 5,130	\$ 33,325	\$ 6,698	\$ 6,698	\$ 6,698

Annual debt service requirements to maturity for business-type activity bonds (in thousands of dollars) are as follows:

Years Ending 12/31	Revenue Bonds		Total
	Principal	Interest	
2019	\$ 630	\$ 70	\$ 700
2020	650	51	701
2021	150	30	180
2022	155	25	180
2023	160	21	181
2024	165	16	181
2025	170	11	181
2026	175	6	181
2027	180	2	182
Total	\$ 2,435	\$ 232	\$ 2,667

City of Eden Prairie, Minnesota  
Notes to Financial Statements

Capital Lease

In December 2016, the City entered into a new lease for financing the purchase of turn out gear for the Fire department. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date. The gross amount of equipment acquired under this is \$286,942.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2018, were as follows:

Year Ended December 31,	
2019	\$ 60,766
2020	60,766
2021	60,766
Net Minimum Lease Payments	182,298
Less Amount Representing Interest	6,841
Present Value of Net Minimum Lease Payments	\$ 175,457

Changes in Long Term Debt

Long-term debt activity for the year ended December 31, 2018, (in thousands of dollars) was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year	
					Balance	One Year
<b>Governmental Activity</b>						
G.O. Bonds	\$ 10,530	\$ -	\$ 1,410	\$ 9,120	\$ 1,005	\$ 1,005
Assess. Debt With Govt Commit						
Improvement Bonds	9,760	-	1,900	7,860	1,885	1,885
Tax Abatement Bonds	16,805	-	460	16,345	445	445
Issuance Premium/Discount	755	-	118	637	-	-
Total Bonds	37,850	-	3,888	33,962	3,335	3,335
Compensated Absences	1,980	1,918	1,934	1,964	960	960
Capital Lease	232	-	57	175	57	57
Total	\$ 40,062	\$ 1,918	\$ 5,879	\$ 36,101	\$ 4,352	\$ 4,352
<b>Business Type Activity</b>						
Revenue Bonds	\$ 3,045	\$ -	\$ 610	\$ 2,435	\$ 630	\$ 630
Issuance Premium/Discount	99	-	22	77	-	-
Total Bonds	3,144	-	632	2,512	630	630
Compensated Absences	293	331	295	329	160	160
Total	\$ 3,437	\$ 331	\$ 927	\$ 2,841	\$ 790	\$ 790

## City of Eden Prairie, Minnesota Notes to Financial Statements

For the governmental activities, the capital lease is generally paid with unassigned fund balances within the General fund. Compensated absences will be paid out of the Internal Service fund.

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions. Call provisions are applicable to certain general obligation and special assessment bond issues.

### Note 12—Risk Financing and Related Insurance Issues

The City is exposed to various risk of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to protect against these risks of loss, the City purchases commercial insurance through the League of Minnesota Cities Insurance Trust, a public entity risk pool, for property insurance and workers compensation. This pool currently operates as a common risk management and insurance program for municipal entities. The City pays an annual premium to the League for its insurance coverage. The League of Minnesota Cities Insurance Trust is self-sustaining through commercial companies for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

During the year ended December 31, 2018, there were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded the City's commercial coverage in any of the past three years.

### Note 13—Contingencies

The City has been named in various legal actions. At the present time, there is no significant litigation pending that would cause a material effect on the financial statements if unfavorable rulings would result. While it is not possible to provide any probability of success or estimate of potential loss in defending any of these legal actions, the City expects to contest the allegations vigorously and does not believe these actions will have a material effect on the financial statements.

A potential claim may be asserted against the City arising out of its membership in the Western Area Firing Training Academy (WAFTA). WAFTA is a joint powers entity consisting of 11 member cities that was formed in 1974 to purchase property to be used and operated as a fire training facility. In the late 1980's, WAFTA became aware that the site was contaminated. Since that time, WAFTA has been working with the Minnesota Pollution Control Agency (MPCA) and other responsible parties to address the contamination issues on the site. At this time, there is not an estimated dollar amount of the cost to remediate the site nor has a claim been asserted against WAFTA or the City.

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## City of Eden Prairie, Minnesota Notes to Financial Statements

### Note 14—Contract Commitments

At December 31, 2018, the City had commitments on various construction projects. These commitments totaled approximately \$7,890,491.

### Note 15—Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue and Housing bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial

statements. As of December 31, 2018, there were 6 series of Housing Bonds outstanding, with outstanding balances of \$31,242,978.

### Note 16—Tax Abatements

The City enters into property tax abatement agreements through the use of tax increment financing districts with local businesses under various Minnesota Statutes. Under these statutes the City annually abates taxes collected above the districts' base tax capacity which is established during adoption of the tax increment district. These agreements are established to foster economic development and redevelopment through creating jobs, removing blight and providing affordable housing. The City uses Minnesota Statutes 469.001 to 469.047 and 469.174 to 469.179 (The Tax Increment Act) to create these districts.

For the fiscal year ended December 31, 2018, the City has two agreements established under Minnesota Statute 469.001 to 469.047 which resulted in property taxes totaling \$547,004 being abated. These agreements include:

- A pay as you go note to bring a substandard commercial property up to standards. The abatement amount was \$129,549
- A pay as you go note to convert substandard property into an office and retail complex. The abatement amount was \$417,455.

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## City of Eden Prairie, Minnesota Required Supplemental Information Modified Approach for Infrastructure Assets

Condition Rating of the City's Street System:

Average PCI	2016	2013	2010	2007	2004	2001
76.90%	79.70%	81.10%	81.30%	80.40%	80.50%	

Comparison of Needed-to-Actual Maintenance/Preservation:

	2018	2017	2016	2015	2014
Budget	\$3,372,500	\$2,879,533	\$3,037,533	\$2,923,119	\$2,933,119
Actual	2,711,217	2,802,882	2,284,255	2,711,267	2,733,909
Difference	\$ (661,283)	\$ (76,651)	\$ (753,278)	\$ (211,852)	\$ (199,210)

The condition of road pavement is measured using Good Pointe's Icon pavement management system. Each of the pavements in the City of Eden Prairie was visually inspected using the Paver-based Pavement Condition Index (PCI) methodology. The methodology is based on a numeric rating system ranging from 100 for a newly surfaced pavement to 0 for a failed pavement. The condition index is used to classify roads in excellent condition (85-100), very good condition (70-84), good condition (55-69), fair condition (40-54), poor condition (25-39), very poor condition (10-24) and failed condition (0-9). It is the City's policy to maintain an average PCI of 70 percent.

## City of Eden Prairie, Minnesota Notes to Financial Statements

For the fiscal year ended December 31, 2018, the City has six agreements established under Minnesota Statute 469.174 to 469.179 (The Tax Increment Act) which resulted in property taxes totaling \$1,881,555 being abated. The following agreements each exceeded 10 percent of the total amount abated, during the year:

- A pay as you go note to finance the cost of a senior rental housing project that provides housing in part for persons or families with low to moderate income. The abatement amount was \$662,028.
- A pay as you go note to finance the cost of a rental apartment project that provides housing in part for persons or families with low to moderate income. The abatement amount was \$455,793.
- A pay as you go note to finance the cost of a senior rental housing project that provides housing in part for persons or families with low to moderate income. The abatement amount was \$291,007.
- A pay as you go note to finance the cost of a rental apartment project that provides housing in part for persons or families with low to moderate income. The abatement amount was \$419,409.

### Note 17—Fund Balance Classification

At December 31, 2018, a summary of the governmental fund balance classifications are as follows:

	General	Capital Improvement Maintenance	Shady Oak Road North	Shady Oak Road South	Eden Prairie Road	General LRT	Other Govt Funds	Total
Nonspendable:								
Comptroller Perpetual Care	\$ 103,845	-	-	-	-	-	\$ 76,948	\$ 179,793
Total Nonspendable	103,845	-	-	-	-	-	151,249	331,042
Restricted for:								
Debt Service	-	-	751,443	-	-	-	3,705,261	3,705,261
Special Assessments	-	-	-	-	171,431	-	922,874	922,874
Park Dedication Fees	-	-	-	-	899,065	-	899,065	899,065
Franchise Fee	-	-	-	-	2,478,812	-	2,478,812	2,478,812
Comptroller	-	-	-	-	11,536	-	11,536	11,536
Comptroller	-	-	-	-	477,883	-	477,883	477,883
Singleline Land Improvements	-	-	-	-	30,074	-	30,074	30,074
Historical and Cultural	-	-	-	-	2,876,901	-	2,876,901	2,876,901
Tax Increment	-	-	751,443	-	-	-	10,826,406	11,577,849
Assigned to:								
Capital Projects	-	11,134,148	-	-	-	-	5,657,837	16,791,985
Improvement Projects	-	-	171,862	-	-	-	8,251,978	8,423,840
Total Assigned	-	11,134,148	171,862	-	-	-	13,909,815	25,215,625
Unassigned:								
Budget Stabilization	7,065,258	-	-	-	-	-	-	7,065,258
Working Capital	17,322,105	-	-	-	-	-	-	17,322,105
Unassigned	51,326	-	-	-	(887,677)	(2,699,549)	(945,088)	(4,460,988)
Total Unassigned	24,438,689	-	-	-	(887,677)	(2,699,549)	(945,088)	19,926,375
Total Fund Balance	\$ 24,542,534	\$ 11,134,148	\$ 751,443	\$ 171,862	\$ (887,677)	\$ (2,699,549)	\$ 24,016,330	\$ 57,051,091

**City of Eden Prairie, Minnesota  
Required Supplemental Information  
Other Post-Employment Benefits Plan**

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios**

	Measurement Date January 1, 2018
Total OPEB Liability	\$ 143,922
Service Cost	91,272
Interest	(169,360)
Benefit Payments	65,834
Net Change in Total OPEB Liability	2,705,898
Total OPEB Liability - Beginning	<u>\$ 2,771,732</u>
Total OPEB Liability - Ending	<u>\$ 2,771,732</u>
Covered Payroll	\$ 21,632,551
City's Total OPEB Liability as a Percentage of the Covered Payroll	12.81%

Less than ten years is presented due to information not available. Will add additional years as they become available.

**City of Eden Prairie, Minnesota  
Required Supplemental Information**

**Schedule of Proportionate Share of Net Pension Liability  
Public Employees General Employees Retirement Fund  
Last Ten Years\***

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset) (a)	Employer's Share (Amount) of the Net Pension Liability (Asset) (a)	State's Proportionate Share (Amount) of the Net Pension Liability (b)	Employer's Proportionate Share of the Net Pension Liability Associated with the City (a-b) (c)	Employer's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the City (a+b) (d)	Employer's Covered Payroll** (e)	Employer's Liability (Asset) as a Percentage of its Covered Payroll (f)=(c)/d	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (g)=(e)/d
June 30, 2015	0.2525%	\$ 13,085,860	\$ -	\$ 13,085,860	\$ 14,836,066	88.20%	78.2%	
June 30, 2016	0.2482%	20,452,608	263,262	20,415,870	15,161,268	134.66%	68.9%	
June 30, 2017	0.2536%	16,889,657	203,595	16,993,252	16,339,119	100.33%	75.9%	
June 30, 2018	0.2419%	13,419,620	440,302	13,859,922	16,251,609	85.28%	79.5%	

\*This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.

\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages."

**City of Eden Prairie, Minnesota  
Required Supplemental Information**

**Schedule of Proportionate Share of Net Pension Liability  
Eden Prairie Fire Relief**

	2017	2016	2015	2014
<b>Total Pension Liability</b>				
Service Cost	\$ 485,961	\$ 434,587	\$ 449,426	\$ 413,646
Interest	1,123,468	1,151,849	1,104,701	1,083,202
Differences Between Expected and Actual Experience	-	(233,976)	-	-
Changes of Assumptions	-	935,047	-	-
Benefit Payments, Including Member Contribution Refunds	(1,084,111)	(1,135,264)	(1,270,544)	(1,027,216)
<b>Net Change in Total Pension Liability</b>	<b>525,318</b>	<b>1,152,243</b>	<b>283,583</b>	<b>469,632</b>
<b>Total Pension Liability - Beginning</b>	<b>20,482,777</b>	<b>19,330,534</b>	<b>19,046,951</b>	<b>18,577,319</b>
<b>Total Pension Liability - Ending (a)</b>	<b>21,008,095</b>	<b>20,482,777</b>	<b>19,330,534</b>	<b>19,046,951</b>
<b>Plan Fiduciary Net Position</b>				
Municipal Contributions	387,665	388,664	388,395	488,073
State Contributions	448,846	448,848	437,848	414,343
Net Investment Income	2,776,128	892,090	(383,382)	646,363
Benefit Payments	(1,084,111)	(1,137,136)	(1,270,544)	(1,027,216)
Administrative Expenses	(34,700)	(56,576)	(26,323)	(37,158)
Other Changes	671	4,426	-	81,893
<b>Net Change in Fiduciary Net Position</b>	<b>2,494,489</b>	<b>540,316</b>	<b>(853,886)</b>	<b>566,286</b>
<b>Fiduciary Net Position - Beginning</b>	<b>20,087,435</b>	<b>19,527,119</b>	<b>20,401,005</b>	<b>19,834,707</b>
<b>Fiduciary Net Position - Ending (b)</b>	<b>22,581,924</b>	<b>20,067,435</b>	<b>19,547,119</b>	<b>20,401,005</b>
<b>Association's Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ (1,573,829)</b>	<b>\$ 385,342</b>	<b>\$ (216,585)</b>	<b>\$ (1,354,054)</b>

<b>Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	107.49%	98.07%	101.12%	107.11%
<b>Covered Payroll</b>	N/A	N/A	N/A	N/A
<b>Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A

**City of Eden Prairie, Minnesota  
Required Supplemental Information**

**Schedule of Proportionate Share of Net Pension Liability  
Public Employees Police and Fire Fund  
Last Ten Years**

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset) (a)	Employer's Covered Payroll** (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
				(a/b)	(a)/(b)	
June 30, 2015	0.7770%	\$ 8,828,538	\$ 7,116,963	124.05%	86.6%	
June 30, 2016	0.7580%	30,419,859	7,302,618	416.56%	63.9%	
June 30, 2017	0.7510%	10,139,393	7,706,718	131.57%	85.4%	
June 30, 2018	0.7296%	7,776,785	7,689,360	101.14%	88.8%	

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.  
 \*\* For purposes of this schedule, covered payroll is defined as "pensionable wages."

**City of Eden Prairie, Minnesota  
Required Supplemental Information**

**Schedule of Contributions  
Public Employees General Employees Retirement Fund  
Last Ten Years\***

Year Ending	Statutorily Required Contributions		Contributions in Relation to the Statutorily Required Contributions		Contribution Deficiency (Excess)		Contributions as a Percentage of Covered Payroll	
	(a)	(b)	(b)	(a-b)	(a-b)	Payroll**	(d)	(b/d)
December 31, 2015	\$ 1,164,110	\$ 1,164,110	\$ -	\$ -	\$ -	\$ 15,528,311	7.50%	
December 31, 2016	1,157,735	1,157,735	-	-	-	15,436,692	7.50%	
December 31, 2017	1,199,292	1,199,292	-	-	-	15,990,664	7.50%	
December 31, 2018	1,231,656	1,231,656	-	-	-	16,470,531	7.48%	

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.  
\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages."

**City of Eden Prairie, Minnesota  
Required Supplemental Information**

**Schedule of Contributions  
Public Employees Police and Fire Fund  
Last Ten Years\***

Year Ending	Statutorily Required Contributions		Contributions in Relation to the Statutorily Required Contributions		Contribution Deficiency (Excess)		Contributions as a Percentage of Covered Payroll	
	(a)	(b)	(b)	(a-b)	(a-b)	Payroll**	(d)	(b/d)
December 31, 2015	\$ 1,215,450	\$ 1,215,450	\$ -	\$ -	\$ -	\$ 7,509,128	16.2%	
December 31, 2016	1,188,923	1,188,923	-	-	-	7,339,334	16.2%	
December 31, 2017	1,224,005	1,224,005	-	-	-	7,555,723	16.2%	
December 31, 2018	1,260,639	1,260,639	-	-	-	7,780,987	16.2%	

\* This schedule is provided prospectively beginning with the fiscal year ended December 31, 2015.  
\*\*For purposes of this schedule, covered payroll is defined as "pensionable wages."



**City of Eden Prairie, Minnesota  
Required Supplemental Information**

**Schedule of Contributions  
Eden Prairie Fire Relief  
Last Ten Years**

	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 517,955	\$ 382,336	\$ 388,664	\$ 398,395	\$ 488,073
Contributions in Relation to the Statutorily Required Contribution Contribution Deficiency (Excess)	<u>(517,955)</u>	<u>(382,336)</u>	<u>(388,664)</u>	<u>(393,065)</u>	<u>(488,073)</u>
	\$ -	\$ -	\$ -	\$ 5,330	\$ -

	2013	2012	2011	2010	2009
Statutorily Required Contribution	\$ 582,972	\$ 625,910	\$ 830,077	\$ 1,129,002	\$ 270,566
Contributions in Relation to the Statutorily Required Contribution Contribution Deficiency (Excess)	<u>(582,972)</u>	<u>(625,910)</u>	<u>(830,077)</u>	<u>(1,129,002)</u>	<u>(462,805)</u>
	\$ -	\$ -	\$ -	\$ -	\$ (192,239)

**City of Eden Prairie, Minnesota  
Notes to Required Supplemental Information**

**Notes to Schedules of Changes in Net Pension Liabilities and Related Ratios**

**General Employees Fund**

*2018 Changes*

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

*2017 Changes*

Changes in Plan Provisions:

- The State's special funding contribution increased from \$6 million to \$16 million.

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.00 percent for vested deferred member liability and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

*2016 Changes*

Changes in Actuarial Assumptions:

- 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 for all 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 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 were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

*2015 Changes*

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, is due September 2015.

## City of Eden Prairie, Minnesota

### Notes to Required Supplemental Information

#### Changes in Actuarial Assumptions:

- 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.

#### Police and Fire Fund

##### 2018 Changes

#### Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

##### 2017 Changes

#### Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The Single Discount Rate was changed from 5.60 percent per annum to 7.50 percent per annum.

## City of Eden Prairie, Minnesota

### Notes to Required Supplemental Information

#### 2016 Changes

#### Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent 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 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.

#### 2015 Changes

#### Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

#### Changes in Actuarial Assumptions:

- 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.

City of Eden Prairie, Minnesota  
Nonmajor Governmental Funds

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**Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

**Housing Redevelopment Authority (HRA Grant)** - This fund accounts for monies received under Title I of the Housing and Community Development Act of 1974 and other related housing activities.

**Pleasant Hills Cemetery** - This fund accounts for the current operations of the City cemetery including maintenance costs and lot sales.

**Recycling** - This fund accounts for monies received from Hennepin County's household waste rebate programs. All dollars received are to be refunded to eligible households within Eden Prairie.

**Historical and Cultural** - This fund accumulates revenue from the sale of a book on Eden Prairie's 100-year history and the sale of old street signs. The book was donated to the City by the Eden Prairie Historical Society, with revenues earmarked for expenditure on the preservation of the history of Eden Prairie.

City of Eden Prairie, Minnesota  
Nonmajor Governmental Funds

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**Debt Service Funds**

Debt service funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

**Capital Equipment Notes 2008A** - This fund is used to account for the accumulation of tax revenues needed to repay certificates issued to finance the 20/40/15 project, regional radio conversion project and two fire trucks.

**General Obligation Refunding Bonds 2016A** - This fund accounts for the refunding of the G.O. Bonds 2008B which accounted for the accumulation of resources needed to repay bonds issued to finance the construction of streets, lateral utilities, and drainage for the Flying Cloud Drive construction project. The primary sources of repayment on these bonds are special assessments levied on benefited properties.

**Capital Equipment Notes 2009B** - This fund is used to account for the accumulation of tax revenues needed to repay certificates issued to finance the 20/40/15 project and Police/Fire software upgrade.

**General Obligation Improvement Bonds 2010A** - This fund is used to account for the accumulation of tax revenues needed to repay bonds issued to pay the construction costs for the Singletree Lane project.

**General Obligation Refunding 2011C** - This fund accounts for the refunding of the G.O. Park Referendum Bonds which accounted for the accumulation of tax revenues needed to repay bonds issued to finance construction projects for various trails, park improvements and the community center.

**General Obligation Refunding 2011D** - This fund accounts for the refunding of the G.O. Improvement Revolving Bonds which accounted for the accumulation of tax revenues needed to repay bonds issued to finance the construction at 212 and Charleston Road.

**General Obligation Refunding 2012A** - This fund accounts for the refunding of the G.O. Bonds 2005C which accounted for the accumulation of tax revenues needed to repay bonds issued to finance construction projects for various trails, park improvements and the community center.

**General Obligation Refunding 2012B** - This fund accounts for the refunding of the G.O. Bonds 2006B which accounted for the accumulation of tax revenues needed to repay bonds issued to finance construction projects for the new fire station.

**General Obligation Improvement Bonds 2012C**- This fund is used to account for the accumulation of special assessments needed to repay bonds issued to finance the Shady Oak Road North project.

City of Eden Prairie, Minnesota  
Nonmajor Governmental Funds

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**Debt Service Funds (Continued)**

**General Obligation Tax Abatement 2014A** – This fund accounts for the accumulation of tax revenues needed to repay bonds issued to finance construction of the Aquatics & Fitness Expansion.

**General Obligation Bonds 2016A** – This fund is used to account for the accumulation of special assessments needed to repay bonds issued to finance the West 70th project.

City of Eden Prairie, Minnesota  
Nonmajor Governmental Funds

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**Capital Project Funds**

Capital projects funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlay.

**Police** - This fund accounts for all confiscated money, and / or property obtained through drug-related criminal arrests and compliance fines. The funds are earmarked for expenditures on law enforcement operations.

**E-911** - This fund accounts for monies received from the State of Minnesota to be used for the E-911 emergency system.

**Senior Board** - This fund was established to account for monies received for Senior Awareness Week.

**Park Improvement** - This fund accounts for the park dedication fees, grants, and other contributions earmarked for expenditure on park acquisition and development.

**CIP Trails** - This fund accounts for the accumulation of resources to be used for capital improvements and maintenance of City trails.

**CIP Pavement Management** - This fund accounts for the accumulation of resources to be used for capital improvements and maintenance of City streets.

**Economic Development** – This fund accounts for money set aside to assist in the redevelopment of the City.

**Project** – This fund accounts for tax increment revenue set aside to assist in the redevelopment of the City.

**HRA** – This fund accounts for the accumulation of resources to be used for economic development projects.

**Transportation** - This fund accounts for proceeds of state aid. This revenue is used to finance street improvements.

**Cable PEG (Public, Educational, and Government)** – This fund accounts for the revenues collected from Comcast. These funds will be used for the production of PEG Access programming.

**Eden Prairie Rd Connect to Flying Cloud** – This fund accounts for the accumulation of resources to be used for the construction of road from Frederick Place to north of Riley Creek.

City of Eden Prairie, Minnesota  
Nonmajor Governmental Funds

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**Capital Project Funds (Continued)**

**Homeowners Improvements Area** – This fund accounts for the accumulation of resources to be used for Housing Improvements to the Fairway Woods II Condominiums.

**West 70<sup>th</sup> Street Extension** – This fund accounts for the accumulation of resources to be used for the extension of West 70<sup>th</sup> from its existing cul-de-sac to Flying Cloud Drive.

**TC Station / NS Road** – This fund accounts for the accumulation of resources to be used for the completion of the Town Center Station and Urban Grid roadway system.

**Town Center Station** – This fund accounts for the accumulation of resources to be used for the construction of the Town Center LRT Station including the extension of Eden Road to the station.

**Single Tree Lane South** – This fund accounts for the accumulation of resources to be used for the streetscaping, lighting and landscaping improvements for the southern half of Singletree Lane.

**Public Improvement Construction** – This fund accounts for proceeds of bonds sold and special assessments collected to finance street, drainage, and lateral utility construction within the City.

City of Eden Prairie, Minnesota  
Nonmajor Governmental Funds

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**Permanent Funds**

Permanent funds are used to account for resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs that is, for the benefit of the City or its citizens.

**Cemetery Perpetual Care** - This fund was established to account for funds dedicated for cemetery maintenance in accordance with state statutes.

	Special Revenue				
	HRA Grant	Pleasant Hills Cemetery	Recycling	Historical and Cultural	Total
<b>ASSETS</b>					
Cash and Investments	\$ -	\$ 3,240	\$ 15,134	\$ 30,113	\$ 48,487
Receivables	10,000	-	-	-	10,000
Accounts	-	125	-	81	206
Interest	50,902	-	-	-	50,902
Due from Other Governments	-	-	-	-	-
Unmatured Taxes	-	-	-	-	-
Deferred Special Assessments	-	-	-	-	-
Delinquent Special Assessments	-	-	-	-	-
Deferred Special Assessments	-	-	-	-	-
Special Deferred Special Assessments	-	44,224	-	-	44,224
Due from Other Funds	130	-	-	-	130
Prepaid Items	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Total Assets	\$ 61,032	\$ 47,589	\$ 15,134	\$ 30,194	\$ 153,949
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ 15,989	\$ 1,549	\$ 3,599	\$ 61	\$ 21,197
Salaries Payable	819	-	-	-	819
Investment Interest Payable	-	-	-	-	-
Due to Other Governments	-	-	-	59	59
Due to Other Funds	44,224	-	-	-	44,224
Unearned Revenue	1,000	-	-	-	1,000
Total Liabilities	61,032	2,549	3,599	120	67,299
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-Special Assessments	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	45,040	11,536	30,074	86,650
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	-	45,040	11,536	30,074	86,650
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 61,032	\$ 47,589	\$ 15,134	\$ 30,194	\$ 153,949

	Debt Service					
	Capital Equip Notes 2008A	General Obligation Refunding Bonds 2016A	Capital Equip Notes 2008B	General Obligation Improvement Bonds 2010A	General Obligation Refunding Bonds 2011C	
<b>ASSETS</b>						
Cash and Investments	\$ 21,728	\$ 380,799	\$ 12,842	\$ 137,355	\$ 920,045	
Receivables	-	-	-	-	-	-
Accounts	-	866	151	460	1,392	
Interest	-	-	-	-	-	-
Due from Other Governments	2,142	-	276	-	4,555	
Unmatured Taxes	-	-	-	-	-	-
Deferred Special Assessments	-	-	-	-	-	-
Delinquent Special Assessments	-	550,000	-	-	-	
Deferred Special Assessments	-	-	-	528,308	-	
Special Deferred Special Assessments	-	-	-	-	-	-
Due from Other Funds	-	-	-	400	-	
Prepaid Items	-	-	-	-	-	-
Land Held for Resale	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Total Assets	\$ 23,870	\$ 931,665	\$ 13,269	\$ 666,523	\$ 926,517	
<b>LIABILITIES</b>						
Accounts and Contracts Payable	\$ -	\$ 333	\$ 3,100	\$ -	\$ -	
Salaries Payable	-	-	-	-	-	-
Investment Interest Payable	54	-	-	-	-	
Due to Other Governments	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-
Total Liabilities	54	333	3,100	-	-	
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue-Special Assessments	-	550,000	-	528,308	-	
Total Deferred Inflows of Resources	-	550,000	-	528,308	-	
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	400	525	
Restricted	23,816	381,332	10,169	137,815	925,992	
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total Fund Balance	23,816	381,332	10,169	138,215	926,517	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 23,870	\$ 931,665	\$ 13,269	\$ 666,523	\$ 926,517	

	Debt Service			
	General Obligation Refunding Bonds 2011D	General Obligation Refunding Bonds 2012A	General Obligation Refunding Bonds 2012B	General Obligation Refunding Bonds 2012C
<b>ASSETS</b>				
Cash and Investments	\$ 467,644	\$ 424,152	\$ 458,394	\$ 52,833
Receivables	-	-	-	806,643
Accounts	-	-	-	-
Interest	1,379	1,055	812	873
Due from Other Governments	-	-	-	-
Unmatured Taxes	-	-	-	-
Deferred Special Assessments	1,741	942	2,142	7,035
Delinquent Special Assessments	1,094,781	-	-	-
Deferred Special Assessments	1,201,762	-	-	-
Special Deferred Special Assessments	-	-	-	-
Due from Other Funds	-	-	-	-
Prepaid Items	-	-	-	-
Land Held for Resale	-	-	-	-
Notes Receivable	-	-	-	-
Total Assets	\$ 1,696,307	\$ 426,149	\$ 461,348	\$ 52,833
				\$ 814,551
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -
Salaries Payable	-	-	-	-
Investment Interest Payable	-	-	-	-
Due to Other Governments	691	-	-	4,105
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	691	-	-	4,105
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue-Special Assessments	1,217,284	-	-	-
Total Deferred Inflows of Resources	1,217,284	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	468,332	426,149	461,348	48,728
Assigned	-	-	-	814,551
Unassigned	-	-	-	-
Total Fund Balance	468,332	426,149	461,348	48,728
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,696,307	\$ 426,149	\$ 461,348	\$ 52,833
				\$ 814,551

	Debt Service	
	General Obligation Bonds 2016A	Total
<b>ASSETS</b>		
Cash and Investments	\$ 7,710	\$ 3,690,145
Receivables	-	-
Accounts	-	-
Interest	-	6,988
Due from Other Governments	-	-
Unmatured Taxes	-	17,092
Deferred Special Assessments	-	-
Delinquent Special Assessments	-	1,741
Deferred Special Assessments	-	2,173,089
Special Deferred Special Assessments	-	120,762
Due from Other Funds	-	-
Prepaid Items	-	925
Land Held for Resale	-	-
Notes Receivable	-	-
Total Assets	\$ 7,710	\$ 6,010,742
<b>LIABILITIES</b>		
Accounts and Contracts Payable	\$ 333	\$ 3,766
Salaries Payable	-	-
Investment Interest Payable	348	4,507
Due to Other Governments	-	691
Due to Other Funds	-	-
Unearned Revenue	-	-
Total Liabilities	681	8,964
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Revenue-Special Assessments	-	2,265,692
Total Deferred Inflows of Resources	-	2,265,692
<b>FUND BALANCES</b>		
Nonspendable	-	925
Restricted	7,029	3,705,261
Assigned	-	-
Unassigned	-	-
Total Fund Balance	7,029	3,706,186
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,710	\$ 6,010,742

Capital Projects

Capital Projects

	Police	E-911	Senior Board	Park Improvement	CIP Trails
<b>ASSETS</b>					
Cash and Investments	\$ 57,967	\$ -	\$ 14,920	\$ 2,212,779	\$ 150,073
Receivables	-	-	-	-	-
Accounts	-	12,833	-	6,500	-
Interest	223	41	50	4,036	642
Due from Other Governments	-	-	-	-	-
Unmatured Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Delinquent Special Assessments	-	-	-	-	-
Deferred Special Assessments	-	-	-	-	120,001
Special Deferred Special Assessments	-	-	-	-	-
Due from Other Funds	-	-	2,817	-	-
Prepaid Items	-	75,023	-	-	-
Land Held for Resale	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Total Assets	\$ 58,190	\$ 94,723	\$ 17,787	\$ 2,223,315	\$ 270,716
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ 9,419	\$ 1,308	\$ 29	\$ 351,086	\$ 106,933
Salaries Payable	1,065	-	-	-	-
Investment Interest Payable	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	2,817	-	-	-
Unearned Revenue	-	-	-	483,305	-
Total Liabilities	10,484	4,125	29	814,391	106,933
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-Special Assessments	-	-	-	-	120,001
Total Deferred Inflows of Resources	-	-	-	-	120,001
<b>FUND BALANCES</b>					
Nonspendable	-	75,023	-	-	-
Restricted	-	-	-	899,065	-
Assigned	47,706	15,575	17,758	509,859	43,782
Unassigned	-	-	-	-	-
Total Fund Balance	47,706	90,598	17,758	1,408,924	43,782
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 58,190	\$ 94,723	\$ 17,787	\$ 2,223,315	\$ 270,716

	CIP Pavement Management	Economic Development Fund	Project Fund	HRA	Transportation
<b>ASSETS</b>					
Cash and Investments	\$ 2,332,109	\$ 4,489,181	\$ 3,644,897	\$ 272,707	\$ 3,169,258
Receivables	-	-	-	-	-
Accounts	854,737	6,259	-	-	-
Interest	6,930	13,182	9,654	697	12,244
Due from Other Governments	-	-	-	-	-
Unmatured Taxes	-	-	20,737	1,424	-
Special Assessments	-	-	-	-	-
Delinquent Special Assessments	-	-	-	-	-
Deferred Special Assessments	-	-	-	-	-
Special Deferred Special Assessments	-	-	-	-	-
Due from Other Funds	-	-	-	-	841,832
Prepaid Items	-	784,000	-	-	-
Land Held for Resale	-	188,833	899,250	-	-
Notes Receivable	-	-	-	-	-
Total Assets	\$ 3,193,776	\$ 5,481,455	\$ 4,574,536	\$ 274,828	\$ 4,023,334
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ -	\$ 179,943	\$ 28,523	\$ -	\$ 8,706
Salaries Payable	-	-	-	3,729	-
Investment Interest Payable	-	-	-	-	-
Due to Other Governments	-	-	7,232	-	-
Due to Other Funds	-	-	-	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	-	179,943	35,755	3,729	8,706
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-Special Assessments	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	2,258,222	-	2,876,901	-	-
Assigned	935,554	5,301,512	1,661,882	271,099	4,014,628
Unassigned	-	-	-	-	-
Total Fund Balance	3,193,776	5,301,512	4,538,783	271,099	4,014,628
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,193,776	\$ 5,481,455	\$ 4,574,536	\$ 274,828	\$ 4,023,334



	Capital Projects				
	Cable PEG	Eden Prairie Rd Connect to Flying Cloud	Homeowners Improvements Area	West/0th Street Extension	TC Station / NS Road
<b>ASSETS</b>					
Cash and Investments	\$ 198,683	\$ -	\$ -	\$ 219,363	\$ -
Receivables					
Accounts	25,615	-	-	-	-
Interest	479	-	-	815	-
Due from Other Governments	-	-	-	-	-
Unmatured Taxes	-	-	-	-	-
Deferred Special Assessments	-	-	-	-	-
Delinquent Special Assessments	-	-	342	-	-
Deferred Special Assessments	-	-	48,351	1,374,638	-
Special Deferred Special Assessments	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Land Held for Resale	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Total Assets	\$ 224,777	\$ -	\$ 48,693	\$ 1,594,816	\$ -
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ -	\$ 101,341	\$ -	\$ -	\$ -
Salaries Payable	-	-	-	-	-
Investment Interest Payable	-	1,807	108	-	-
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	812,938	28,694	-	-
Unearned Revenue	-	-	-	-	-
Total Liabilities	-	916,086	29,002	-	-
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue-Special Assessments	-	-	48,693	1,374,638	-
Total Deferred Inflows of Resources	-	-	48,693	1,374,638	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	220,590	-	-	171,431	-
Assigned	4,187	-	-	48,747	-
Unassigned	-	(916,086)	(29,002)	-	-
Total Fund Balance	224,777	(916,086)	(29,002)	220,178	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 224,777	\$ -	\$ 48,693	\$ 1,594,816	\$ -

	Capital Projects					Permanent Fund
	Town Center Station	Single Lane South	Tree Lane Improvement	Public Construction	Total	
<b>ASSETS</b>						
Cash and Investments	\$ -	\$ 486,979	\$ 1,001,918	\$ -	\$ 18,250,834	\$ 22,270,919
Receivables						
Accounts	-	-	-	-	905,944	915,944
Interest	-	1,132	4,673	-	54,798	62,811
Due from Other Governments	-	-	73,199	-	80,025	130,927
Unmatured Taxes	-	-	-	-	22,141	39,253
Deferred Special Assessments	-	-	2,154	-	1,164	3,317
Delinquent Special Assessments	-	-	1,778	-	1,778	3,517
Deferred Special Assessments	-	-	438,433	-	1,981,423	4,154,512
Special Deferred Special Assessments	-	-	206,254	-	206,254	327,916
Due from Other Funds	-	-	-	-	844,649	888,873
Prepaid Items	-	-	-	-	75,023	76,078
Land Held for Resale	-	-	-	-	784,000	784,000
Notes Receivable	-	-	-	-	1,088,083	1,088,083
Total Assets	\$ -	\$ 488,111	\$ 1,728,065	\$ 24,297,124	\$ 281,672	\$ 30,743,487
<b>LIABILITIES</b>						
Accounts and Contracts Payable	\$ -	\$ 10,248	\$ 44,418	\$ -	\$ 841,854	\$ 866,917
Salaries Payable	-	-	-	-	4,794	5,613
Investment Interest Payable	-	-	-	-	1,915	6,422
Due to Other Governments	-	-	-	-	7,532	7,982
Due to Other Funds	-	-	-	-	844,649	888,873
Unearned Revenue	-	-	-	-	463,305	464,305
Total Liabilities	-	10,248	44,418	-	2,163,949	2,240,112
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue-Special Assessments	-	-	646,121	-	2,189,453	4,485,045
Total Deferred Inflows of Resources	-	-	646,121	-	2,189,453	4,485,045
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	75,023	151,249
Restricted	-	477,863	-	-	6,904,072	130,423
Assigned	-	-	1,037,526	-	13,909,815	13,909,815
Unassigned	-	-	-	-	(945,088)	(945,088)
Total Fund Balance	-	477,863	1,037,526	-	19,943,632	24,016,330
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ -	\$ 488,111	\$ 1,728,065	\$ 24,297,124	\$ 281,672	\$ 30,743,487

	Special Revenue				Total
	HRA Grant	Pleasant Hills Cemetery	Recycling	Historical and Cultural	
<b>REVENUES</b>					
General Property Taxes	-	-	-	-	-
Special Assessments	-	-	-	-	-
Licenses and Permits	-	-	-	-	-
Intra-governmental Revenue	598,992	-	134,295	-	733,287
Investment Income	-	746	-	486	1,232
Rental	-	-	-	-	-
Other	-	22,550	-	-	22,550
Fees	-	-	-	-	-
Grants and Donations	-	-	-	-	-
Miscellaneous	598,992	23,296	134,613	5,934	6,262
Total Revenues	598,992	23,296	134,613	6,420	763,321
<b>EXPENDITURES</b>					
Current					
Community Development	598,992	-	-	1,014	600,006
Police	-	-	-	-	-
Public Works	-	-	125,177	-	125,177
Parks and Recreation	-	16,110	-	-	16,110
Interest on Interfund Borrowing	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Administration	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital	-	-	-	-	-
Capital	-	-	-	-	-
Capital	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	598,992	16,110	125,177	1,014	741,293
Excess of Revenues Over (Under) Expenditures	-	7,186	9,436	5,406	22,028
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	-	7,186	9,436	5,406	22,028
Fund Balance (Deficit) - Beginning	-	37,854	2,100	24,668	64,622
Fund Balance (Deficit) - Ending	-	45,040	11,536	30,074	86,650

	Debt Service				Total
	Capital Equip Notes 2036A	General Obligation Refunding Bonds 2010A	Capital Equip Notes 2039B	General Obligation Refunding Bonds 2010C	
<b>REVENUES</b>					
General Property Taxes	309,873	-	39,964	-	349,837
Special Assessments	-	191,253	-	-	191,253
Licenses and Permits	-	-	-	107,179	107,179
Intra-governmental Revenue	-	-	-	-	-
Investment Income	-	5,364	964	2,807	8,555
Rental	-	-	-	-	-
Other	-	-	-	-	-
Fees	-	-	-	-	-
Grants and Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	309,873	196,617	40,948	109,986	732,659
<b>EXPENDITURES</b>					
Current					
Community Development	-	-	-	-	-
Police	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Interest on Interfund Borrowing	244	-	-	-	244
Capital Outlay	-	-	-	-	-
Administration	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Debt Service	-	-	-	-	-
Capital	352,090	109,000	65,690	89,000	615,780
Capital	7,100	21,750	9,950	25,110	63,910
Capital	244	3,133	3,798	698	7,373
Fiscal Agent Fees	298	-	-	-	298
Total Expenditures	362,642	124,883	70,748	105,808	747,183
Excess of Revenues Over (Under) Expenditures	(52,769)	31,734	(29,800)	4,178	(14,544)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(52,769)	31,734	(29,800)	4,178	(14,544)
Fund Balance (Deficit) - Beginning	76,585	349,598	39,969	134,037	941,081
Fund Balance (Deficit) - Ending	23,816	381,332	10,169	138,215	926,517

	Debt Service			Total
	2017	2018	2019A	
<b>REVENUES</b>				
General Property Taxes	\$ 236,495	\$ 308,873	\$ -	\$ 545,368
Special Assessments	-	-	-	-
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Investment Income	8,367	4,965	-	13,332
Rental	-	-	-	-
Other	-	-	-	-
Fees	-	-	-	-
Grants, Subsidies and Donations	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>244,862</b>	<b>313,838</b>	<b>-</b>	<b>558,700</b>
<b>EXPENDITURES</b>				
Current				
Community Development	-	-	-	-
Police	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Interest on Interfund Borrowing	-	-	26,224	26,224
Capital Construction	-	-	-	-
Administration	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Debt Service	-	-	-	-
Capital	152,000	250,000	1,452,000	1,854,000
Intergovernmental	30,638	183,766	54,986	269,390
Interest	823	823	4,148	5,794
Fiscal Agent Fees	-	-	-	-
<b>Total Expenditures</b>	<b>183,461</b>	<b>434,589</b>	<b>1,460,148</b>	<b>1,978,198</b>
Excess of Revenues Over (Under) Expenditures	66,401	(120,751)	(1,460,148)	(1,514,498)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	1,600,000	1,600,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>1,600,000</b>	<b>1,600,000</b>
Net Change in Fund Balances	66,401	(120,751)	(1,460,148)	(1,514,498)
Fund Balances (Deficit) - Beginning	409,931	417,485	25,750	853,166
<b>Fund Balances (Deficit) - Ending</b>	<b>\$ 476,332</b>	<b>\$ 296,734</b>	<b>\$ -</b>	<b>\$ 779,900</b>

	Debt Service			Total
	2017A	2018	2019A	
<b>REVENUES</b>				
General Property Taxes	\$ -	\$ 2,551,176	\$ -	\$ 2,551,176
Special Assessments	-	494,827	-	494,827
Licenses and Permits	-	-	-	-
Intergovernmental Revenue	-	-	-	-
Investment Income	-	-	-	-
Rental	-	42,771	-	42,771
Other	-	-	-	-
Fees	-	-	-	-
Grants, Subsidies and Donations	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>3,088,874</b>	<b>-</b>	<b>3,088,874</b>
<b>EXPENDITURES</b>				
Current				
Community Development	-	-	-	-
Police	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Interest on Interfund Borrowing	-	1,956	-	1,956
Capital Construction	-	-	-	-
Administration	-	-	-	-
Public Works	-	-	-	-
Parks and Recreation	-	-	-	-
Debt Service	-	-	-	-
Capital	110,000	3,730,000	-	3,840,000
Intergovernmental	42,510	698,893	-	741,403
Interest	-	-	-	-
Fiscal Agent Fees	433	16,844	-	17,277
<b>Total Expenditures</b>	<b>152,943</b>	<b>4,465,737</b>	<b>-</b>	<b>4,618,680</b>
Excess of Revenues Over (Under) Expenditures	(152,943)	(1,376,863)	(1,680,000)	(3,209,806)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	160,000	1,760,000	-	1,920,000
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>160,000</b>	<b>1,760,000</b>	<b>-</b>	<b>1,920,000</b>
Net Change in Fund Balances	67,057	(1,376,863)	(1,680,000)	(3,089,806)
Fund Balances (Deficit) - Beginning	1,927	3,638,476	-	3,640,403
<b>Fund Balances (Deficit) - Ending</b>	<b>\$ 7,084</b>	<b>\$ 2,261,613</b>	<b>\$ -</b>	<b>\$ 2,268,697</b>

Capital Projects

REVENUES	Police	E-911	Senior Board	Park Improvement	CIP Trails
General Property Taxes	-	-	\$ -	-	-
Special Assessments	-	-	-	-	23,480
Licenses and Permits	-	81,917	-	-	-
Intergovernmental Revenue	5,126	-	-	-	-
Investment Income	1,350	263	307	25,613	3,703
Rental	-	-	-	-	-
Other	-	-	-	2,045,150	-
Fees	-	-	6,719	21,652	-
Contributions and Donations	-	-	-	-	-
Miscellaneous	18,252	-	-	-	-
Total Revenues	22,727	82,180	7,026	2,092,815	27,183
<b>EXPENDITURES</b>					
Current					
Community Development	-	-	-	-	-
Police	49,357	105,951	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	1,208	-	-
Interest on Interfund Borrowing	-	-	-	-	-
Capital Construction	-	-	-	-	-
Administration	-	-	-	-	-
Public Works	-	-	-	-	579,614
Parks and Recreation	-	-	-	760,427	-
Debt Service	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-
Total Expenditures	49,357	105,951	1,208	760,427	579,614
Excess of Revenues Over (Under) Expenditures	(26,630)	(23,771)	5,918	1,312,188	(552,431)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	20,000	300,000
Transfers Out	-	-	(3,500)	(87,510)	-
Total Other Financing Sources (Uses)	-	-	(3,500)	(67,510)	300,000
Net Change in Fund Balances	(26,630)	(23,771)	2,318	944,678	(252,431)
Fund Balance (Deficit) - Beginning	74,336	114,369	15,440	464,246	296,213
Fund Balance (Deficit) - Ending	\$ 47,706	\$ 90,598	\$ 17,758	\$ 440,924	\$ 43,782

Capital Projects

REVENUES	CIP Pavement Mgmt	Economic Development Fund	Project Fund	HRA	Transportation
General Property Taxes	-	-	\$ 2,320,447	\$ 198,623	-
Special Assessments	2,940,919	-	-	-	-
Licenses and Permits	500,000	50,000	-	-	-
Intergovernmental Revenue	-	-	-	-	-
Investment Income	41,125	81,119	59,153	4,268	70,062
Rental	-	73,288	-	-	-
Other	-	-	-	-	-
Fees	-	-	-	-	-
Contributions and Donations	-	-	-	-	-
Miscellaneous	-	68,308	-	-	37,500
Total Revenues	3,481,644	273,695	2,379,600	203,891	107,562
<b>EXPENDITURES</b>					
Current					
Community Development	-	282,832	1,738,619	201,222	-
Police	-	-	-	-	-
Public Works	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
Interest on Interfund Borrowing	-	-	-	-	-
Capital Construction	-	-	-	-	-
Administration	-	-	-	-	-
Public Works	2,001,414	-	-	-	244,349
Parks and Recreation	-	-	-	-	-
Debt Service	-	-	-	-	-
Intergovernmental	-	49,547	-	-	-
Fiscal Agent Fees	-	4,219	-	-	-
Total Expenditures	2,001,414	330,628	1,738,619	201,222	244,349
Excess of Revenues Over (Under) Expenditures	1,480,230	(66,933)	640,981	2,669	(136,787)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	1,480,230	(69,933)	640,981	2,669	(136,787)
Fund Balance (Deficit) - Beginning	1,713,546	5,359,445	3,897,802	288,430	4,151,415
Fund Balance (Deficit) - Ending	\$ 3,193,776	\$ 5,300,512	\$ 4,538,783	\$ 291,099	\$ 4,014,628

	Capital Projects					Total
	Cable PEG	Eden Prairie Rd Connecto Flying Cloud	Homeowners Improvements Area	West 70th Street Extension	TC Salonen / NS Road	
<b>REVENUES</b>						
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	12,297	164,962	-	177,259
Licenses and Permits	104,988	-	-	-	-	104,988
Intergovernmental Revenue	-	-	-	-	-	-
Investment Income	2,810	-	-	4,753	-	7,563
Rental	-	-	-	-	-	-
Other	-	-	-	-	-	-
Fees	-	-	-	-	-	-
Grants and Donations	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	107,778	-	12,297	169,715	-	289,790
<b>EXPENDITURES</b>						
Current						
Community Development	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Interest on Interfund Borrowing	-	10,556	678	-	-	11,234
Capital Expenditures	-	-	-	-	-	-
Administration	31,309	413,383	-	-	-	444,692
Public Works	-	-	-	-	-	-
Parks and Recreation	-	-	-	48	-	48
Debt Service	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-	-
Total Expenditures	31,309	423,938	678	48	-	455,963
Excess of Revenues Over (Under) Expenditures	76,469	(423,938)	11,619	169,667	-	(175,683)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	-	-	-	41,572	41,572
Transfers Out	-	-	-	(160,000)	-	(160,000)
Total Other Financing Sources (Uses)	-	-	-	(160,000)	41,572	(118,428)
Net Change in Fund Balances	76,469	(423,938)	11,619	9,667	41,572	(125,611)
Fund Balance (Deficit) - Beginning	148,308	(492,148)	(40,821)	210,511	(41,572)	(265,722)
Fund Balance (Deficit) - Ending	\$ 224,777	\$ (916,086)	\$ (29,202)	\$ 220,178	\$ -	\$ (730,925)

	Capital Projects				Total	Permanent Fund
	Town Center Station	Single Tree Lane South	Public Improvement Construction	Cemetery Perpetual Care Fund		
<b>REVENUES</b>						
General Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	145,830	-	145,830	-
Licenses and Permits	-	-	176,451	-	176,451	-
Intergovernmental Revenue	-	-	-	-	-	-
Investment Income	-	6,313	22,522	-	28,835	-
Rental	-	-	-	-	-	-
Other	-	-	-	-	-	-
Fees	-	536,000	100,000	-	636,000	-
Grants and Donations	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	-	541,313	444,803	-	986,116	-
<b>EXPENDITURES</b>						
Current						
Community Development	-	-	-	-	-	-
Police	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Parks and Recreation	-	-	-	-	-	-
Interest on Interfund Borrowing	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	-
Administration	-	-	-	-	-	-
Public Works	59,099	-	1,182,065	-	1,241,164	-
Parks and Recreation	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Fiscal Agent Fees	-	-	-	-	-	-
Total Expenditures	59,099	-	1,182,065	-	1,241,164	-
Excess of Revenues Over (Under) Expenditures	-	482,214	(717,262)	-	(235,048)	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	309,041	-	-	-	309,041	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	309,041	-	-	-	309,041	-
Net Change in Fund Balances	309,041	482,214	(717,262)	-	673,993	-
Fund Balance (Deficit) - Beginning	(309,041)	(4,351)	1,754,808	-	1,441,416	-
Fund Balance (Deficit) - Ending	\$ -	\$ 477,863	\$ 1,037,546	\$ -	\$ 1,515,412	\$ -

City of Eden Prairie, Minnesota  
Internal Service Funds

**Internal Service Funds**

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

**Health & Benefits** – This fund accounts for the activities pertaining to health, dental, life and disability insurance. This fund also accounts for the employer's portion of pension, FICA and medicare contributions.

**Severance** – This fund accounts for the payment of unused personal time off for governmental fund employees.

**Workers Compensation** – This fund accounts for the costs associated with workers' compensation. Revenues are primarily charges to other funds, interest earnings and insurance checks. Expenditures will consist of insurance premiums.

**Property Insurance** – This fund accounts for the costs associated with the City's property and casualty insurance program. Revenues are primarily charges to other funds and interest earnings. Expenditures will consist of insurance premiums.

**Facilities** – This fund accounts for the costs associated with maintaining city owned buildings. Revenues are primarily charges to other funds and interest earnings.

**Fleet** – These funds account for the costs associated with maintaining and purchasing vehicles and equipment for the City. Revenues are primarily charges to other funds and interest earnings.

**Information Technology** – These funds account for the provision of information technology services including infrastructure and applications. Revenues are primarily charges to other funds and interest earnings.

City of Eden Prairie, Minnesota  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2018

	Health & Benefits	Severance	Workers Compensation	Property Insurance
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 1,087,249	\$ 1,350,679	\$ 210,290	\$ 88,543
Receivables				
Accounts	5,258	-	-	-
Interest	2,576	4,136	567	178
Due From Other Governments	53	-	-	-
Inventory	-	-	-	-
Prepaid Items	-	-	87,104	121,577
Total Current Assets	1,095,136	1,354,815	297,961	211,298
Noncurrent Assets:				
Capital Assets				
Property, Plant and Equipment	-	-	-	-
Less Accumulated Depreciation	-	-	-	-
Total Noncurrent Assets	-	-	-	-
Total Assets	1,095,136	1,354,815	297,961	211,298
Other Post Employment Benefits	106,894	-	24	24
Total Deferred Outflows of Resources	106,894	-	24	24
Total Assets and Deferred Outflows of Resources	\$ 1,202,130	\$ 1,354,815	\$ 297,985	\$ 211,322
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 62,558	\$ -	\$ -	\$ -
Salaries Payable	-	-	946	946
Due to Other Governments	167,693	-	-	-
Unearned Revenue	-	-	-	-
Current Portion of Total OPEB Liability	106,993	-	24	24
Current Portion of Compensated Absences	-	960,247	-	-
Total Current Liabilities	337,244	960,247	970	970
Noncurrent Liabilities:				
Total OPEB Liability	2,387,127	-	538	539
Compensated Absences	-	1,004,261	-	-
Total Noncurrent Liabilities	2,387,127	1,004,261	538	539
Total Liabilities	2,724,371	1,964,508	1,508	1,509
Net Position				
Net Investment in Capital Assets	-	-	-	-
Unrestricted	(1,522,241)	(609,693)	296,477	209,813
Total Net Position	(1,522,241)	(609,693)	296,477	209,813
Total Liabilities and Net Position	\$ 1,202,130	\$ 1,354,815	\$ 297,985	\$ 211,322

City of Eden Prairie, Minnesota  
Internal Service Funds  
Combining Statement of Net Position  
December 31, 2018

	Facilities	Fleet	Information Technology	Total
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 2,091,146	\$ 3,724,486	\$ 1,062,779	\$ 9,616,172
Receivables				
Accounts	89,696	54,829	-	149,783
Interest	5,467	11,053	2,670	25,627
Due From Other Governments	-	-	-	53
Inventory	-	95,176	-	95,176
Prepaid Items	348	1,500	158,669	369,198
Total Current Assets	2,186,657	3,887,024	1,224,118	10,257,009
Noncurrent Assets:				
Capital Assets				
Property, Plant and Equipment	3,392,018	6,864,447	596,544	10,853,009
Less Accumulated Depreciation	(912,686)	(4,150,088)	(243,432)	(5,306,206)
Total Noncurrent Assets	2,479,332	2,714,359	353,112	5,546,803
Total Assets	4,665,989	6,601,383	1,577,230	15,803,812
Other Post Employment Benefits	1,299	1,478	414	110,233
Total Deferred Outflows of Resources	1,299	1,478	414	110,233
Total Assets and Deferred Outflows of Resources	\$ 4,667,288	\$ 6,602,861	\$ 1,577,644	\$ 15,914,045

**DEFERRED OUTFLOWS OF RESOURCES**

Other Post Employment Benefits	1,299	1,478	414	110,233
Total Deferred Outflows of Resources	1,299	1,478	414	110,233

**LIABILITIES**

Current Liabilities:				
Accounts Payable	\$ 541,608	\$ 146,323	\$ 85,965	\$ 836,454
Salaries Payable	17,653	8,997	11,359	39,901
Due to Other Governments	-	1,171	1,888	170,752
Unearned Revenue	595	-	-	595
Current Portion of Total OPEB Liability	1,299	1,478	415	110,233
Current Portion of Compensated Absences	-	-	-	960,247
Total Current Liabilities	561,155	157,969	99,627	2,118,182
Noncurrent Liabilities:				
Total OPEB Liability	28,973	32,968	9,251	2,459,396
Compensated Absences	-	-	-	1,004,261
Total Noncurrent Liabilities	28,973	32,968	9,251	3,463,657
Total Liabilities	590,128	190,937	108,878	5,581,839
Net Position				
Net Investment in Capital Assets	2,479,332	2,714,359	353,112	5,546,803
Unrestricted	1,597,828	3,697,565	1,115,654	4,765,403
Total Net Position	4,077,160	6,411,924	1,468,766	10,332,206
Total Liabilities and Net Position	\$ 4,667,288	\$ 6,602,861	\$ 1,577,644	\$ 15,914,045

City of Eden Prairie, Minnesota  
Internal Service Funds  
Combining Statement of Revenues  
Expenses and Changes in Net Position  
For the Year Ended December 31, 2018

	Health & Benefits	Severance	Workers Compensation	Property Insurance
<b>OPERATING REVENUE</b>				
Charges for Services	\$ 5,637,712	\$ 147,837	\$ 617,804	\$ 707,405
Rental	-	-	-	-
Total Operating Revenues	5,637,712	147,837	617,804	707,405
<b>OPERATING EXPENSE</b>				
Personnel Services	6,292,490	141,065	33,753	33,753
Supplies	-	-	-	-
Supplies	-	-	-	-
Cleaning Supplies	-	-	-	-
Motor Fuel	-	-	-	-
Tires	-	-	-	-
Repair and Maintenance Supplies	-	-	-	-
Contractual Services	17,711	-	526,770	604,637
Software	-	-	-	-
Janitorial Services	-	-	-	-
Licenses, Permits, Taxes	-	-	-	-
Repair and Maintenance	-	-	-	-
Utilities	-	-	-	-
Capital Under \$25,000	-	-	-	-
Total Operating Expenses	6,310,201	141,065	560,523	638,390
Operating Income (Loss) Before Depreciation	(672,489)	6,772	57,281	69,015
Depreciation	-	-	-	-
Operating Income (Loss) Before Nonoperating Revenue / Expense	(672,489)	6,772	57,281	69,015
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Investment Income	15,776	25,369	3,411	1,081
Gain/(Loss) on Disposition of Capital Assets	-	-	-	-
Miscellaneous	10,238	-	10,604	8,533
Total Nonoperating Revenues (Expenses)	26,014	25,369	14,015	9,614
Income (Loss) Before Contributions and Transfers	(646,475)	32,141	71,296	78,629
Contributions - from Governmental Activities	-	-	-	-
Transfer In	-	-	-	-
Change in Net Position	(646,475)	32,141	71,296	78,629
Net Position - Beginning	(875,766)	(641,834)	225,181	131,184
Net Position - Ending	\$ (1,522,241)	\$ (609,693)	\$ 296,477	\$ 209,813

City of Eden Prairie, Minnesota  
Internal Service Funds  
Combining Statement of Revenues  
Expenses and Changes in Net Position  
For the Year Ended December 31, 2018

	Facilities	Fleet	Information Technology	Total
<b>OPERATING REVENUE</b>				
Charges for Services	\$ 5,131,862	\$ 2,566,544	\$ 2,406,355	\$ 17,215,519
Rental	945,773	-	360	946,133
Total Operating Revenues	6,077,635	2,566,544	2,406,715	18,161,652
<b>OPERATING EXPENSE</b>				
Personnel Services	1,013,973	520,513	572,714	8,608,261
Supplies	2,676	46,024	12,826	61,526
Cleaning Supplies	138,059	-	-	138,059
Motor Fuel	10,549	415,326	-	425,875
Tires	-	80,419	-	80,419
Repair and Maintenance Supplies	225,149	220,089	-	445,238
Contractual Services	1,679,494	7,463	106,789	2,942,884
Software	-	-	997,372	997,372
Janitorial Services	1,028,107	-	-	1,028,107
Licenses, Permits, Taxes	202,925	3,659	-	206,784
Repair and Maintenance	1,459,852	211,012	-	2,110,12
Utilities	114,595	3,654	163,044	1,626,660
Capital Under \$25,000	114,595	9,381	197,739	321,715
Total Operating Expenses	5,875,479	1,517,760	2,050,494	17,093,922
Operating Income (Loss) Before Depreciation	202,156	1,048,784	356,231	1,067,750
Depreciation	131,926	958,001	99,723	1,189,650
Operating Income (Loss) Before Nonoperating Revenue / Expense	70,230	90,783	256,508	(121,900)
<b>NONOPERATING REVENUE (EXPENSE)</b>				
Investment Income	43,045	67,071	16,263	172,016
Gain/(Loss) on Disposition of Capital Assets	24,000	207,027	-	231,027
Miscellaneous	9,298	20,807	142	59,622
Total Nonoperating Revenues (Expenses)	76,343	294,905	16,405	462,665
Income (Loss) Before Contributions and Transfers	146,573	385,688	272,913	340,765
Contributions - from Governmental Activities	-	172,890	-	172,890
Transfer In	54,179	-	-	54,179
Change in Net Position	200,752	558,578	272,913	567,834
Net Position - Beginning	3,876,408	5,853,346	1,195,853	9,764,372
Net Position - Ending	\$ 4,077,160	\$ 6,411,924	\$ 1,468,766	\$ 10,332,206

City of Eden Prairie, Minnesota  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2018

	Health & Benefits	Severance	Workers Compensation	Property Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 5,640,178	\$ 147,837	\$ 620,282	\$ 707,405
Payments to Vendors	(241,567)	-	(531,289)	(607,790)
Payments to Employees	(5,400,029)	(156,704)	(37,606)	(316,593)
Other Receipts	483,974	(8,867)	62,532	71,123
Net Cash Provided (Used) By Operating Activities	15,295	24,659	3,214	1,036
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Investment Income	15,295	24,659	3,214	1,036
Net Cash Provided (Used) By Investing Activities	15,295	24,659	3,214	1,036
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	-	-	-	-
Net Cash Provided (Used) By Noncapital Financing Activities	-	-	-	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	-	-	-	-
Proceeds From Sale of Equipment	-	-	-	-
Net Cash Provided (Used) By Capital and Related Financing Activities	-	-	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	499,269	15,792	65,746	72,159
Cash and Cash Equivalents, January 1	587,980	1,334,897	144,544	17,384
Cash and Cash Equivalents, December 31	\$ 1,087,249	\$ 1,350,679	\$ 210,290	\$ 89,543



City of Eden Prairie, Minnesota  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2018

Page 1 of 2

	Health & Benefits	Severance	Workers Compensation	Property Insurance
\$ (672,489) \$	6,772 \$	57,281 \$	69,015	
10,238	-	10,604	8,533	
2,486	-	2,478	-	
122	-	-	-	
-	-	(4,519)	(529)	
260,350	-	(24)	(24)	
(106,994)	-	-	(2,584)	
(2,726)	-	175	175	
-	-	-	-	
1,532	-	-	-	
991,475	-	(3,463)	(3,463)	
-	(15,639)	-	-	
\$ 483,974 \$	(6,867) \$	62,532 \$	71,123	

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating Income (Loss)

Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Depreciation

Miscellaneous (Increase) Decrease in Assets:

Accounts Receivable

Due From Other Governments

Inventory

Prepaid Items

Other Post Employment Benefits

Increase (Decrease) in Liabilities:

Accounts Payable

Salaries Payable

Unearned Revenue

Due to Other Governments

Other Post Employment Benefits

Compensated Absences

Net Cash Provided (Used) by Operating Activities

Noncash Investing, Capital and Financing Activities:

	Facilities	Fleet	Information Technology	Total
\$ 5,192,069 \$	2,511,892 \$	2,406,355 \$	17,226,018	
(4,716,360)	(884,668)	(1,494,673)	(7,993,779)	
(1,045,622)	(94,777)	(583,424)	(3,623,823)	
385,072	20,807	(383,402)	1,065,755	
389,958	1,133,651	318,948	2,451,319	
41,471	64,281	15,634	165,590	
41,471	64,281	15,634	165,590	
54,179	-	-	54,179	
54,179	-	-	54,179	
(89,218)	(1,671,472)	(267,434)	(2,037,124)	
24,000	379,917	-	403,917	
(74,218)	(1,291,555)	(267,434)	(1,633,207)	
411,390	(93,623)	67,148	1,037,881	
1,679,756	3,818,109	995,631	8,578,291	
\$ 2,091,146 \$	3,724,486 \$	1,062,779 \$	9,616,172	

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts From Customers

Payments to Vendors

Payments to Employees

Other Receipts

Net Cash Provided (Used) By Operating Activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment Income

Net Cash Provided (Used) By Investing Activities

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Transfers In

Net Cash Provided (Used) By Noncapital Financing Activities

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition and Construction of Capital Assets

Proceeds From Sale of Equipment

Net Cash Provided (Used) By Capital and Related Financing Activities

Net Increase (Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents, January 1

Cash and Cash Equivalents, December 31

City of Eden Prairie, Minnesota  
Agency Funds

Page 2 of 2

Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended December 31, 2018

	Facilities	Fleet	Information Technology	Total
\$	70,230	90,783	256,508	(121,900)
	131,926	955,001	99,723	1,186,650
	9,296	20,807	142	30,622
	112,957	(54,652)	-	63,249
	-	6,288	-	6,288
	(348)	-	(43,130)	211,824
	(1,298)	(1,478)	(414)	(110,233)
	145,503	106,567	26,202	272,962
	969	1,155	2,239	4,713
	(52,750)	-	-	(52,750)
	(9)	(276)	19	1,266
	(26,519)	6,456	(22,341)	942,145
	-	-	-	(15,639)
Net Cash Provided (Used) by Operating Activities	389,958	1,133,651	318,948	2,451,319

RECONCILIATION OF OPERATING INCOME  
(LOSS) TO NET CASH PROVIDED (USED)  
BY OPERATING ACTIVITIES:

Operating Income (Loss)  
Adjustments to Reconcile Operating Income (Loss)  
to Net Cash Provided (Used) by Operating Activities:

Depreciation  
(Miscellaneous) Decrease in Assets:  
Accounts Receivable  
Due From Other Governments  
Inventory  
Prepaid Items  
Other Post Employment Benefits  
Increase (Decrease) in Liabilities:  
Salaries Payable  
Unearned Revenue  
Due to Other Governments  
Other Post Employment Benefits  
Compensated Absences

Net Cash Provided (Used) by Operating Activities

Noncash Investing, Capital and Financing Activities:

**Agency Funds**  
Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, or other funds.

**Escrow** - This fund is used to account for various deposits required by the City. This fund is also used for accumulating donations and other contributions for specific purposes.

**WAFTA** - This fund accounts for the collection and remittance of expenses pertaining to the fire training facility owned by 11 member cities.

**MCES** - This fund accounts for the collection and remittance of sewer availability charges to the Metropolitan Council Environmental Services.

**494 Corridor Commission** - This fund accounts for the collection and remittance of expenses pertaining to the policy work and employer and commuter outreach performed by staff of the I-494 Corridor Commission. The Commission is funded by member cities, a federal Congestion Mitigation & Air Quality grant, and a state grant.

City of Eden Prairie, Minnesota  
 Agency Funds  
 Combining Statement of Changes in  
 Assets and Liabilities  
 For the Year Ended December 31, 2018

	Balance January 1 2018	Additions	Deductions	Balance December 31 2018
<b>Escrow</b>				
Assets				
Cash and Investments	\$ 1,436,443	\$ 1,193,411	\$ 1,571,076	\$ 1,058,778
Accounts Receivable	-	33,117	33,117	-
Total Assets	\$ 1,436,443	\$ 1,226,528	\$ 1,604,193	\$ 1,058,778
Liabilities				
Accounts Payable	\$ 1,436,443	\$ 2,221,423	\$ 2,599,088	\$ 1,058,778
Total Liabilities	\$ 1,436,443	\$ 2,221,423	\$ 2,599,088	\$ 1,058,778

<b>WAFTA</b>				
Assets				
Cash and Investments	\$ 213,869	\$ 27,685	\$ 1,555	\$ 239,999
Accounts Receivable	-	22,000	22,000	-
Total Assets	\$ 213,869	\$ 49,685	\$ 23,555	\$ 239,999
Liabilities				
Accounts Payable	\$ -	\$ 1,566	\$ 1,555	\$ 11
Due to Other Governments	\$ 213,869	\$ 27,685	\$ 1,566	\$ 239,988
Total Liabilities	\$ 213,869	\$ 29,251	\$ 3,121	\$ 239,999

<b>MCES</b>				
Assets				
Cash and Investments	\$ 9,940	\$ 1,187,830	\$ 1,190,315	\$ 7,455
Total Assets	\$ 9,940	\$ 1,187,830	\$ 1,190,315	\$ 7,455
Liabilities				
Due to Other Governments	\$ 9,940	\$ 2,392,657	\$ 2,395,142	\$ 7,455
Total Liabilities	\$ 9,940	\$ 2,392,657	\$ 2,395,142	\$ 7,455

<b>494 Corridor Commission</b>				
Assets				
Cash and Investments	\$ 240,455	\$ 559,962	\$ 516,742	\$ 283,675
Accounts Receivable	-	92,495	-	92,495
Total Assets	\$ 240,455	\$ 652,457	\$ 516,742	\$ 376,170
Liabilities				
Accounts Payable	\$ 9,720	\$ 524,270	\$ 517,219	\$ 16,771
Due to Other Governments	\$ 230,735	\$ 640,699	\$ 512,035	\$ 359,399
Total Liabilities	\$ 240,455	\$ 1,164,969	\$ 1,029,254	\$ 376,170

<b>Totals-All Agency Funds</b>				
Assets				
Cash and Investments	\$ 1,900,707	\$ 2,968,888	\$ 3,279,688	\$ 1,589,907
Accounts Receivable	-	147,612	55,117	92,495
Total Assets	\$ 1,900,707	\$ 3,116,500	\$ 3,334,805	\$ 1,682,402
Liabilities				
Accounts Payable	\$ 1,446,163	\$ 2,747,259	\$ 3,117,862	\$ 1,075,560
Due to Other Governments	\$ 454,544	\$ 3,061,041	\$ 2,908,743	\$ 606,842
Total Liabilities	\$ 1,900,707	\$ 5,808,300	\$ 6,026,605	\$ 1,682,402

City of Eden Prairie, Minnesota  
 Agency Funds  
 Combining Statement of Fiduciary Net Position  
 December 31, 2018

	Escrow Fund	WAFTA	MCES	494 Corridor	2018 Total
<b>ASSETS</b>					
Cash and Investments	\$ 1,058,778	\$ 239,999	\$ 7,455	\$ 283,675	\$ 1,589,907
Accounts Receivable	-	-	-	92,495	92,495
Total Assets	\$ 1,058,778	\$ 239,999	\$ 7,455	\$ 376,170	\$ 1,682,402
<b>LIABILITIES</b>					
Accounts Payable	\$ 1,058,778	\$ 11	\$ -	\$ 16,771	\$ 1,075,560
Due to Other Governments	-	239,988	7,455	359,399	606,842
Total Liabilities	\$ 1,058,778	\$ 239,999	\$ 7,455	\$ 376,170	\$ 1,682,402

**City of Eden Prairie, Minnesota**  
**Statistical Section**  
(Unaudited)

This part of the City of Eden Prairie’s comprehensive annual financial report presents detailed information as a context for understanding this year’s financial statements, note disclosures, and supplementary information. This information has not been audited by the independent auditor.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> .....	159-164
These tables contain trend information that may assist the reader in assessing the City’s current financial performance by placing it in historical perspective.	
<b>Revenue Capacity</b> .....	165-168
These tables contain information that may assist the reader in assessing the viability of the City’s most significant “own-source” revenue, the property tax.	
<b>Debt Capacity</b> .....	169-172
These tables present information that may assist the reader in analyzing the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Demographic and Economic Information</b> .....	173-181
These tables offer economic and demographic indicators that are commonly used for financial analysis and that can increase one’s understanding of the City’s present and ongoing financial status.	
<b>Operating Information</b> .....	182-183
These tables contain service and infrastructure indicators that can increase one’s understanding of how the information in the City’s financial statements relates to the services the City provides and the activities it performs.	

**Source:**

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

# City of Eden Prairie, Minnesota

## Government-wide Net Position by Category (accrual basis of accounting)

### Last Ten Years

City of Eden Prairie, Minnesota  
 Government-wide Net Position by Category  
 Last Ten Years  
 (Accrual Basis of Accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES</b>										
Net Investment in Capital Assets	\$ 165,578,857	\$ 169,874,219	\$ 178,022,468	\$ 182,115,707	\$ 177,981,232	\$ 181,975,764	\$ 189,217,647	\$ 191,675,648	\$ 195,150,960	\$ 198,061,704
Restricted	9,470,494	8,882,954	9,190,791	7,324,699	6,175,774	13,773,554	23,112,719	26,405,621	23,186,863	28,343,449
Unrestricted	49,907,035	50,954,487	48,843,723	55,746,593	57,276,140	60,341,383	31,911,221	21,694,457	29,707,881	29,069,260
Governmental Activities Net Position	224,956,386	229,711,670	236,056,982	245,186,999	241,433,146	256,090,701	244,241,587	239,775,726	248,045,704	255,474,413
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net Investment in Capital Assets	142,093,191	138,307,152	138,397,769	134,140,863	132,801,426	131,144,305	128,130,738	125,479,624	121,073,703	116,820,164
Unrestricted	6,301,188	5,224,848	9,452,826	12,357,974	15,634,317	14,438,525	14,792,266	16,155,406	19,142,578	22,590,071
Business-Type Activities Net Position	148,394,379	143,532,000	147,850,595	146,498,837	148,435,743	145,582,830	142,923,004	141,635,030	140,216,281	139,410,235
<b>PRIMARY GOVERNMENT</b>										
Net Investment in Capital Assets	307,672,048	308,181,371	316,420,237	316,256,570	310,782,658	313,120,069	317,348,385	317,155,272	316,224,663	314,881,868
Restricted	9,470,494	8,882,954	9,190,791	7,324,699	6,175,774	13,773,554	23,112,719	26,405,621	23,186,863	28,343,449
Unrestricted	56,208,223	56,179,345	58,296,549	68,104,567	72,910,457	74,759,133	46,703,487	37,849,863	48,850,459	51,659,331
Primary Government Net Position	\$ 373,350,765	\$ 373,243,670	\$ 383,907,577	\$ 391,685,836	\$ 389,668,889	\$ 401,652,756	\$ 387,164,591	\$ 381,410,756	\$ 388,261,985	\$ 394,884,648

# City of Eden Prairie, Minnesota

## Changes in Net Position - Total (accrual basis of accounting)

### Last Ten Years

Source	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXPENSES</b>										
Governmental Activities	\$ 47,397,022	\$ 45,701,477	\$ 45,294,566	\$ 49,206,494	\$ 58,843,210	\$ 57,169,862	\$ 65,402,641	\$ 63,294,429	\$ 60,402,652	\$ 59,821,696
Business-type Activities	25,599,664	26,739,072	27,530,501	29,553,823	29,692,124	29,820,423	27,924,045	30,170,309	28,922,085	30,324,121
Total Expenses	72,996,686	72,440,549	72,825,067	78,760,317	88,535,334	86,990,285	93,326,686	93,464,738	89,324,737	90,145,817
<b>PROGRAM REVENUES</b>										
Governmental Activities	12,361,210	13,032,144	14,786,027	20,610,978	16,622,065	33,865,654	31,911,922	18,955,697	19,086,961	23,707,803
Business-type Activities	24,115,894	23,654,183	25,863,662	29,336,671	32,870,365	28,335,144	27,330,069	29,392,647	28,144,288	30,391,136
Total Program Revenues	36,477,104	36,686,327	40,649,689	49,947,649	49,492,430	62,200,798	59,241,991	48,348,344	47,231,249	54,098,939
Net (Expense) Revenue	(36,519,582)	(35,754,222)	(32,175,378)	(28,812,668)	(39,042,904)	(24,789,487)	(34,084,695)	(45,116,394)	(42,093,488)	(36,046,878)
<b>GENERAL REVENUES AND TRANSFERS</b>										
Governmental Activities	35,002,230	37,424,617	36,853,851	37,725,533	38,467,292	37,961,763	37,694,597	39,872,871	41,618,266	43,542,602
Business-type Activities	(676,914)	(1,777,490)	(1,230,687)	(1,134,606)	(1,241,335)	(1,367,634)	336,534	(510,312)	(640,952)	(873,061)
Total General Revenues and Transfers	34,325,316	35,647,127	35,623,164	36,590,927	37,225,957	36,594,129	38,031,131	39,362,559	40,977,314	42,669,541
Change in Net Position	\$ (2,194,266)	\$ (107,095)	\$ 3,447,786	\$ 7,778,259	\$ (1,816,947)	\$ 11,804,642	\$ 3,946,436	\$ (5,753,835)	\$ (1,116,174)	\$ 6,622,663

# City of Eden Prairie, Minnesota

## Changes in Net Position-Governmental Activities (accrual basis of accounting)

### Last Ten Years

SOURCES	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXPENSES</b>										
General Government	\$ 9,506,104	\$ 9,183,334	\$ 9,263,991	\$ 4,008,338	5,854,425	4,921,044	5,579,070	5,003,957	4,611,732	5,092,886
Administration	-	-	-	6,251,288	5,678,694	5,368,762	7,730,338	5,692,215	6,222,326	4,942,029
Community Development	19,346,668	17,985,648	17,538,536	-	-	-	-	-	-	-
Public Safety	-	-	-	12,413,470	12,846,206	13,534,150	14,118,565	17,793,494	15,769,976	14,365,502
Police	-	-	-	5,646,926	5,724,342	6,093,772	6,324,124	7,542,196	6,896,697	6,406,404
Fire	-	-	-	8,226,283	16,288,862	13,321,459	17,652,163	11,035,229	10,616,604	10,098,667
Public Works	8,128,507	7,522,749	7,665,875	10,815,390	11,113,811	12,947,006	12,862,402	15,133,618	15,274,479	18,008,795
Parks and Recreation	8,606,431	9,769,235	9,617,076	1,844,799	1,336,870	983,669	1,135,979	1,093,720	1,010,838	907,413
Interest on Long Term Debt	1,809,312	1,240,511	1,209,088	49,206,494	58,843,210	57,169,862	65,402,641	63,294,429	60,402,652	59,821,696
Total Expenses	47,397,022	45,701,477	45,294,566							
<b>PROGRAM REVENUES</b>										
Charges for Services										
General Government	948,287	958,005	966,931	1,695,035	1,176,919	1,314,271	1,132,606	1,442,068	1,173,177	1,079,151
Administration	-	-	-	154,858	122,263	73,929	93,195	152,708	127,248	161,918
Community Development	-	-	-	-	-	-	-	-	-	-
Public Safety	2,351,256	3,135,082	3,264,191	1,338,079	1,223,836	1,130,020	1,063,129	1,131,502	1,039,936	1,115,447
Police	-	-	-	3,450,431	4,236,114	3,502,952	2,571,830	2,315,725	2,240,351	3,505,901
Fire	-	-	-	518,365	497,720	411,144	975,701	330,709	218,292	274,679
Public Works	210,606	230,390	322,561	4,759,919	5,005,917	5,187,195	5,229,060	5,513,331	6,091,247	5,854,094
Parks and Recreation	3,774,815	4,285,057	4,327,323	1,567,265	1,459,859	1,741,945	1,818,333	1,614,263	1,707,453	2,457,482
Operating Grants and Contributions	1,735,599	1,320,014	1,435,321	7,127,026	2,899,437	20,504,198	19,028,068	6,455,391	6,489,257	9,259,131
Capital Grants and Contributions	3,340,647	3,103,596	4,469,700	20,610,978	16,622,065	33,865,654	31,911,922	18,955,697	19,086,961	23,707,803
Total Program Revenues	12,361,210	13,032,144	14,786,027	(28,595,516)	(42,221,145)	(23,304,208)	(33,490,719)	(44,338,732)	(41,315,691)	(36,113,893)
Net (Expense) Revenue	(35,035,812)	(32,669,333)	(30,508,539)							
<b>GENERAL REVENUES AND TRANSFERS</b>										
Taxes										
Property Taxes	31,687,277	31,527,570	31,310,140	32,144,443	32,674,010	32,781,740	33,708,909	34,217,549	35,405,930	37,338,583
Tax Increment	3,250,611	3,450,291	3,139,080	3,353,556	3,535,459	3,070,936	3,249,355	3,357,247	3,570,703	2,320,447
Gain (Loss) on Sale of Capital Assets	(1,505,613)	-	121,916	33,848	-	-	-	-	-	-
Grants and Contributions Not Restricted to Specific Programs	206,907	229,510	752,907	836,646	862,288	483,914	741,828	1,268,257	1,545,745	1,644,788
Investment Income	672,822	427,377	259,808	186,676	137,890	210,373	272,989	418,849	334,305	988,382
Transfers	690,226	1,789,869	1,270,000	1,170,364	1,257,645	1,414,800	(278,484)	610,969	761,583	1,250,402
Total General Revenues and Transfers	35,002,230	37,424,617	36,853,851	37,725,533	38,467,292	37,961,763	37,694,597	39,872,871	41,618,266	43,542,602
Change in Net Position	\$ (33,582)	\$ 4,755,284	\$ 6,345,312	\$ 9,130,017	\$ (3,753,853)	\$ 14,657,555	\$ 4,203,878	\$ (4,465,861)	\$ 302,575	\$ 7,428,709

City of Eden Prairie, Minnesota  
 Changes in Net position-Business-type Activities (accrual basis of accounting)  
 Last Ten Years

SOURCE	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXPENSES</b>										
Water / Sewer	\$ 13,462,844	\$ 14,035,916	\$ 8,162,292	\$ 9,570,579	\$ 9,564,793	\$ 9,856,001	\$ 8,905,768	\$ 10,526,151	\$ 9,686,669	\$ 10,460,599
Water	-	-	6,671,324	6,685,442	6,532,297	6,403,264	6,565,966	7,407,149	6,913,276	7,469,070
Wastewater	-	-	1,915,249	2,051,178	2,420,535	2,545,818	2,082,594	1,793,588	2,437,573	2,351,367
Stormwater	1,523,876	1,983,337	10,719,819	11,246,624	11,174,499	11,015,340	10,369,717	10,443,421	9,884,567	10,043,085
Liquor	10,612,944	26,739,072	27,530,501	29,553,823	29,692,124	29,820,423	27,924,045	30,170,309	28,922,085	30,324,121
Total Expenses	25,599,664	55,799,072	55,530,501	55,553,823	55,692,124	55,820,423	52,924,045	55,170,309	52,922,085	55,324,121
<b>PROGRAM REVENUES</b>										
Charges for Services										
Water / Sewer	11,487,634	11,103,035	-	9,920,853	9,659,385	7,315,328	7,162,740	7,675,337	7,846,540	8,422,155
Water	-	-	7,743,061	5,654,186	6,265,514	5,566,951	5,661,990	5,789,594	5,863,517	6,356,014
Wastewater	-	-	4,926,624	1,327,159	1,499,405	1,656,817	1,933,572	2,095,629	2,400,254	2,786,754
Stormwater	910,568	831,731	1,054,077	1,327,159	1,499,405	1,656,817	1,933,572	2,095,629	2,400,254	2,786,754
Liquor	11,717,692	11,687,919	11,724,900	12,381,069	12,404,920	12,216,404	11,312,822	10,747,887	10,501,449	10,848,725
Operating Grants and Contributions	-	31,498	-	-	-	131,600	133,195	155,041	238,392	20,665
Capital Grants and Contributions	-	-	415,000	53,404	3,041,141	1,448,044	1,125,750	2,929,169	1,294,136	1,956,823
Total Program Revenues	24,115,894	23,654,183	25,863,662	29,336,671	32,870,365	28,335,144	27,330,069	29,392,647	28,144,288	30,391,136
Net (Expense) Revenue	(1,483,770)	(3,084,889)	(1,666,839)	(217,152)	3,178,241	(1,485,279)	(593,976)	(777,662)	(777,797)	67,015
<b>GENERAL REVENUES AND TRANSFERS</b>										
Grants and Contributions Not Restricted to Specific Programs	-	-	4,016	-	-	-	-	-	-	-
Investment Income	13,312	12,379	35,297	35,758	16,310	47,166	58,050	100,657	120,631	377,341
Transfers	(690,226)	(1,789,869)	(1,270,000)	(1,170,364)	(1,257,645)	(1,414,800)	278,484	(610,969)	(761,583)	(1,250,402)
Total General Revenues and Transfers	(676,914)	(1,777,490)	(1,230,687)	(1,134,606)	(1,241,335)	(1,367,634)	336,534	(510,312)	(640,952)	(873,061)
Change in Net Position	\$ (2,160,684)	\$ (4,862,379)	\$ (2,897,526)	\$ (1,351,758)	\$ 1,936,906	\$ (2,852,913)	\$ (257,442)	\$ (1,287,974)	\$ (1,418,749)	\$ (806,046)

Prior to 2011, Water and Sewer were combined.



# City of Eden Prairie, Minnesota

## Fund Balances-Governmental Funds

### Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GENERAL FUND</b>										
Reserved	\$ 55,864	\$ 66,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	20,535,345	20,877,251	-	-	-	-	-	-	-	-
Nonspendable	-	-	18,266	52,190	24,702	39,844	22,947	35,792	30,037	103,845
Restricted	-	-	-	-	-	-	-	286,942	-	-
Unassigned	-	-	21,162,123	21,069,050	21,509,541	22,292,187	22,859,810	23,171,318	22,592,160	24,438,689
Subtotal General Fund	20,591,209	20,943,489	21,180,389	21,121,240	21,534,243	22,332,031	22,882,757	23,494,052	22,622,197	24,542,534
General Fund % Change	0.8%	1.7%	1.1%	(0.3%)	2.0%	3.7%	2.5%	2.7%	(3.7%)	8.5%
<b>ALL OTHER GOVT FUNDS</b>										
Reserved	141,011	118,186	-	-	-	-	-	-	-	-
Unreserved	-	-	-	-	-	-	-	-	-	-
Special Revenue	556,462	548,831	-	-	-	-	-	-	-	-
Debt Service	5,084,425	4,383,750	-	-	-	-	-	-	-	-
Capital Projects	18,890,716	19,775,005	-	-	-	-	-	-	-	-
Permanent	143,045	140,584	-	-	-	-	-	-	-	-
Nonspendable	-	-	812,151	537,530	538,620	542,619	1,938,628	250,970	250,290	227,197
Restricted	-	-	15,261,699	22,281,089	20,876,780	23,065,276	10,891,614	11,676,546	7,680,713	11,577,849
Assigned	-	-	17,951,086	34,326,050	28,275,391	28,510,594	22,935,181	19,799,434	25,270,027	25,215,825
Unassigned	-	-	(3,687,585)	(4,308,281)	(3,859,192)	(6,295,915)	(6,572,969)	(5,110,657)	(2,587,713)	(4,512,314)
Subtotal All Other Govt Funds	24,815,659	24,966,356	30,337,351	52,836,388	45,831,599	45,822,574	29,192,454	26,616,293	30,613,317	32,508,557
<b>TOTAL GOVT FUNDS</b>										
Reserved	196,875	184,424	-	-	-	-	-	-	-	-
Unreserved	45,209,993	45,725,421	-	-	-	-	-	-	-	-
Nonspendable	-	-	830,417	589,720	563,322	582,463	1,961,575	286,762	280,327	331,042
Restricted	-	-	15,261,699	22,281,089	20,876,780	23,065,276	10,891,614	11,963,488	7,680,713	11,577,849
Assigned	-	-	17,951,086	34,326,050	28,275,391	28,510,594	22,935,181	19,799,434	25,270,027	25,215,825
Unassigned	-	-	17,474,538	16,760,769	17,650,349	15,996,272	16,286,841	18,060,661	20,004,447	19,926,375
Total Govt Funds	\$ 45,406,868	\$ 45,909,845	\$ 51,517,740	\$ 73,957,628	\$ 67,365,842	\$ 68,154,605	\$ 52,075,211	\$ 50,110,345	\$ 53,235,514	\$ 57,051,091
All Govt Funds % Change	(2.4%)	1.1%	12.2%	43.6%	(8.9%)	1.2%	(23.6%)	(3.8%)	6.2%	7.2%

GASB 54 was implemented in 2011

# City of Eden Prairie, Minnesota

## Changes in Fund Balances-Governmental Funds (modified accrual basis of accounting)

### Last Ten Years

SOURCE REVENUES	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Taxes and Special Assessments	\$ 36,547,460	\$ 36,494,481	\$ 35,876,027	\$ 37,518,214	\$ 38,119,497	\$ 37,189,846	\$ 44,259,324	\$ 41,169,891	\$ 42,262,252	\$ 42,826,126
Licenses and Permits	2,386,956	3,119,449	3,363,293	5,631,529	7,956,114	7,084,975	6,686,477	6,017,523	5,810,945	7,938,046
Intergovernmental Revenue	4,114,295	2,437,441	5,215,943	7,368,558	1,886,954	8,582,993	6,299,840	2,362,417	7,787,877	2,980,678
Charges for Services	3,506,697	3,919,848	4,202,734	4,394,544	4,532,269	4,841,857	4,864,818	5,325,932	5,744,494	5,976,951
Fines and Forfeits	444,979	496,449	557,512	603,126	420,552	406,210	344,364	346,823	347,285	416,028
Investment Income	638,483	406,281	224,379	195,657	140,303	216,895	276,176	417,997	310,433	887,536
Miscellaneous Revenue	1,556,312	1,609,244	1,488,991	2,469,125	2,265,545	1,647,534	7,098,463	3,249,117	2,835,760	4,853,894
Total Revenues	49,195,182	48,483,193	50,928,879	58,180,753	55,321,234	59,970,310	69,829,482	58,889,700	65,099,046	65,879,259
<b>EXPENDITURES</b>										
General Government	9,152,896	8,726,894	8,768,528	-	-	-	-	-	-	-
Administration	-	-	-	3,634,743	3,634,004	3,946,531	3,809,732	4,280,665	4,036,821	4,467,514
Community Development	-	-	-	6,228,446	5,661,300	5,224,034	7,666,282	5,536,030	6,102,434	5,143,042
Public Safety	16,175,725	16,789,050	16,822,991	-	-	-	-	-	-	-
Police	-	-	-	12,362,179	12,696,678	13,079,303	13,704,796	13,917,677	14,183,797	14,672,312
Fire	-	-	-	5,190,539	5,300,536	5,664,111	5,754,747	5,699,308	6,145,202	6,058,619
Parks and Recreation	5,541,838	5,277,652	5,278,935	5,448,793	5,685,295	5,915,849	5,869,727	5,929,171	6,194,054	5,997,312
Capital Outlay	8,671,355	8,874,758	8,790,806	9,591,618	9,949,401	10,255,620	10,571,858	11,008,845	11,309,009	12,176,110
Miscellaneous	8,188,289	5,919,859	8,696,679	8,558,743	13,946,660	21,000,674	31,265,363	15,133,476	8,779,760	9,816,539
Debt Service	130,251	42,967	17,256	29,641	7,996	25,547	39,283	49,954	40,019	66,154
Principal	4,308,577	3,910,749	4,077,751	4,415,603	3,182,019	3,178,107	3,974,224	3,415,369	5,657,828	3,869,824
Interest	1,588,937	1,361,443	1,250,401	1,194,117	1,480,194	1,127,862	1,304,947	1,148,544	1,068,403	975,631
Other	118,782	44,075	96,169	249,671	8,937	144,530	22,517	66,043	23,500	16,848
Total Expenditures	53,876,650	50,947,447	53,799,516	56,904,093	61,553,020	69,562,168	83,983,476	66,185,082	63,540,827	63,259,905
Excess of Revenues Over (Under) Expenditures	(4,681,468)	(2,464,254)	(2,870,637)	1,276,660	(6,231,786)	(9,591,858)	(14,153,994)	(7,295,382)	1,558,219	2,619,354
Other Financing Sources (Uses)	3,574,375	2,967,231	8,478,532	21,163,228	(360,000)	10,380,621	(1,925,400)	5,330,516	1,566,950	1,196,223
Net Change in Fund Balance	\$ (1,107,093)	\$ 502,977	\$ 5,607,895	\$ 22,439,888	\$ (6,591,786)	\$ 788,763	\$ (16,079,394)	\$ (1,964,866)	\$ 3,125,169	\$ 3,815,577
Debt Service as a % of Noncapital Expenditures	12.3%	11.1%	11.5%	11.0%	8.0%	7.5%	7.9%	8.1%	11.4%	8.0%

Prior to 2012 General Government included Administration and Community Development; Public Safety included Police and Fire.

# City of Eden Prairie, Minnesota Assessed/Tax Capacity Value and Estimated Market Value of Property Last Ten Years

Tax Payable Dec. 31	Tax Capacity										Total Direct Tax Rate	Estimated Market Value	Annual % Change
	Personal Property	Residential	Apartments	Commercial & Industrial	Farm & Other	Tax Capacity Before Deductions	Less: Fiscal Disparities	Less: Tax Increment	Total Assessed Value	Total			
2009 \$	1,262,207	76,242,150	6,418,903	41,524,663	58,691	125,506,614	\$ 16,186,185	\$ 3,239,713	\$ 106,080,716	27,271	\$ 10,019,575,800	0.6%	
2010	1,250,594	72,344,688	5,912,957	40,911,206	63,679	120,483,124	16,806,832	3,274,193	100,402,099	28,742	9,577,402,500	(4.4%)	
2011	1,329,101	67,232,552	5,459,256	37,490,576	59,884	111,571,369	16,432,584	2,863,585	92,275,200	31,239	8,899,287,500	(7.1%)	
2012	1,358,537	62,647,985	5,522,804	36,820,370	62,140	106,411,836	15,040,117	2,860,791	88,510,928	33,250	8,647,405,200	(2.8%)	
2013	1,480,936	59,466,380	5,959,818	36,840,974	51,531	103,799,639	14,637,037	2,990,202	86,172,400	34,617	8,483,358,400	(1.9%)	
2014	1,536,795	59,699,056	6,723,391	37,928,219	75,620	105,963,081	14,732,733	3,137,785	88,092,563	34,709	8,627,122,700	1.7%	
2015	1,581,718	63,907,631	7,045,373	38,765,135	49,597	111,349,454	15,719,259	2,933,721	92,696,474	33,954	9,078,339,200	5.2%	
2016	1,659,596	68,205,510	7,667,144	40,928,173	45,052	118,505,475	15,104,618	3,126,571	100,274,286	32,327	9,633,243,700	6.1%	
2017	1,778,971	69,180,068	8,887,941	41,710,414	44,200	121,601,594	16,281,768	3,209,405	102,110,421	32,667	9,872,802,500	2.5%	
2018	1,317,656	72,149,265	9,758,671	41,957,995	43,813	125,227,400	16,415,817	2,208,824	106,602,759	32,526	10,209,614,900	3.4%	

### Percentages

2009	1.0%	60.7%	5.1%	33.1%	0.0%	15.3%	3.1%
2010	1.0%	60.0%	4.9%	34.0%	0.1%	16.7%	3.3%
2011	1.2%	60.3%	4.9%	33.6%	0.1%	17.8%	3.1%
2012	1.3%	58.9%	5.2%	34.6%	0.1%	17.0%	3.2%
2013	1.4%	57.3%	5.7%	35.5%	0.0%	17.0%	3.5%
2014	1.5%	56.3%	6.3%	35.8%	0.1%	16.7%	3.6%
2015	1.4%	57.4%	6.3%	34.8%	0.0%	17.0%	3.2%
2016	1.4%	57.6%	6.5%	34.5%	0.0%	15.1%	3.1%
2017	1.5%	56.9%	7.3%	34.3%	0.0%	15.9%	3.1%
2018	1.1%	57.6%	7.8%	33.5%	0.0%	15.4%	2.1%

Source: City Assessing Department and Hennepin County

# City of Eden Prairie, Minnesota

## Direct and Overlapping Property Tax Rate

### Last Ten Years

#### Tax Capacity Rates

Year Ended Dec. 31	Direct Rates			Total City Rate	Overlapping Rates					
	City Rate	HRA Rate	Special Districts (1)		School District #270	School District #272	School District #276	Watershed District #1	Watershed District #2	Watershed District #4
2009	27.092	0.179	7.154	27.271	20.080	24.691	17.186	1.246	0.936	1.246
2010	28.553	0.189	8.138	28.742	23.050	25.959	18.657	1.293	0.520	1.279
2011	31.034	0.205	9.172	31.239	26.456	28.420	21.274	1.317	0.264	1.352
2012	33.036	0.214	9.523	33.250	29.270	29.292	23.015	1.388	0.445	1.387
2013	34.397	0.220	10.089	34.617	29.730	29.067	24.487	1.394	0.634	1.561
2014	34.493	0.216	10.561	34.709	32.358	27.817	24.374	1.490	0.759	1.880
2015	33.749	0.205	9.785	33.954	30.340	22.030	25.093	1.315	0.686	1.855
2016	32.137	0.190	9.530	32.327	28.514	20.948	22.887	1.233	0.598	1.745
2017	32.480	0.187	9.319	32.667	25.611	21.865	22.770	1.257	0.718	1.992
2018	32.348	0.178	8.973	32.526	29.035	20.525	23.133	1.204	0.659	2.269

#### Market Value Rates

Year Ended Dec. 31	Overlapping Rates			
	City Direct Rate	School District #270	School District #272	School District #276
2009	0.0171	0.130	0.145	0.202
2010	0.0173	0.139	0.157	0.202
2011	0.0187	0.148	0.162	0.226
2012	0.0155	0.160	0.158	0.225
2013	0.0146	0.162	0.165	0.246
2014	0.0122	0.197	0.167	0.270
2015	0.0100	0.179	0.244	0.264
2016	0.0091	0.187	0.231	0.301
2017	0.0089	0.180	0.220	0.300
2018	0.0086	0.150	0.229	0.303

(1) Special Districts include Metropolitan Council, Regional Transit Board, Metropolitan Mosquito Control, County Park Museum, & Hennepin Suburban Parks

# City of Eden Prairie, Minnesota Principal Property Taxpayers

## For the Year Ended December 31, 2018 and 2009

Taxpayer	2018			2009		
	Tax Capacity	Percentage of Total Tax Capacity	Taxpayer	Tax Capacity	Percentage of Total Tax Capacity	Taxpayer
United Healthcare Serv Inc. (United Healthcare)	\$ 3,092,230	2.5%		\$ 3,236,770	2.6%	Liberty Property Ltd
CAPREF Eden Prairie, LLC (Eden Prairie Mall (part of))	1,859,250	1.5%		2,604,500	2.1%	Eden Prairie Mall, LLC
DCHR Acquisition LLC (CH Robinson Campus)	1,063,350	0.8%		1,057,210	0.8%	ADC Telecommunications, Inc
REEP-MF Fountain Place LLC (Fountain Place Apts.)	1,010,001	0.8%		842,622	0.7%	Lifetouch, Inc.
FPACP3 Eden LLC (Arrive Eden Prairie Apts.)	937,376	0.7%		749,250	0.6%	Geneva Office Exchange LLC
AGNL Health LLC (Optum Campus)	898,500	0.7%		656,960	0.5%	Kraus-Anderson, Inc
FPAWC Parkway LLC (Renew Eden Prairie)	690,100	0.6%		611,430	0.5%	Gelco Corp.
Lifetouch Inc. (Lifetouch)	634,482	0.5%		595,430	0.5%	Flying Cloud Office Inc.
EP Senior Housing LLC (Summit Place Senior Campus)	605,451	0.5%		582,776	0.5%	First Industrial LP
Park at City West Apts (Park at City West Apts)	577,539	0.5%		558,500	0.4%	LT Landlord LLC
<b>Total Principal Taxpayers</b>	<b>11,368,279</b>	<b>9.1%</b>		<b>11,495,448</b>	<b>9.2%</b>	
<b>All Other Taxpayers</b>	<b>113,859,121</b>	<b>90.9%</b>		<b>114,011,166</b>	<b>90.8%</b>	
<b>Total</b>	<b>\$ 125,227,400</b>	<b>100.0%</b>		<b>\$ 125,506,614</b>	<b>100.0%</b>	

Source: City of Eden Prairie Assessing Department

City of Eden Prairie, Minnesota  
Property Tax Levies and Collections  
Last Ten Years

Year Ended Dec. 31	Taxes Levied	Collected Within the Current Year Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2009	\$ 31,773,143	\$ 31,278,850	98.44%	\$ 349,311	\$ 31,628,161	99.54%
2010	31,719,631	31,299,275	98.67%	(76,994)	31,222,281	98.43%
2011	31,719,631	31,355,647	98.85%	(12,043)	31,343,604	98.81%
2012	32,458,990	32,193,272	99.18%	(61,296)	32,131,976	98.99%
2013	32,749,320	32,519,542	99.30%	(104,201)	32,415,341	98.98%
2014	33,220,111	32,881,280	98.98%	(132,907)	32,748,373	98.58%
2015	33,992,311	33,675,337	99.07%	(169,817)	33,505,520	98.57%
2016	34,860,874	34,512,035	99.00%	(122,294)	34,389,741	98.65%
2017	35,911,841	35,480,742	98.80%	(45,909)	35,434,833	98.67%
2018	37,349,820	37,319,709	99.92%	-	37,319,709	99.92%

Source: Hennepin County

# City of Eden Prairie, Minnesota

## Legal Debt Margin

### Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Estimated Market Value	\$ 10,019,575,800	\$ 9,577,402,500	\$ 8,899,287,500	\$ 8,647,405,200	\$ 8,483,358,400	\$ 8,627,122,700	\$ 9,078,339,200	\$ 9,633,243,700	\$ 9,872,802,500	\$ 10,209,614,900
Legal Debt Margin:										
Debt Limit: 3% of Market Value	300,587,274	287,322,075	266,978,625	259,422,156	254,500,752	258,813,681	272,350,176	288,997,311	296,184,075	306,288,447
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	25,475,910	23,222,670	25,866,940	31,874,239	29,464,744	17,906,759	13,499,232	12,036,705	10,648,354	9,211,190
Tax Abatement Bonds	-	-	-	-	-	17,598,269	17,575,537	17,552,806	17,180,074	16,697,342
Deductions:										
Amt Available for Repayment of Bonds (1)	4,998,653	4,819,457	6,013,879	4,207,601	2,650,363	1,715,750	2,032,109	2,303,895	2,336,132	2,296,320
Total Debt Applicable to Limit	20,477,257	18,403,213	19,853,061	27,666,638	26,814,381	33,789,278	29,042,660	27,285,616	25,492,296	23,612,212
Legal Debt Margin	\$ 280,110,017	\$ 268,918,862	\$ 247,125,564	\$ 231,755,518	\$ 227,686,371	\$ 225,024,403	\$ 243,307,516	\$ 261,711,695	\$ 270,691,779	\$ 282,676,235
As a % of Debt Limit	93.2%	93.6%	92.6%	89.3%	89.5%	86.9%	89.3%	90.6%	91.4%	92.3%

1 - Amt Available for Repayment of Bonds only includes "Restricted Debt" of General Obligation and Tax Abatement Bonds

# City of Eden Prairie, Minnesota

## Ratios of Outstanding Debt by Type

### Last Ten Years

Year Ended Dec. 31	Governmental Activities										Business-Type Activities		
	General Obligation Bonds	Tax Abatement Bonds	Total General Bonded Debt	Lease Revenue Bonds	Special Assessments Improvement Bonds	Capital Lease	Total Govt' Bonds	Revenue Bonds	Total	Percentage of Personal Income (1)	Per Capita (2)		
2009	\$ 25,475,910	\$ -	\$ 25,475,910	\$ 4,885,162	\$ 6,362,675	\$ 83,500	\$ 36,807,247	\$ -	\$ 36,807,247	*	581		
2010	23,222,670	-	23,222,670	3,815,884	6,981,020	42,751	34,062,325	-	34,062,325	*	543		
2011	25,866,940	-	25,866,940	2,686,606	8,143,367	-	36,696,913	4,271,215	40,968,128	*	670		
2012	31,874,239	-	31,874,239	1,425,000	18,137,531	174,719	51,611,489	3,829,969	55,441,458	*	894		
2013	29,464,744	-	29,464,744	1,360,000	15,658,107	132,700	46,615,551	3,383,723	49,999,274	*	806		
2014	17,906,759	17,598,269	35,505,028	1,290,000	14,834,596	89,593	51,719,217	2,927,476	54,646,693	*	871		
2015	13,499,232	17,575,537	31,074,769	1,220,000	12,289,647	45,369	44,629,785	2,466,230	47,096,015	*	752		
2016	12,036,705	17,552,806	29,589,511	1,145,000	12,799,455	286,942	43,820,908	3,631,427	47,452,335	*	751		
2017	10,648,354	17,180,074	27,828,428	-	10,021,959	231,734	38,082,121	3,143,967	41,226,088	*	653		
2018	9,211,190	16,697,342	25,908,532	-	8,054,154	175,457	34,138,143	2,511,507	36,649,650	*	575		

(1) See Demographic and Economic Statistics for personal income

(2) See Demographic and Economic Statistics for population

\* Information is not available



City of Eden Prairie, Minnesota  
Ratios of General Bonded Debt Outstanding  
Last Ten Years

Year Ended Dec. 31	General Obligation Debt (1)	Tax Abatement Bonds	Total		Less Amounts Available in Debt Service Fund	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Market Value (2)	Per Capita (3)
			General Bonded Debt	General Bonded Debt				
2009	\$ 25,475,910	\$ -	\$ 25,475,910	\$ 4,998,653	20,477,257	0.20%	323	
2010	23,222,670	-	23,222,670	4,819,457	18,403,213	0.19%	294	
2011	25,866,940	-	25,866,940	6,013,879	19,853,061	0.22%	325	
2012	31,874,239	-	31,874,239	4,207,601	27,666,638	0.32%	446	
2013	29,464,744	-	29,464,744	2,650,363	26,814,381	0.32%	432	
2014	17,906,759	17,598,269	35,505,028	1,715,750	33,789,278	0.39%	539	
2015	13,499,232	17,575,537	31,074,769	2,032,109	29,042,660	0.32%	464	
2016	12,036,705	17,552,806	29,589,511	2,303,895	27,285,616	0.28%	432	
2017	10,648,354	17,180,074	27,828,428	2,336,132	25,492,296	0.26%	404	
2018	9,211,190	16,697,342	25,908,532	2,296,320	23,612,212	0.23%	371	

(1) Amount Does not Include Special Assessment Improvement or Revenue Bonds.  
(2) See "Taxable Assessed Value and Estimated Actual Value of Property" for Market Value  
(3) See Demographic and Economic Statistics for Population

City of Eden Prairie, Minnesota  
 Computation of Direct and Overlapping Bonded Debt  
 December 31, 2018

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Governmental Unit	Debt Outstanding	Percent of Debt Applicable to City (1)	Net Debt Applicable to City
Direct Debt:			
City of Eden Prairie	\$ 25,908,532	100.00%	\$ 25,908,532
Overlapping Debt:			
Hopkins ISD 270	\$ 178,684,351	5.14%	\$ 9,184,376
Eden Prairie ISD 272	51,264,311	97.73%	50,100,611
Minnetonka ISD 276	102,587,953	2.53%	2,595,475
Hennepin County	1,056,890,798	6.68%	70,600,305
Henn Suburban Park District	43,575,708	9.32%	4,061,256
Henn Regional RR Authority	24,600,380	9.32%	2,292,755
Metropolitan Council	75,902,689	3.17%	2,406,115
Total Overlapping Debt	1,533,506,190		141,240,894
Total Direct and Overlapping Debt	\$ 1,559,414,722		\$ 167,149,426

Notes:

1- The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

City of Eden Prairie, Minnesota  
 Demographic and Economic Statistics  
 Last Ten Years

**Governmental Activities**

Year	Population (1)	Household Median Income	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2009	63,314	*	*	*	9,593	6.4%
2010	62,683	85,509	*	37.2	9,596	6.1%
2011	61,151	*	*	*	9,487	5.2%
2012	62,004	*	*	*	9,162	4.6%
2013	62,004	*	*	*	9,046	4.0%
2014	62,729	*	*	*	9,011	2.4%
2015	62,593	*	*	*	8,941	2.3%
2016	63,187	*	*	*	8,844	2.9%
2017	63,163	*	*	*	8,835	2.4%
2018	63,726	*	*	*	8,780	2.6%

Sources:

- City of Eden Prairie Planning Department
- Minnesota Department of Employment and Economic Development
- Minnesota Local Area Unemployment Statistics File
- Minnesota Workforce Center
- Eden Prairie School District 272 - Enrollment History Website

\* Data is not available

1) Using Met Council numbers

City of Eden Prairie, Minnesota  
Principal Employers

For the Year Ended December 31, 2018 and 2009

Employer	2018		Employer	2009	
	Employees	Percentage of Total City Employment		Employees	Percentage of Total City Employment
Optum	3,715	6.9%	EP School District #272	1,700	3.1%
Starkey Labs	2,117	3.9%	Super Valu Stores	1,500	2.7%
EP School District #272	1,285	2.4%	Ingenix	1,100	2.0%
Super Valu Stores Inc.	1,200	2.2%	C H Robinson	1,092	2.0%
Eaton Corp.	1,000	1.9%	Deli Express	940	1.7%
Bluestem	905	1.7%	GE Capital Fleet Services	900	1.6%
Lifetouch	800	1.5%	Kroll On-Track	808	1.5%
MTS Systems Corp.	800	1.5%	MTS Systems Corp.	700	1.3%
CH Robinson	741	1.4%	Digital River Inc.	662	1.2%
Abbott Laboratories	617	1.1%	Life Touch	657	1.2%
<b>Total Principal Employer</b>	<b>13,180</b>	<b>24.5%</b>		<b>10,059</b>	<b>18.3%</b>
<b>Other Employers</b>	<b>40,618</b>	<b>75.5%</b>		<b>44,941</b>	<b>81.7%</b>
<b>Total Employers</b>	<b>53,798</b>	<b>100.0%</b>		<b>55,000</b>	<b>100.0%</b>

Source: City Community Development Division

City of Eden Prairie, Minnesota  
 Employees by Function  
 Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Funds:</b>										
<b>Administration</b>										
<b>City Manager</b>	1	1	1	1	1	1	1	1	1	1
City Manager	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	2	2	2	2	2	2	2	2	2	2
<b>City Clerk</b>										
City Clerk	1	1	1	1	1	1	1	1	1	1
<b>Communication Services</b>										
Communications Manager	1	1	1	1	1	1	1	1	1	1
Sr. Communications Coordinator	1	1	1	1	1	1	1	1	1	1
Communications Coordinator	1	1	1	1	1	1	1	1	1	1
Assistant Communications Coordinator	-	-	-	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	3	3	3	3	3.50	3.50	3.50	3.50	3.50	3.50
<b>Finance</b>										
Finance Manager	1	1	1	1	1	1	1	1	1	1
Finance Supervisor	1	1	1	1	1	1	1	1	1	1
Accountant	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Accounts Payable Technician I	1	1	1	1	1	1	1	1	1	1
Payroll Technician III	1	-	-	-	-	-	-	-	-	-
Technician I	1	1	1	1	1	1	1	1	1	1
	6.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50

Source: Human Resource department

City of Eden Prairie, Minnesota  
 Employees by Function  
 Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Funds:</b>										
<b>Administration</b>										
<b>Customer Service / Office</b>	4.05	4.05	3.55	3	3	3	3	3	3	3
Customer Service / Office	4.05	4.05	3.55	3	3	3	3	3	3	3
<b>Human Resources</b>										
Human Resources Manager	1	1	1	1	1	1	1	1	1	1
Human Resources Supervisor	1	1	1	1	1	1	1	1	1	1
Human Resources Representative	0.75	0.75	0.75	0.75	1	1.70	1.70	1.80	1.80	1.80
Organization Development Specialist	1	-	-	-	-	-	-	-	-	-
Human Resources Tech II	1	1	1	1	1	1	1	1	1	1
Payroll Technician III	-	1	1	1	1	1	1	1	1	1
	4.75	4.75	4.75	4.75	5	5.70	5.70	5.80	5.80	5.80
<b>Community Development</b>										
<b>Assessing</b>										
City Assessor	1	1	1	1	1	1	1	1	1	1
Appraiser	5	5	5	5	5	5	5	5	5	5
Technician II	1	1	1	1	1	1	1	1	1	1
	7	7	7	7	7	7	7	7	7	7
<b>Planning</b>										
<b>Planning</b>										
City Planner	1	1	1	1	1	1	1	1	1	1
Senior Planner	1	1	1	1	2	1	1	1	1	1
Planner	1.50	1.50	1.50	0.60	0.60	1.60	1.70	1.70	1.70	1.70
Technician II	1	1	1	1	1	1	1	1	1	1
	4.50	4.50	4.50	4.50	4.60	4.60	4.70	4.70	4.70	4.70
<b>Community Development</b>										
Community Development Director	0.90	0.90	1	1	1	1	1	1	1	1
Community Development Coordinator	-	-	-	0.50	1	1	1	1	1	1
	0.90	0.90	1	1.50	2	2	2	2	2	2
<b>Economic Development</b>										
Manager of Economic Development	1	1	1	1	1	1	1	1	1	1
	1	1	1	1	1	1	1	1	1	1

Source: Human Resource department

City of Eden Prairie, Minnesota  
 Employees by Function  
 Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Funds:</b>										
<b>Community Development</b>										
<b>Housing and Community Services</b>										
Manager of Housing & Community Srv	1	1	1	1	1	1	1	1	1	1
Community Services Coordinator	0.50	0.50	0.25	0.25	-	-	-	-	-	-
Community Services Technician	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>	<u>1.75</u>
<b>Parks and Recreation</b>										
<b>Park Administration</b>										
Park and Recreation Director	1	1	1	1	1	1	1	1	1	1
Administrative Assistant II	2	2	2	2	2	2	2	2	2	2
<b>Park &amp; Natural Resources</b>										
Manager of Parks and Natural Resource	1	1	1	1	1	1	1	1	1	1
Forestry Technician	1	1	1	1	1	1	1	1	1	1
Supervisor of Park Maintenance	1	1	1	1	1	1	1	1	1	1
Supervisor Park Construction/Repair	1	1	1	1	1	1	1	1	1	1
Maintenance Worker Parks	16	16	16	16	16	16	16	16	16	16
	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
<b>Recreation Programming</b>										
Recreation Manager	1	1	1	1	1	1	1	1	1	1
Recreation Supervisor	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.35	3.35	3.35
Outdoor Center / Nature Programmer	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
	<u>5.10</u>	<u>5.10</u>	<u>4.85</u>	<u>4.85</u>	<u>4.85</u>	<u>4.85</u>	<u>4.85</u>	<u>4.85</u>	<u>4.95</u>	<u>4.95</u>
<b>Community Center</b>										
Recreation Supervisor	2	2	2	2	2	2	2	3	3	3
Community Center Manager	1	1	1	1	1	1	1	1	1	1
Customer Support/Accounting Tech	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>5.50</u>	<u>6.50</u>	<u>6.50</u>	<u>6.50</u>
<b>Art Center</b>										
Manager - Art Center	0.50	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.65	0.65
	<u>0.50</u>	<u>0.50</u>	<u>0.50</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.65</u>	<u>0.65</u>

Source: Human Resource department

City of Eden Prairie, Minnesota  
 Employees by Function  
 Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental Funds:</b>										
<b>Parks and Recreation</b>										
<b>Senior Center</b>										
Recreation Supervisor	1	1	1	1	1	1	1	1	1	1
Recreation Coordinator	1	1	1	1	1	1	1	1	1	1
Administrative Assistant I	2	2	2	2	2	2	2	2	2	2
	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
<b>Police</b>										
<b>Police Chief</b>										
Police Chief	1	1	1	1	1	1	1	1	1	1
Captain	1	1	1	1	1	1	1	1	1	1
Lieutenants	3	3	3	3	3	3	3	3	3	3
Sergeants	12	12	12	12	12	12	12	12	12	12
Police Officers	48	48	48	49	49	49	49	50	51	51
Community Service Officers	2	2	2	2	2	2	2	2	2	2
Dispatch Supervisor	1	1	1	1	1	1	1	1	1	1
Dispatch	10	10	10	10.50	10.50	10.50	10.50	10.50	10.50	10.50
Records Supervisor	1	1	1	1	1	1	1	1	1	1
Records Tech	5.75	5.75	5.75	5	5	5	5	5	5	5
Investigative Aide	1	1	1	1	1	1	1	1	1	1
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Licensing Technician	1	1	1	1	1	1	1	1	1	1
Customer Service / Office Assistant	1	1	1	1	1	1	1	1	1	1
Law Enforcement Analyst	1	1	1	1	1	1	1	1	1	1
Projects Coordinator	0.60	0.60	0.60	0.60	0.50	0.50	0.50	0.50	0.50	0.50
Zoning Administrator	1	1	1	1	1	1	1	1	1	1
	<u>91.35</u>	<u>91.35</u>	<u>91.35</u>	<u>91.10</u>	<u>91</u>	<u>91</u>	<u>91</u>	<u>91</u>	<u>92</u>	<u>93</u>
<b>Fire</b>										
<b>Fire Chief</b>										
Fire Chief	1	1	1	1	1	1	1	1	1	1
Assistant Fire Chief	1	1	2	2	2	2	2	2	2	2
Fire Marshal	0.80	0.80	-	-	-	-	-	-	-	-
Fire Prevention Specialist	3	3	3	3	3	3	3	3	3	3
Rental Housing Inspector	1	1	1	1	1	1	1	1	1	1
Electronic Communications Specialist	1	1	1	1	1	1	1	1	1	1
Administrative Assistant II	1	1	1	1	1	1	1	1	1	1
	<u>8.80</u>	<u>8.80</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>

Source: Human Resource department

City of Eden Prairie, Minnesota  
Employees by Function  
Last Ten Years

Governmental Funds:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Fire</b>										
<b>Inspections</b>										
Manager of Building Inspections	1	1	1	1	1	1	1	1	1	1
Building Inspectors II	6	6	6	6	6	6	6	6	6	6
Technician I	2	2	2	2	2	2	2	2	2	2
	9	9	9	9	9	9	9	9	9	9
<b>Public Works</b>										
<b>Engineering</b>										
Public Works Director	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.80	0.50
City Engineer	1	1	1	1	1	1	1	1	1	0.75
Assistant City Engineer	1	1	1	1	1	1	1	1	1	1
Engineering Technician I	1	1	1	1	1	1	1	2	2	1
Senior Project Engineer	1	1	1	1	1	1	2	2	2	0.75
Engineering Project Coordinator	1	-	-	-	-	-	-	-	-	-
Senior Engineering Tech	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
	9.30	8.30	8.30	8.30	8.30	8.30	9.30	10.30	10.30	7.50
<b>Streets &amp; Traffic</b>										
Manager of Street Maintenance	1	1	1	1	1	1	1	1	1	1
Maintenance Workers	13	13	13	13	13	13	13	13	13	13
Administrative Assistant I	1	1	1	1	1	0.50	0.50	-	-	-
	15	15	15	15	15	14.50	14.50	14	14	14
<b>Total Governmental Funds</b>	21.30	20.30	19.80	19.25	20.00	20.70	20.70	20.80	20.80	20.80
Administration	15.40	15.40	15.50	16.00	16.60	16.35	16.45	16.45	16.45	16.45
Community Development	35.10	35.10	35.10	35.10	35.10	35.10	35.10	36.10	36.10	36.10
Parks & Recreation	91.35	91.35	91.35	91.10	91.00	91.00	91.00	92.00	93.00	93.00
Police	17.80	17.80	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Fire	24.30	23.30	23.30	23.30	23.30	22.80	23.80	24.30	24.30	21.50
Public Works	205.25	203.25	203.05	202.75	204.00	203.95	205.05	207.65	208.65	205.85

Source: Human Resource department

City of Eden Prairie, Minnesota  
Employees by Function  
Last Ten Years

Enterprise Funds:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Liquor</b>										
Liquor Operations Manager	1	1	1	1	1	1	1	1	1	1
Purchasing / Event Manager	-	-	-	-	-	-	-	-	-	-
Store Managers	3	3	3	3	3	3	3	3	3	3
Assistant Store Manager	2	2	2	3	3	3	3	3	3	3
Leads	-	-	-	-	-	-	-	-	-	-
Senior Assistant Manager	1	1	1	-	-	-	-	-	-	-
Inventory Control Clerk	1	1	1	1	1	1	1	1	1	1
	8	8	8	8	9	9	9	9	9	9
<b>Utilities</b>										
Public Works Director	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.50
City Engineer	-	-	-	-	-	-	-	-	-	0.25
Senior Project Engineer	-	-	-	-	-	-	-	-	-	1.25
Senior Engineering Tech	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Engineering Technician I	-	-	-	-	-	-	-	-	-	-
Manager of Utilities	1	1	1	1	1	1	1	1	1	1
Water Treatment Supervisor	1	1	1	1	1	1	1	1	1	1
Water Treatment Lead	1	1	1	1	1	1	1	1	1	1
Water Treatment Maintenance Lead	1	1	1	1	1	1	1	1	1	1
Water Treatment Operators	8	8	9	9	9	9	9	8	8	8
Water Treatment Maintenance Technician	2	2	2	2	2	1	1	2	2	2
Water Meter Lead	-	-	-	-	-	-	-	-	-	-
Water Meter Technician	-	-	-	-	-	-	-	-	-	-
Utility Field Operations Supervisor	1	1	1	1	1	1	1	1	1	1
Utility Field Operations Lead	1	1	1	1	1	1	1	1	2	2
Utility Field Operations Maintenance Workers	11	11	11	11	11	11	11	10	10	11
Stormwater Utility Maintenance Worker	1	1	1	1	1	1	1	1	1	1
Technician II	1	1	1	1	1	1	1	1	1	1
Customer Service / Office Assistant	1	1	1	1	1	1	1	1	1	1
Project Coordinator	-	-	-	-	-	-	-	-	-	-
Administrative Assistant	1	1	1	1	1	1	1	1	1	1
Environmental Coordinator	1	1	1	1	1	1	1	1	1	1
	32.70	33.70	34.70	34.70	34.70	34.70	34.70	35.70	35.70	39.50

Source: Human Resource department

City of Eden Prairie, Minnesota  
 Employees by Function  
 Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Internal Service Funds:</b>										
<b>Workers Compensation</b>										
Risk and Safety Analyst	0.50	0.50	0.50	0.50	0.40	0.50	0.50	0.50	0.50	0.50
	0.50	0.50	0.50	0.50	0.40	0.50	0.50	0.50	0.50	0.50
<b>Property Insurance</b>										
Risk and Safety Analyst	0.50	0.50	0.50	0.50	0.40	0.50	0.50	0.50	0.50	0.50
	0.50	0.50	0.50	0.50	0.40	0.50	0.50	0.50	0.50	0.50
<b>Fleet Services</b>										
Public Works Superintendent	1	1	1	1	1	1	-	-	-	-
Fleet Services Manager	-	-	-	-	-	1	1	1	1	1
Lead Fleet Mechanic	-	-	-	-	-	0.50	0.50	-	1	1
Administrative Assistant I	-	-	-	-	-	-	-	-	-	-
Fleet Mechanics	5	5	5	5	4	3	3	3	3	3
	6	6	6	6	6	6.50	5.50	5	5	5
<b>Facilities</b>										
Facilities Manager	1	1	1	1	1	1	1	1	1	1
Facilities Supervisor	2	2	2	2	2	2	2	2	2	2
Facilities Engineer	3	3	3	3	3	4	4	4	4	4
Facilities Technician	2	2	2	2	2	2	2	2	2	2
Technician I	0.50	0.50	0.50	0.50	0.50	0.88	0.88	0.88	1	1
	8.50	8.50	8.50	8.50	8.50	9.88	9.88	9.88	10	10
<b>Information Technology</b>										
Information Technology Manager	1	1	1	1	1	1	1	1	1	1
Technology Business Analyst	1	1	1	1	1	1	1	-	-	-
IT Systems Engineer	2	2	2	2	2	1	1	1	1	1
GIS Specialist	1	1	1	1	1	1	1	1	1	1
IT Tech II	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
IT Tech III	-	-	-	-	-	-	-	-	-	-
IT Tech III - Systems Administrator	2	2	2	2	2	2	2	2	2	2
	7.50	7.50	7.50	7	7	7	7	7	6	6
<b>Grand Total</b>	<b>268.95</b>	<b>267.95</b>	<b>268.75</b>	<b>267.95</b>	<b>270.00</b>	<b>272.03</b>	<b>272.13</b>	<b>274.23</b>	<b>275.35</b>	<b>276.35</b>

Source: Human Resource department



# City of Eden Prairie, Minnesota

## Operating Indicators

### Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Government</b>										
Bond Rating - Moody's Investor Service	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Bond Rating - Standard & Poor's	n/a	n/a	n/a	n/a	n/a	AAA	AAA	AAA	AAA	AAA
Housing and Human Services										
Number of Residents Served	3,000	3,100	3,000	3,300	3,300	3,500	3,500	3,500	3,750	3,975
Assessing:										
Number of Appraisals Completed	5,276	5,517	4,827	4,871	5,002	5,291	5,320	5,066	5,061	4,908
<b>Parks and Recreation</b>										
Avg Monthly Community Center Memberships	1,751	2,100	2,300	2,573	n/a	n/a	n/a	2,511	2,688	2,608
Program Registrations (Excludes Leagues)	15,689	16,213	15,010	15,403	17,783	18,269	17,531	15,701	17,161	17,972
<b>Public Safety</b>										
Fire										
Number of Calls	1,247	1,633	1,143	1,169	1,601	1,614	1,617	1,615	1,742	1,908
Inspection Permits Issued	5,225	6,446	6,531	6,043	9,500	7,469	6,405	5,997	6,227	6,436
Building permit revenue	\$1,287,258	\$1,936,566	\$2,094,901	\$3,786,592	\$4,410,616	\$3,496,417	\$3,059,075	\$2,303,405	\$2,066,787	\$3,388,529
Police										
Number of Calls	59,470	52,041	59,544	60,632	53,746	50,380	49,921	50,741	46,319	52,278
<b>Public Works:</b>										
Patching Materials (Tons)	2,500	2,800	2,700	2,000	2,500	2,400	1,555	2,370	1,650	1,700
Overlays (Tons)	31,800	26,300	22,400	23,200	24,000	26,488	29,602	23,070	28,856	29,852
Crack Filling Materials (Lbs)	200,000	200,000	200,000	328,000	200,000	154,944	32,000	68,000	42,000	31,920
Seal Coating (Sq Yards)	427,000	392,000	475,300	389,698	400,000	375,500	411,700	381,600	405,425	365,907
<b>Water System:</b>										
Number of Connections	18,800	18,948	18,971	19,076	19,195	19,269	19,312	19,362	19,426	19,426
Water Main Repairs	28	41	56	23	15	9	28	53	30	18
Number of Hydrant Flushed	4,234	4,224	4,158	4,267	4,217	4,326	4,311	4,515	4,360	4,395
Average Daily Usage	9.0 MGD	7.7 MGD	8.1 MGD	8.5 MGD	7.9 MGD	7.25 MGD	6.99 MGD	7.07 MGD	7.06 MGD	7.08 MGD
<b>Sewer System:</b>										
Number of Connections	18,600	18,355	18,416	18,474	18,525	18,578	18,644	18,707	18,865	18,925
Miles of Sanitary Sewer Cleaned	75	80	94	85	65	75	81	81	76	65
<b>Storm System:</b>										
Number of Storm Sumps Maintained	101	93	61	70	61	103	78	91	88	97

Sources: Various City Departments  
 MGD - Million Gallons Daily  
 N/A - Not Available

# City of Eden Prairie, Minnesota

## Capital Assets Statistics by Function

### Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public Safety</b>										
Fire Protection										
Number of Stations	4	4	4	4	4	4	4	4	4	4
Number of Volunteer Firefighters	95	96	93	89	95	90	92	99	101	95
Police Protection										
Number of Stations	1	1	1	1	1	1	1	1	1	1
<b>Public Works</b>										
Miles of City Streets	231	229	230	231	232	233	234	234	234	235
<b>Parks and Recreation</b>										
City Parks	43	43	43	43	43	43	43	43	43	43
Conservation Areas	15	15	15	15	15	15	15	15	15	15
Historic Sites	5	5	5	5	5	5	5	5	5	5
Special Use Areas	5	5	5	5	5	5	5	5	5	5
Miles of Trails	114	114	120	122	122	128	128	128	134	134
<b>Water System</b>										
Number of Wells	15	15	15	15	15	15	15	15	15	15
Total Pumping Capacity	22 MGD	24 MGD	24 MGD	26 MGD	28 MGD	28 MGD	28 MGD	28 MGD	28 MGD	28 MGD
Total Storage Capacity	8.5M gals	8.5M gals	8.5M gals	8.5M gals	8.5M gals	8.5 MG	8.5 MG	8.5 MG	8.5 MG	8.5 MG
Miles of Water Mains	268	269	317	321	323	326	326	328	326	326
<b>Sewer System</b>										
Miles of Sanitary Sewer	244	244	256	258	258	262	264	264	263	263
Miles of Storm Sewer	171	172	174	179	180	186	189	193	193	193

**Sources: Various City Departments**  
**Note: No Capital Asset Indicators are Available for the General Government Functions.**  
**MGD - Million Gallons Daily**

**FORM OF LEGAL OPINION**

(See following pages)

City of Eden Prairie  
Eden Prairie, Minnesota

[Purchaser]

Re:     \$[5,125,000] General Obligation Water Revenue Bonds, Series 2019A  
       City of Eden Prairie, Minnesota

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance by the City of Eden Prairie, Minnesota (the “City”), of the obligations described above, dated, as originally issued as of December [ ], 2019 (the “Bonds”). In that capacity, we have reviewed copies of certain proceedings taken by the City Council in the authorization, sale and issuance of the Bonds, including the form of the Bonds and certain other proceedings and documents furnished by the City and others. 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 on the basis of existing law, 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 net revenues of the municipal water system, which revenues are expected to produce amounts sufficient to pay the principal and interest on the Bonds when due; but, if necessary for the payment of such principal and interest, ad valorem taxes are required by law to be levied on all taxable property in the City without limitation as to rate or amount.
3.     Interest on the Bonds (a) is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed by Section 55 of the Code.
4.     Interest on the Bonds (a) is excluded from taxable net income of individuals, estates, and trusts for Minnesota income tax purposes and (b) is not an item of tax preference for purposes of the Minnesota alternative minimum tax imposed on individuals, estates, and trusts.
5.     The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

The opinions expressed in paragraphs 1 and 2 above 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 application of equitable principles, whether considered at law or in equity.

The opinions expressed in paragraphs 3, 4, and 5 above are subject to the compliance by the City with certain requirements of the Code that must be satisfied subsequent to the issuance of the Bonds. Noncompliance with these requirements could result in the inclusion of interest on the Bonds in gross income for federal income tax purposes and taxable net income of individuals, estates, and trusts for Minnesota income tax purposes or the Bonds failing to be qualified tax-exempt obligations, retroactive to the date of issuance of the Bonds.

Except as stated herein, we express no opinion regarding federal, state, or other tax consequences to the owner of the Bonds. We note, however, that notwithstanding the opinion expressed in paragraph 4 above, interest on the Bonds is included in net income of corporations and financial institutions for purposes of the Minnesota franchise tax.

In providing this opinion, we have relied upon representations of the City and its officers as to (i) the intended application of the proceeds of the Bonds, (ii) the nature, use, cost, and economic life of the facilities financed by the Bonds, and (iii) other matters relating to the exemption of the interest on the Bonds from federal income taxation.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may occur after the date hereof and which may be retroactive.

Dated this \_\_\_\_ day of December, 2019.

Very truly yours,

### 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](http://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 pages)



## CONTINUING DISCLOSURE COVENANTS

Continuing Disclosure. (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 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 which (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, 2019, 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,” “Tax Levies and Collections,” “General Information – US Census Data” and “– Employment/Unemployment Data.”

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 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 submitted to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) or to the SEC. 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, 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 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;
  - (O) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and

- (P) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

For purposes of the events identified in paragraphs (O) and (P) above, the term “financial obligation” means (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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 U.S. 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 through EMMA, in an electronic format as prescribed by the MSRB, 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 (a) is 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) is 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

### **\$5,125,000\* GENERAL OBLIGATION WATER REVENUE BONDS, SERIES 2019A CITY OF EDEN PRAIRIE, MINNESOTA**

Proposals for the purchase of \$5,125,000\* General Obligation Water Revenue Bonds, Series 2019A (the "Bonds") of the City of Eden Prairie, Minnesota (the "City") will be received at the offices of Ehlers and Associates, Inc. ("Ehlers"), 3060 Centre Pointe Drive, Roseville, Minnesota 55113-1105, municipal advisors to the City, until 10:00 A.M., Central Time, and **ELECTRONIC PROPOSALS** will be received via **PARITY**, in the manner described below, until 10:00 A.M. Central Time, on November 12, 2019, 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 being issued pursuant to Minnesota Statutes, Chapters 444 and 475, by the City, for the purpose of financing water infrastructure improvements within the City. 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 5, 2019, will be issued as fully registered Bonds in the denomination of \$5,000 each, or any integral multiple thereof, and will mature on December 1 as follows:

<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>	<u>Year</u>	<u>Amount*</u>
2020	\$215,000	2027	\$240,000	2034	\$275,000
2021	220,000	2028	245,000	2035	285,000
2022	220,000	2029	250,000	2036	290,000
2023	225,000	2030	255,000	2037	300,000
2024	225,000	2031	260,000	2038	305,000
2025	230,000	2032	265,000	2039	315,000
2026	235,000	2033	270,000		

#### **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 December 1 and June 1 of each year, commencing June 1, 2020, 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 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.)** 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"). 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 December 1, 2029 shall be subject to optional redemption prior to maturity on December 1, 2028 or 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 5, 2019, 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 ("Bond Counsel"), Minneapolis, Minnesota, bond counsel to the City.

## SUBMISSION OF PROPOSALS

Proposals must not be for less than \$5,063,500 plus accrued interest on the principal sum of \$5,125,000 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](mailto:bondsale@ehlers-inc.com); or
- 2) Electronically via **PARITY** in accordance with this Terms of Proposal until 10:00 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, 2<sup>nd</sup> 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 \$102,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals.** 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 City will designate the Bonds 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.

## **ESTABLISHMENT OF ISSUE PRICE AT TIME OF AWARD**

In order to establish the issue price of the Bonds for federal income tax purposes, the City requires bidders to agree to the following, and by submitting a proposal, each bidder agrees to the following.

If a proposal is submitted by a potential underwriter, the bidder confirms that (i) the underwriters have offered or reasonably expect to offer the Bonds to the public on or before the date of the award at the offering price (the "initial offering price") for each maturity as set forth in the proposal and (ii) the bidder, if it is the winning bidder, shall require any agreement among underwriters, selling group agreement, retail distribution agreement or other agreement relating to the initial sale of the Bonds to the public to which it is a party to include provisions requiring compliance by all parties to such agreements with the provisions contained herein. For purposes hereof, Bonds with a separate CUSIP number constitute a separate "maturity", and the public does not include underwriters (including members of a selling group or retail distribution group) or persons related to underwriters.

If, however, a proposal is submitted for the bidder's own account in a capacity other than as an underwriter of the Bonds, and the bidder has no current intention to sell, reoffer, or otherwise dispose of the Bonds, the bidder shall notify the City to that effect at the time it submits its proposal and shall provide a certificate to that effect in place of the certificate otherwise required below.

If the winning bidder intends to act as an underwriter, the City shall advise the winning bidder at or prior to the time of award whether (i) the competitive sale rule or (ii) the "hold-the-offering price" rule applies.

If the City advises the Purchaser that the requirements for a competitive sale have been satisfied and that the



competitive sale rule applies, the Purchaser will be required to deliver to the City at or prior to closing a certification, in a form reasonably acceptable to bond counsel, as to the reasonably expected initial offering price as of the award date.

If the City advises the Purchaser that the requirements for a competitive sale have not been satisfied and that the hold-the-offering price rule applies, the Purchaser shall (1) upon the request of the City confirm that the underwriters did not offer or sell any maturity of the Bonds to any person at a price higher than the initial offering price of that maturity during the period starting on the award date and ending on the earlier of (a) the close of the fifth business day after the sale date or (b) the date on which the underwriters have sold at least 10% of that maturity to the public at or below the initial offering price; and (2) at or prior to closing, deliver to the City a certification as to such matters, in a form reasonably acceptable to bond counsel, together with a copy of the pricing wire.

Any action taken or documentation to be received by the City pursuant hereto may be taken or received on behalf of the City by Ehlers & Associates, Inc.

**Bidders should prepare their proposals on the assumption that the Bonds will be subject to the "hold-the-offering-price" rule. Any proposal submitted pursuant to the Terms of Proposal shall be considered a firm offer for the purchase of the Bonds, and Bonds submitted will not be subject to cancellation or withdrawal.**

#### **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](http://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 Eden Prairie, Minnesota

# PROPOSAL FORM

The City Council  
City of Eden Prairie, Minnesota

November 12, 2019

RE: \$5,125,000\* General Obligation Water Revenue Bonds, Series 2019A (the "Bonds")  
DATED: December 5, 2019

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 \$5,063,500) plus accrued interest to date of delivery for fully registered Bonds bearing interest rates and maturing in the stated years as follows:

_____ % due 2020	_____ % due 2027	_____ % due 2034
_____ % due 2021	_____ % due 2028	_____ % due 2035
_____ % due 2022	_____ % due 2029	_____ % due 2036
_____ % due 2023	_____ % due 2030	_____ % due 2037
_____ % due 2024	_____ % due 2031	_____ % due 2038
_____ % due 2025	_____ % due 2032	_____ % due 2039
_____ % due 2026	_____ % due 2033	

\* 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 1.00% less than the rate for any preceding maturity. (For example, if a rate of 4.50% is proposed for the 2020 maturity, then the lowest rate that may be proposed for any later maturity is 3.50%.) 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%.

A good faith deposit ("Deposit") in the amount of \$102,500 shall be made by the winning bidder by wire transfer of funds. Such Deposit shall be received by Ehlers no later than two hours after the proposal opening time. Wire transfer instructions will be provided to the winning bidder by Ehlers after the tabulation of proposals. 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. We agree to the conditions and duties of Ehlers and 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 5, 2019.

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 the Bonds.

We have received and reviewed the Official Statement, and any addenda thereto, 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: \_\_\_\_.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

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 5, 2019 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 Eden Prairie, Minnesota, on November 12, 2019.

By: \_\_\_\_\_ By: \_\_\_\_\_  
Title: \_\_\_\_\_ Title: \_\_\_\_\_